

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

AER 2012

FORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No
NO-G-1008-1773
6. If Indian, Allottee or Tribe Name
NAVAJO NATION

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
NAVAJO NATION OIL & GAS COMPANY

3a. Address
PO BOX 5069
WINDOW ROCK, AZ 86515

3b. Phone No. (include area code)
(303)534-8300

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.
CBM A Pod 14 J #1

9. API Well No.
30-045-35333

10. Field and Pool or Exploratory Area
BASIN FRUIT. COAL

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
2041' FSL & 1647' FEL
Section 14, T27N, R14W

11. Country or Parish, State
SAN JUAN, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start-Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Spud and Casing Report
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

03/14/2012: Spud 12 1/4" surface hole at 16:15 hrs. TIH to 179' - no fill. TOH. TIH w/ 4 jts (169.40') of 8-5/8", 24#, J-55 casing. Bottom of casing landed at 174' KB. Pressure test pumps & lines to 3300 psi. Mix & pump 135 sx (158 cu.ft.) of Class "G" cement w/ 2% CaCl2 & 1/8#/sx of Polyflake. Drop plug & displace cement w/ 8.7 bbls of water. Bump plug to 100 psi - held OK. Circulated 10 bbls of good cement to pit. Shut in cementing head w/ 60 psi. Install well head & NU BOP. RU Four Corners Testing Service & 3rd party pressure test BOP, choke manifold & all related valves. 250 psi - low for 5 mins. & 1000 psi - high for 10 mins. All tested OK. TIH w/Kelly cock & pressure test casing to 650 psi-for 30 mins. Test OK ✓

03/21/2012: TD well at 11:15 hrs 3/21/2012. Run INDUCTION/DENSITY/NEUTRON/GR LOGS from 1400' to surface casing. Ran 34 jts of 5-1/2", 17#, J-55-LT&C casing. Land casing at 1392' KB, float collar at 1377' KB, marker jt at 937' KB. Pressure test pumps/ lines to 3000 psi. Precede cement w/ 5 bbl water, 20 bbls of gel/chem was & 5 bbl water spacer. Mix & pump 165 sx (318.5 cf) of Halliburton Lite w/ 2% CaCl2, 5#/sx Kol-Seal, 1/8#/sx of Poly Flake. Tail in w/ 125 sx (144 cf) of Glass "G" w/ 1/8#/sx of Poly Flake. Good circulation throughout job. Drop plug & displace cement w/ 32 bbls of water. Circulate 25 bbls of good cement to surface. Bump plug to 1500 psi - release pressure to check floats, holding OK. Flush BOP & surface lines clean. ND BOP. Set slips w/ 20K tension on 5-1/2" casing. Cut off casing & weld on bell nipple & install tubing head.

14 I hereby certify that the foregoing is true and correct Name (Printed Typed)

Racheal Dahozy

Title Regulatory Analyst

RCVD MAY 18 '12

OIL CONS DIV.

Signature

Date 04/10/2012

DIST. 3

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

ACCEPTED FOR RECORD

(Instructions on page 2)

