

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

SF-078481A

6. If Indian, Allottee or Tribe Name

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

53

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

M &amp; G Drilling Company Inc. c/o Mike Pippin LLC (Agent)

3a. Address

c/o Pippin, 3104 N. Sullivan, Farmington, NM 87401

3b. Phone No. (include area code)

505-327-4573

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2375' FWL 1780' FNL (F) Sec. 10 T27N R08W

8. Well Name and No.

GRAHAM 10 #6

9. API Well No.

30-045-32009

10. Field and Pool, or Exploratory Area

Blanco Mesaverde

11. County or Parish, State

San Juan County, New Mexico

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

| TYPE OF SUBMISSION                                   | TYPE OF ACTION   |
|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off    |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing <input type="checkbox"/> Fracture Treat <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity     |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input checked="" type="checkbox"/> Other |
|  | <input checked="" type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon                        |
|  | <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal                                       |

NAME CHANGE to APD

13. Describe Proposed or Completed Operations (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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

M & G Drilling Company Inc. has decided to change plans and mud drill a single Blanco Mesaverde well with 8-5-8" surface casing set at about 280' and 4-1/2" production casing set at about 4670'. Attached is the new 8 point drilling plan and a new C-102. This well was formerly to be a deviated Mesaverde/Dakota commingled well with an APD that was approved on 1/9/04.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

*Mike Pippin*

Date

February 3, 2004

## THIS SPACE FOR FEDERAL OR STATE USE

Approved by

*Jim Jovels*

Title

*Petr. Engr.*

Date

*2/6/04*

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, makes 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.

(Instructions on reverse)

NMOCD

**M&G Drilling Company Inc.**  
**Graham 10 #6 MV**  
2375' FWL, 1780' FNL  
Unit F Sec. 10 T27N R08W  
San Juan County, NM

**Revised Drilling Program**  
2/2/04

1. **ESTIMATED FORMATION TOPS (KB)**

| <u>Formation Name</u> | <u>Depth (TVD)</u> | <u>Depth (Subsea)</u> |
|-----------------------|--------------------|-----------------------|
| Nacimeinto            | Surface            |                       |
| Ojo Alamo             | 1160'              | 4714'                 |
| Kirtland              | 1275'              | 4599'                 |
| Fruitland             | 1820'              | 4054'                 |
| Pictured Cliffs       | 2052'              | 3822'                 |
| Lewis                 | 2132'              | 3742'                 |
| Chacra                | 3017'              | 2857'                 |
| Cliffhouse            | 3729'              | 2145'                 |
| Menefee               | 3774'              | 2100'                 |
| Point Lookout         | 4324'              | 1550'                 |
| TD                    | 4670'              | 1204'                 |

2. **NOTABLE ZONES**

Gas or Oil Zones

Fruitland  
Pictured Cliffs  
Chacra  
Cliffhouse  
Menefee  
Point Lookout

Water Zones

Naciminto  
Ojo Alamo  
Kirtland  
Fruitland

Coal Zone

Fruitland

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Oil or gas shows will be tested for commercial potential based on the engineer's recommendations.

**M&G Drilling Company Inc.**

**Graham 10 #6 MV**

**2375' FWL, 1780' FNL**

**Unit F Sec. 10 T27N R08W**

**San Juan County, NM**

**3. PRESSURE CONTROL**

Maximum expected pressure is ~1200 psi. The drilling contract has not yet been awarded, thus the exact BOP model to be used is not yet known. A typical 11" 3,000 psi model is on PAGE #5 of the APD.

BOP equipment and all accessories will meet or exceed BLM requirements in 43 CFR Part 3160 for a 3000 psi system. A 3000 psi double ram hydraulic BOP will be used. Accumulator system capacity will be sufficient to close all BOPE with a 50% safety factor. Fill, kill, and choke manifold lines will be 2". Accessories will include upper and lower Kelly cocks with handles, stabbing valve to fit drill pipe on floor at all times, string float at bit, 3000 psi choke manifold with 2" adjustable and 2" positive chokes, and pressure gauge. BOPs will be tested every 24 hours. Tests will be recorded on IADC log.

**4. CASING & CEMENT (See attached)**

| <u>Hole Size</u> | <u>O.D.</u> | <u>Weight (lb/ft)</u> | <u>Grade</u> | <u>Age</u> | <u>Connection</u> | <u>GL Setting Depth</u> |
|------------------|-------------|-----------------------|--------------|------------|-------------------|-------------------------|
| 12-1/4"          | 8-5/8"      | 23#                   | H-40 LS      | ✓-42 New   | ST&C              | 280'                    |
| 6-1/4"           | 4-1/2"      | 10.5#                 | K-55         | New        | ST&C              | 4670'                   |

**Surface casing** will be cemented to the surface with ~231 cu. ft. (~196 sx) CI "B" or equivalent (1.18 ft<sup>3</sup>/sx yield, 15.6 ppg) with 2% CaCl<sub>2</sub> in mix water and 1/4#/sx celloflake. Volume based on 100% excess. We plan to run a minimum of 3 centralizers. A wooden wiper plug will be displaced within 20' of the shoe. WOC = 12 hours. Surface casing will be tested to 500 psi for 15 minutes.

*and BOPE*

**Production casing** will be cemented with two stages insuring cement to surface. A DV tool will be set in the 4-1/2" casing at 3500'. Total cement = 829 cu. ft.. Volumes are calculated at 65% excess. Casing will be pressure tested to 3800 psi during completion operations.

**1<sup>st</sup> Stage:**

Cement will be ~215 cu. ft. (~147 sx) 50/50/POZ w/3% gel, 0.8% Halad®-9, 0.2% CFR-3, 5 lbm/sx Gilsonite, and 0.25 lbm/sx Flocele, mixed at 13.0 ppg for a yield of 1.46 cu. ft. per sx.

**2<sup>nd</sup> Stage:**

Lead cement will be ~545 cu. ft. (~303 sx) VersaLite cement w/1.2% Halad®-9, 2% KCL, 5 lbm/sx Gilsonite, & 0.25 lbm/sx Flocele, mixed at 12 ppg for a yield of 1.8 cu. ft. per sx.

Tail cement will be ~69 cu. ft. (~54 sx) VersaLite cement w/1.2% Halad®-9, 2% KCL, 5 lbm/sx Gilsonite, & 0.25 lbm/sx Flocele, mixed at 13.5 ppg for a yield of 1.28 cu. ft. per sx.

**M&G Drilling Company Inc.**

**Graham 10 #6 MV**

**2375' FWL, 1780' FNL**

**Unit F Sec. 10 T27N R08W**

**San Juan County, NM**

Cementing equipment will include a guide shoe, and an auto-fill float collar, which will be run 20' off bottom. We plan on running 15 centralizers and the 4-1/2" DV tool at 3500'.

**5. MUD PROGRAM**

| <u>Depth</u> | <u>Type</u>          | <u>Wt./ppg.</u> | <u>Vis.</u> | <u>Fluid Loss</u> | <u>PH</u> |
|--------------|----------------------|-----------------|-------------|-------------------|-----------|
| 0'-280'      | FW gel/lime spud mud | 8.4-8.7         | 30-50       | NC                | 10        |
| 280'-4670'   | FW gel/Polymer       | 8.4-9.0         | 30-40       | <20cc's           | 9.5       |

Lost circulation and absorption material will be on location.

**6. CORING, TESTING, & LOGGING**

No cores or drill stem tests are planned. Open hole logs will include GR, Neutron-Density, and Induction. The Neutron-Density Log will be run from TD to 3600', 3200'-2900', & 2200'-1800', and the Induction log from TD to the surface casing shoe.

**7. DOWN HOLE CONDITIONS**

No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~1200 psi.