MAY 08 2012

NMOCD

FARMINGTON FIELD OFFICE
BY SW

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator:		NAVAJO NATION OIL & GAS COMPANY											
Well Name:		CBM A Pod 14 J #1				Contractor:		Rpt #:		Time:		Date:	
Location:		Sec. 14, T27N, R14W, San Juan, NM				D&D DRILLING		2		6:00:00 AM		3/16/2012	
Present Operation:		Depth:		Footage:		Formation:		Last Casing:		Est. TD:			
TIH		179'		114'		Kirtland		8-5/8" - 174' KB		1520'			
Bit No.	Size	Make	Type	Jts	Depth In	Depth Out	Et	Hrs	RPM	Wt. M	Condition		
1	12-1/4"	RTC	RR	3/18's	Surf.	179'	179'	4.00	80	All			
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	Inc.							
Mud WL		Vis		WL		FV/M.P.		Gels		PH		SND	
water/poly													
Pump		Size		Stroke		SPM		GPM		PSI		Annular Vol/DP & DC	
1		5-1/2"		10"									
2		5"		10"									
BHA:		Bit, Bit Sub, 2 ea. 5" DC's											
Time Breakdown													
MOL & IRU:				Cementing:		1.00		Rig/Repair:				Deviation Surveys	
Drilling:		3.00		Trips:		0.25		Logging:				Depth Degree	
Circulation:		0.75		Run Casing:		1.00		WOC:		4.00			
NU and IND:				Rig Serv/Sty/Mtg:		0.5		Drill Cement:					
PU/LD Core Tools:				Drill Cement:				Lost Circulation:					
Drain pumps & SD:		0.50		Rig Repair (swivel):				Pressure test:		2.50			
Costs													
Daily Costs:		Daily		Cum				Daily		Cum			
Rd Loc/Fence:				\$8,500				Well Head:		\$4,050		\$4,050	
Rig:		\$5,125		\$10,250				Bits, mm & ss:				\$900	
Casing:		\$2,787		\$2,787				Rig Move:				\$2,000	
Cement:		\$7,461		\$7,461				Supervision:		\$1,100		\$1,600	
Water:		\$950		\$2,350				Trucking:				\$1,400	
Fuel:		\$375		\$750				Rentals:		\$310		\$620	
Mud:		\$200		\$850				BOP Rentals:		\$410		\$820	
BOP Pressure Test:		\$1,350		\$1,350				Logging:					
Float Equipment:		\$2,340		\$2,340				Misc:					
Core Tools:								Mud Logger:				\$1,300	
Casing Crew:		\$1,472		\$1,472				Total:		\$27,930		\$50,800	

Details

Hold safety meeting & prime pumps. TIH to 179' - no fill. TOH. RU San Juan Casing crew. TIH w/ 4 jts (169.40') of 8-5/8", 24#, J-55 casing. Wash last joint to bottom and circulate hole clean. Bottom of casing landed at 174' KB. RU Halliburton Energy Services (cementers). Hold safety meeting. Pressure test pumps & lines to 3300 psi. Precede cement w/ 20 bbls of gel water. Mix & pump 135 sx (158 cu.ft.) of Class "G" cement w/ 2% CaCl₂ & 1/8#/sx of Polyflake. Drop plug & displace cement w/ 8.7 bbls of water. Good circulation throughout job. Bump plug to 100 psi - held OK. PD at 13:30 hrs. 3/15/2012. Circulated 10 bbls of good cement to pit. Hole staying full. Shut in cementing head w/ 60 psi. RD Halliburton. WOC - for 4 hrs. Back off landing jt. Install well head & NU BOP. RU Four Corners Testing Service & 3rd party pressure test BOP, choke manifold & all related valves. 250 psi - low for 5 min & 1000 psi - high for 10 min. All tests OK. TIH w/ Kelly cock & pressure test casing to 650 psi - for 30 min. Test OK. Drain pumps & secure location. SDON.

Casing & cement job witnessed by Val Uentillie w/ Navajo Nation Division of Natural Resources - Minerals Dept.

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator: NAVAJO NATION OIL & GAS COMPANY												
Well Name: CBM A Pod 14 J #1			Contractor: D&D DRILLING			Rpt #: 3		Time: 6:00:00 AM		Date: 3/17/2012		
Location: Sec. 14, T27N, R14W, San Juan, NM			Formation: Fruitland			Last Casing: 8-5/8" - 174' KB		Est. TD: 1520'				
Present Operation:		Depth: 785'	Footage: 606'		Formation: Fruitland		Last Casing: 8-5/8" - 174' KB		Est. TD: 1520'			
TIH to con't Drilling		785'	606'		Fruitland		8-5/8" - 174' KB		1520'			
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Feet	Hrs.	RPM	Wt. (M)	Condition	
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	Inc.	606'	9.75	80	20		
Mud Wt.	Vis.	WL	PV/YP	Gels	PH	SND	% OIL	Solids % In/Out		FC/32	Other	
water/poly												
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel (DP & DC)		Other				
1	5-1/2"	10"	68	189	250							
2	5"	10"										
BHA: Bit, Bit Sub, 2 ea. 5" DC's												
Time Breakdown												
MOL & RU:		Cementing:				Rig Repair:				Deviation Surveys		
Drilling:		8.75		Trips:		0.25		Logging:		Depth		Degree
Circulation:		0.50		Run Casing:				WOC:		165'		1/2°
NU and ND:				Rig Serv/Sfty Mtg:		1.00		Drill Cement:		1.00		
PU/LD Core Tools:				Drill Cement:				Lost Circulation:				
Drain pumps & SD:		0.50		Rig Repair (swivel):				Pressure test:				
Costs												
Daily Costs:		Daily:	Cum.			Daily:	Cum.					
Rd Loc/Fence			\$8,500	Well Head			\$4,050					
Rig		\$4,920	\$15,170	Bits, mm & ss		\$3,500	\$4,400					
Casing			\$2,787	Rig Move			\$2,000					
Cement			\$7,461	Supervision		\$500	\$2,100					
Water			\$2,350	Trucking			\$1,400					
Fuel		\$375	\$1,125	Rentals		\$310	\$930					
Mud		\$250	\$1,100	BOP Rentals		\$410	\$1,230					
BOP Pressure Test			\$1,350	Logging								
Float Equipment			\$2,340	Misc.								
Core Tools				Mud Logger		\$1,500	\$2,800					
Casing Crew			\$1,472	Total		\$11,765	\$62,565					

Details

Hold safety meeting & prime pumps. TIH w/ bit #2 (7-7/8", Varel, ER1G). Tag up on cement at 125' KB. Break circulation w/ water & polymer. Drill out cement (insert float & shoe jt) in 1 hr. Continue drilling new formation. Drilled to 785' (ROP ~ 69 fph). Circulate hole clean. TOH (laying down 100' of drill pipe). Drain pumps & secure location. SDON

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator:		NAVAJO NATION OIL & GAS COMPANY													
Well Name:		CBM A Pod 14 J #1				Contractor:		D&D DRILLING		Rpt #		Time		Date	
Location:		Sec 14, T27N, R14W, San Juan, NM						4		6:00:00 AM		3/18/2012			
Present Operation:		Depth		Footage		Formation		Last Casing		Est. TD					
TOH for cores		1190'		405'		Fruitland		8-5/8" - 174' KB		1520'					
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Eff.	Hrs	RPM	Wt. M	Condition				
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	Inc.	1011'	17.75	80	20					
Mud Wt.	Vis	WL	PV/YP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other				
8.4	45	9.0			8.5										
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel. DP & DC		Other							
1	5-1/2"	10"	68	189	250										
2	5"	10"													
BHA: Bit, Bit Sub, 2 ea. 5" DC's															
Time Breakdown															
MOL & RU:		Cementing:		Rig Repair:		Deviation Surveys:									
Drilling:		8.00		Trips:		1.00		Logging:		Depth		Degree			
Circulation:		1.50		Run Casing:		1.00		WOC:		165'		1/2°			
NU and ND:		Rig Serv/Sfty/Mtg:		Drill Cement:											
PU/LD Core Tools:		Drill Cement:		Lost Circulation:											
Drain pumps & SD		0.50		Rig Repair (swivel):		Pressure test:									
Costs															
Daily Costs:		Daily		Cum.		Daily		Cum.							
Rd Loc/Fence				\$8,500		Well Head		\$4,050							
Rig		\$4,920		\$20,090		Bits, mm & ss		\$4,400							
Casing				\$2,787		Rig Move		\$2,000							
Cement				\$7,461		Supervision		\$900		\$3,000					
Water				\$2,350		Trucking				\$1,400					
Fuel		\$375		\$1,500		Rentals		\$310		\$1,240					
Mud		\$2,500		\$3,600		BOP/Rentals		\$410		\$1,640					
BOP/Pressure Test				\$1,350		Logging									
Float Equipment				\$2,340		Misc.									
Core Tools						Mud Logger		\$1,500		\$4,300					
Casing Crew				\$1,472		Total		\$10,915		\$73,480					

Details

Hold safety meeting & prime pumps. TIH w/ bit #2 (7-7/8", Varel, ER1G) to 785'. Break circulation w/ water & polymer and continue drilling. Start mud up at 830'. Bring viscosity up to ~40 & water loss to 9. Drilled to 1150'. Circulate & condition mud. Start TOH, changed plans & TIH. Continue drilling down to 1175'. Circulate. Continue drilling down to 1190'. Circulate. Estimate top of main coal at 1204'. Plan to start coring at 1190' in the morning. TOH (laying down 100' of drill pipe). Drain pumps & secure location. SDON

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator:		NAVAJO NATION OIL & GAS COMPANY														
Well Name:		CBM A Pod 14 J #1				Contractor:		D&D DRILLING		Rpt #:	5	Time:	6:00.00 AM	Date:	3/19/2012	
Location:		Sec.14, T27N, R14W, San Juan, NM				Formation:		Fruitland		Last Casing:		8-5/8" - 174' KB		Est. TD:		
Present Operation:		Depth:	1190'		Footage:											
TOH for cores		1190'				Fruitland				8-5/8" - 174' KB				1520'		
Bit No.	Size	Mako	Type	Jets	Depth In	Depth Out	EL	Hrs	RPM	Wt. M	Condition					
2	7-7/8"	Varel	ERG1	2/14's & 1/15	179'	Inc.	1011'	17.75	80	20						
Mud Wt.	Vis	WL	PV/YP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other					
8.4	45	9.0			8.5											
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel		DP & DC	Other							
1	5-1/2"	10"														
2	5"	10"														
BHA:																
Time Breakdown:																
MOL & RU:		Cementing:		Rig Repair:		Deviation Surveys										
Drilling:		Trips:		3.50		Logging:		Depth:		Degree:						
Circulation:		1.75		Run Casing:		WOC:		165'		1/2°						
NU and ND:		Rig Serv/Shy/Mtg:		0.50		Drill Cement:										
PU/LD Core Tools:		Drill Cement:				Lost Circulation:										
Drain pumps & SD:		0.25		Rig Repair (swivel):		Pressure test:										
Costs																
Daily Costs:		Daily	Cum			Daily	Cum									
Rd/Loc/Fence			\$8,500	Well Head			\$4,050									
Rig		\$2,460	\$22,550	Bits, mm & ss			\$4,400									
Casing			\$2,787	Rig Move			\$2,000									
Cement			\$7,461	Supervision		\$750	\$3,750									
Water			\$2,350	Trucking			\$1,400									
Fuel		\$125	\$1,625	Rentals		\$310	\$1,550									
Mud		\$200	\$3,800	BOP Rentals		\$410	\$2,050									
BOP Pressure Test			\$1,350	Logging												
Float Equipment			\$2,340	Misc												
Core Tools				Mud Logger		\$1,200	\$5,500									
Casing Crew			\$1,472	Total		\$5,455	\$78,935									

Details

Hold safety meeting & prime pumps. TIH w/ bit #2 (7-7/8", Varel, ER1G) to 1185' – had 5' of fill. Clean out down to 1190'. Circulate hole clean. TOH for cores. Started pulling tight in several spots, continue TOH. Pulled up to drill collars. TIH & rotate through tight spots at ~ 1085' and last 30' to bottom. Severe wind hit location around 9:30 am. Attempted to TOH but decided it would be too dangerous – gusts up to 70 mph. Circulated on bottom for 1.5 hrs but wind was still too high to pull pipe safely. Lay down 100' of drill pipe. Drain pumps & secure location. SDON. Will try to core in the morning – weather permitting.

DAILY DRILLING REPORT

Operator: NAVAJO NATION OIL & GAS COMPANY														
Well Name: CBM A Pod 14 J #1						Contractor: D&D DRILLING			Rpt #: 6		Time: 6:00:00 AM		Date: 3/20/2012	
Location: Sec. 14, T27N, R14W, San Juan, NM						Formation: Fruitland			Last Casing: 8-5/8" - 174' KB		Est. TD: 1520'			
Present Operation:		Depth:		Footage:		Formation:			Last Casing:		Est. TD:			
TIH to core		1198'		8'		Fruitland			8-5/8" - 174' KB		1520'			
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Ft.	Hrs.	RPM	Wt. M	Condition			
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	Inc.	1011'	17.75	80	20				
3	6-1/4"	Quest	TR515	10/10's	1190'	Inc.	8'	2.75	40	3-5				
Mud Wt.	Vis	WL	PV/YP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other			
8.4	45	9.0			8.5									
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel/DPI & DC				Other				
1	5-1/2"	10"	68	200	250									
2	5"	10"												
BHA: 6-1/4" bit, bit sub, core barrel, x/o, 2 ea. 5" DC's														
Time Breakdown														
MOL & RU:		Cementing:		Rig Repair:		Deviation Surveys:								
Core:		Trips:		Logging:		Depth:		Degree						
Circulation:		Run Casing:		WOC:		165'		1/2°						
NU and ND:		Rig Serv/Shy/Mtg:		Drill Cement:		665'		1°						
PU/LD/Co/Tools:		Drill Cement:		Lost Circulation:		1165'		1-1/2°						
Drain pumps & SD:		Rig Repair (swivel):		Pressure test:										
Costs														
Daily Costs:		Daily		Cum		Daily		Cum						
Rd/Loc/Fence				\$8,500		Well Head		\$4,050						
Rig		\$4,920		\$27,470		Bits, mm/ & ss		\$4,400						
Casing				\$2,787		Rig Move		\$2,000						
Cement				\$7,461		Supervision		\$1,100		\$4,850				
Water				\$2,350		Trucking				\$1,400				
Fuel		\$375		\$2,000		Rentals		\$310		\$1,860				
Mud		\$200		\$4,000		BOP Rentals		\$410		\$2,460				
BOP Pressure Test				\$1,350		Logging								
Float Equipment				\$2,340		Misc								
Core/Tools						Mud Logger		\$1,500		\$7,000				
Casing Crew				\$1,472		Total		\$8,815		\$87,750				

Details

Hold safety meeting & prime pumps. TIH w/ bit #2 (7-7/8", Varel, ER1G) to 1190' – no fill. TOH for cores. PU Quest bit & make up core barrel. TIH. Core from 1190' to 1193', quite making any progress – bit balled up. TOH. Recovered 3 ft of shale, bit was balled up w/ shale. Clean bit & change out core barrel. TIH. Core from 1193' to 1198' in ~ 2 hrs. TOH. Recovered all 5 ft of core. Clean up bit & change out core barrel. Ready to TIH in morning. Drain pumps. Secure location & SDON.

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator: NAVAJO NATION OIL & GAS COMPANY												
Well Name: CBM A Pod 14 J #1			Contractor: D&D DRILLING			Rpt #: 7		Time: 6:00:00 AM		Date: 3/21/2012		
Location: Sec. 14, T27N, R14W, San Juan, NM			Formation: Pictured Cliffs			Last Casing: 8-5/8" - 174' KB		Est. TD: 1520'				
Present Operation: Depth: 1305'			Footage: 107'									
TIH to Con't Drilling: 1305'			107'			Pictured Cliffs		8-5/8" - 174' KB		1520'		
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Ft.	Hrs.	RPM	Wt. M	Condition	
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	Inc.	1105'	21.00	80	20		
3	6-1/4"	Quest	TR515	10/10's	1190'	1211'	21'	3.25	40	3-5		
Mud Wt.	Vis	WL	PV/YP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other	
8.4	45	9.0			8.5							
Pump	Size	Stroke		SPM	GPM	PSI	Annular Vel. DP & DC			Other		
1	5-1/2"	10"		68	200	250						
2	5"	10"										
BHA: 7-7/8" bit, bit sub, 2 ea. 5" DC's												
Time Breakdown												
MOL & RU:		Cementing:				Rig Repair:				Deviation Surveys		
Drilling: 3.50		Trips: 4.50				Logging:				Depth	Degree	
Core: 0.50		Run Casing:				WOC:				165'	1/2°	
Circulation: 0.50		Rig Serv./Sfty/Mtg:		1.00		Drill Cement:				665'	1°	
PU/LD Core Tools: 1.50		Drill Cement:				Lost Circulation:				1165'	1-1/2°	
Drain pumps & SD: 0.50		Rig Repair (swivel):				Reaming:		0.50				
Costs												
Daily Costs:		Daily		Cum		Daily		Cum				
Rd/Loc/Fence				\$8,500		Well Head		\$4,050				
Rig		\$4,920		\$32,390		Bits, mm & ss		\$4,400				
Casing				\$2,787		Rig Move		\$2,000				
Cement				\$7,461		Supervision		\$1,100		\$5,950		
Water				\$2,350		Trucking				\$1,400		
Fuel		\$375		\$2,375		Rentals		\$310		\$2,170		
Mud		\$200		\$4,200		BOP Rentals		\$410		\$2,870		
BOP Pressure Test				\$1,350		Logging						
Float Equipment				\$2,340		Misc.						
Core Tools		\$26,379		\$26,379		Mud Logger		\$8,671		\$15,671		
Casing Crew				\$1,472		Total		\$42,365		\$130,115		

Details

TIH w/ core bit (6-1/4", Quest, TR515) and core tools on 2 ea. 5" drill collars. Core from 1198' to 1211'. ROP (1 ft per min) indicates that core is in basal coal. No gas and very little coal cuttings. SD core at 1211', after coring a total of 13 ft. TOH. Recovered top 8' of 13' interval. Core was mostly coal, lost bottom 5 ft in well. Had Weatherford labs preform analysis on recovered core sample. After brief meeting w/ B. Blair (NNOG Geologist) decided to discontinue coring operations and continue drilling to TD. Lay down coring tools. TIH w/ bit #2 (7-7/8", Varel, ER1G). Ream through 21' core interval. Continue drilling from 1211' to 1305'. Circulate hole clean. Lay down 100' of drill pipe. Drain pumps. Secure location & SDON.

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator: NAVAJO NATION OIL & GAS COMPANY											
Well Name: CBM A Pod 14 J #1				Contractor: D&D DRILLING		Rpt #: 8		Time: 6:00:00 AM		Date: 3/22/2012	
Location: Sec. 14, T27N, R14W, San Juan, NM				D&D DRILLING		8		6:00:00 AM		3/22/2012	
Present Operation:		Depth:		Footage:		Formation:		Last Casing:		Est. TD:	
Logging		1400'		95'		Pictured Cliffs		8-5/8" - 174' KB		1520'	
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Ft.	Hrs.	RPM	Wt. M.	Condition
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	1400'	1200'	24.25	80	20	
3	6-1/4"	Quest	TR515	10/10's	1190'	1211'	21'	3.25	40	3-5	
Mud Wt.	Vis.	WL	PV/YP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other
8.4	45	9.0			8.5						
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel. DP & DC				Other	
1	5-1/2"	10"									
2	5"	10"									
BHA: 7-7/8" bit, bit sub, 2 ea. 5" DC's											
Time Breakdown											
MOL & RU:		Cementing:				Rig Repair:				Deviation Surveys	
Drilling:		3.25		Trips:		2.00		Logging:		15.25	
Core:				Run Casing:				WOC:		165'	
Circulation:		1.00		Rig Serv./Sfty/Mtg:		1.00		Drill Cement:		665'	
PU/LD/Coil/Tools:				Drill Cement:				Lost Circulation:		1165'	
Drain/pumps & SD:		0.50		Rig Repair (swivel):				Reaming:			
Costs											
Daily Costs:		Daily:		Cum:		Daily:		Cum:			
Rd Loc/Fence				\$8,500		Well Head				\$4,050	
Rig		\$9,840		\$42,230		Bits, mm & ss				\$4,400	
Casing				\$2,787		Rig Move				\$2,000	
Cement				\$7,461		Supervision		\$1,100		\$7,050	
Water				\$2,350		Trucking				\$1,400	
Fuel		\$450		\$2,825		Rentals		\$310		\$2,480	
Mud		\$200		\$4,400		BOP/Rentals		\$410		\$3,280	
BOP/Pressure Test				\$1,350		Logging					
Float Equipment				\$2,340		Core Analysis:		\$34,053		\$34,053	
Core Tools				\$26,379		Mud Logger				\$15,671	
Casing Crew				\$1,472		Total		\$46,363		\$176,478	

Details

Hold safety meeting & service rig. Prime pumps & TIH w/ bit #2 (7-7/8", Varel, ER1G). Continue drilling from 1305' to 1400'. TD well at 11:15 hrs 3/21/2012. Circulate & condition hole. TOH. Wait on Schlumberger for 2 hrs. RU Schlumberger Wireline (at 14:45 hrs) & hold safety meeting. Run INDUCTION/DENSITY/NEUTRON/GR LOGS from 1400' to surface casing. Run FMI/DI-POLE SONIC & CMR/ECS logs from 1300' to 950' (over coal interval). Still logging at 06:00 hrs.

WALSH ENGINEERING & PRODUCTION CORP.

DAILY DRILLING REPORT

Operator: NAVAJO NATION OIL & GAS COMPANY													
Well Name:		CBM A Pod 14 J #1				Contractor:		Rpt #		Time		Date	
Location:		Sec. 14, T27N, R14W, San Juan, NM				D&D DRILLING		9		6:00:00 AM		3/23/2012	
Present Operation:		Depth		Footage		Formation		Last Casing		Est. TD			
RIG RELEASED		1400'				Pictured Cliffs		5-1/2" - 1392' KB		1520'			
Bit No.	Size	Make	Type	Jets	Depth In	Depth Out	Ft.	Hrs	RPM	Wt. M	Condition		
2	7-7/8"	Varel	ER1G	2/14's & 1/15	179'	1400'	1200'	24.25	80	20			
3	6-1/4"	Quest	TR515	10/10's	1190'	1211'	21'	3.25	40	3-5			
Mud Wt.	Vis	WL	PVMP	Gels	PH	SND	% Oil	Solids % In/Out		FC/32	Other		
8.4	45	9.0			8.5								
Pump	Size	Stroke	SPM	GPM	PSI	Annular Vel. DP & DC				Other			
1	5-1/2"	10"											
2	5"	10"											
BHA:													
Time Breakdown													
ND & RD:		7.00		Cementing:		1.50		Rig Repair:				Deviation/Surveys	
Drilling:				Trips:		3.50		Logging:		2.50		Depth	
Core:				Run Casing:		2.00		WOC:				165'	
Circulation:		1.00		Rig Serv/Sty/Mtg:				Drill Cement:				665'	
PU/LD Core/Tools:				Drill Cement:				Lost Circulation:				1165'	
Drain pumps & SD:				Rig Repair (swivel):				Reaming:				1385'	
Costs													
Daily Costs:		Daily		Cum				Daily		Cum			
Rd/Loc/Fence				\$8,500		Well Head				\$4,050			
Rig		\$7,175		\$49,405		Bits, mm & ss				\$4,400			
Casing		\$15,311		\$18,098		Rig Move: De/Mob		\$2,500		\$4,500			
Cement		\$11,315		\$18,776		Supervision		\$1,100		\$8,150			
Water		\$400		\$2,750		Trucking		\$3,300		\$4,700			
Fuel		\$375		\$3,200		Rentals		\$310		\$2,790			
Mud		\$200		\$4,600		BOP/Rentals		\$410		\$3,690			
BOP/Pressure Test				\$1,350		Logging		\$110,125		\$110,125			
Float/Equipment				\$2,340		Core Analysis				\$34,053			
Core/Tools				\$26,379		Mud Logger				\$15,671			
Casing Crew & Insp.		\$2,304		\$3,776		Total		\$154,825		\$331,303			

Details

Finish logging w/ Schlumberger. TIH - no fill. TOH, laying down DP & DC's. RU San Juan casing crew & hold safety meeting. Ran 34 jts of 5-1/2", 17#, J-55, LT&C casing. Wash casing to bottom & circulate. Land casing at 1392' KB, float collar at 1377' KB, marker jt at 937' KB. RU Halliburton. Hold safety meeting & pressure test pumps/ lines to 3000 psi. Precede cement w/ 5 bbl water, 20 bbls of gel/chem was & 5 bbl water spacer. Mix & pump 165 sx (318.5 cf) of Halliburton Lite w/ 2% CaCl2, 5#/sx Kol-Seal, 1/8#/sx of Poly Flake. Tail in w/ 125 sx (144 cf) of Glass "G" w/ 1/8#/sx of Poly Flake. Reciprocate pipe while pumping cement. Good circulation throughout job. Drop plug & displace cement w/ 32 bbls of water. Circulate 25 bbls of good cement to surface. PD at 16:00 hrs 3/22/2012. Bump plug to 1500 psi - release pressure to check floats, holding OK. RD Halliburton. Flush BOP & surface lines clean. ND BOP. Set slips w/ 20K tension on 5-1/2" casing. Cut off casing & weld on bell nipple & install tubing head. RD rig & all equipment. **Rig Released - Final Report.**

Casing & cement job witnessed by Val Uentillie w/ Navajo Nation Division of Natural Resources - Minerals Dept.

PIPE RECORD

Operator: **Navajo Nation Oil & Gas Co.** Lease: **CBM A Pod 14 J #1** Date: **15-Mar-12**

Time Tally - Show every piece of equipment going into the hole in the order run.

C = Centralizer run T = Turbolizer run

PG 1/1

[illegible]

Column No:	Item:	Jts:	O.D:	Wt:	Grade:	Thread:	Make:	Total:
1	TEXAS PATTERN GUIDE SHOE		8-5/8"			LT&C	WEATHERFORD	0.50
2	CASING	4	8-5/8"	24.0	J-55	ST&C	NEW	168.90
3								
4								
5								
6								
7								
8								

REMARKS:

TOTAL FROM PAGE 1:	169.40
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JNTS NOT RUN: (- JTS)

CUT OFF: { -

TOTAL FROM PAGE 1:	169.40
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Top of Casing head flange to KB:	5.00
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SET AT KB:	174.40
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: CENTRALIZER

Prepared By: John Thompson

PIPE RECORD

Operator: **Navajo Nation Oil & Gas Co.**

Lease: **CBM A Pod 14 J #1**

Date: 22-Mar-12

Pipe Tally - Shown in the order run.

GS=Guide shoe; SJ=Shoe Joint; FC=Float Collar; MJ=Marker Joint; C=Centralizer; T=Turbolizer

[illegible]

TU:	0.95	TU:	13.50	TU:	0.68	TU:	421.00	TU:	18.70	TU:	979.60	TU:		TU:	
Joints before running:	36					Joints after running:	1					Joints run in the well:	35		
Column No:	Item:				Jts:	O.D:	Wt:	Grade:	Thread:		Make:		Total:		
1	Guide Shoe				-	5-1/2"	-	-	LT&C		New - WF		0.95		
2	Shoe Joint				1	5-1/2"	17.0	J-55	LT&C		New		13.50		
3	Float Collar				-	5-1/2"	-	-	LT&C		New - WF		0.68		
4	Casing				10	5-1/2"	17.0	J-55	LT&C		New		421.00		
5	Maker Joint				1	5-1/2"	17.0	J-55	LT&C		New		18.70		
6	Casing				24	5-1/2"	17.0	J-55	LT&C		New		979.60		
7															
8															

REMARKS:		TOTAL:	1434.43
an 35 jts of 5-1/2", 17#, J55, LTC casing. Landed casing at 1392.28' KB, Float collar at 77.15' KB, Marker Joint at 937.45' KB D: 1400' = Turbolizer C = Centralizer		JOINTS NOT RUN: (-)	39.15
		CUT OFF: (-)	8.00
		TOTAL:	1387.28
		Top of Casing head flange to KB:	5.00
		SET AT KB:	1392.28
		Prepared By:	John C. Thompson