**8. OTHER INFORMATION**

The anticipated spud date is February 20, 2004. It is expected it will take ~7 days to drill and ~8 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

M&G Drilling, Inc.  
 Graham 10 #6  
 MV Cement Calculations  
 2/2/2004

REVISED 2/2/04

Cement Volume Calculations

Surface

|                    |                           |
|--------------------|---------------------------|
| Hole Size          | 12.25                     |
| Casing Size        | 8.63                      |
| Depth Cemented at: | 280.00                    |
| Annular Capacity:  | 0.0735 bbls/ft            |
|                    | 0.4127 ft3/ft             |
| Annular Volume:    | 20.58 bbls                |
|                    | 115.56 ft3                |
| Cement Yield:      | 1.18 ft3/sx               |
|                    | 97.93 Sacks               |
| Excess Pumped:     | 100.00 percent            |
|                    | 195.87 Sacks to Be Pumped |
|                    | 231.12 Ft3 to be pumped   |

1ST STAGE

Lead  
 shoe to DV @ 3500'

SHOE @ 4670' - DV TOOL @ 3500' = 1170' + 100' == 1270'

|                    |                                 |
|--------------------|---------------------------------|
| Hole Size          | 6.25                            |
| Casing Size        | 4.50                            |
| Depth Cemented at: | 1,270.00 Interval to be Covered |
| Annular Capacity:  | 0.0183 bbls/ft                  |
|                    | 0.1026 ft3/ft                   |
| Annular Volume:    | 23.21 bbls                      |
|                    | 130.31 ft3                      |
| Cement Yield:      | 1.46 ft3/sx                     |
|                    | 89.25 Sacks                     |
| Excess Pumped:     | 65.00 percent                   |
|                    | 147.27 Sacks to Be Pumped       |
|                    | 215.01 Ft3 to be pumped         |
|                    | 38.29 bbls to be pumped         |

1ST STAGE

Tail = NONE

|                    |                            |
|--------------------|----------------------------|
| Hole Size          | -                          |
| Casing Size        | -                          |
| Depth Cemented at: | - Interval to be Covered   |
| Annular Capacity:  | - bbls/ft                  |
|                    | - ft3/ft                   |
| Annular Volume:    | - bbls                     |
|                    | - ft3                      |
| Cement Yield:      | - ft3/sx                   |
|                    | #DIV/0! Sacks              |
| Excess Pumped:     | - percent                  |
|                    | #DIV/0! Sacks to Be Pumped |
|                    | - Ft3 to be pumped         |
|                    | - bbls to be pumped        |

2ND STAGE

Lead  
 DV @ 3500' TO  
 8-5/8" CSG  
 SHOE @ 280'  
 PLUS 65%

|                    |                                 |
|--------------------|---------------------------------|
| Hole Size          | 6.25                            |
| Casing Size        | 4.50                            |
| Depth Cemented at: | 3,220.00 Interval to be Covered |
| Annular Capacity:  | 0.0183 bbls/ft                  |
|                    | 0.1026 ft3/ft                   |
| Annular Volume:    | 58.84 bbls                      |
|                    | 330.39 ft3                      |
| Cement Yield:      | 1.80 ft3/sx                     |
|                    | 183.55 Sacks                    |
| Excess Pumped:     | 65.00 percent                   |
|                    | 302.86 Sacks to Be Pumped       |
|                    | 545.14 Ft3 to be pumped         |
|                    | 97.09 bbls to be pumped         |

2ND STAGE

Tail  
 8-5/8" SHOE @ 280'  
 TO SURFACE

|                    |                               |
|--------------------|-------------------------------|
| Hole Size          | 8.10                          |
| Casing Size        | 4.50                          |
| Depth Cemented at: | 280.00 Interval to be Covered |
| Annular Capacity:  | 0.0440 bbls/ft                |
|                    | 0.2471 ft3/ft                 |
| Annular Volume:    | 12.32 bbls                    |
|                    | 69.20 ft3                     |
| Cement Yield:      | 1.28 ft3/sx                   |
|                    | 54.06 Sacks                   |
| Excess Pumped:     | - percent                     |
|                    | 54.06 Sacks to Be Pumped      |
|                    | 69.20 Ft3 to be pumped        |
|                    | 12.32 bbls to be pumped       |

Page 15

Total for 4-1/2" = 504.18 sx & cf = 829.35

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 15, 2000  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                 |                             |             |                  |
|-----------------|-----------------------------|-------------|------------------|
| 1 API Number    |                             | 2 Pool Code | 3 Pool Name      |
|                 |                             | 72319       | BLANCO MESAVERDE |
| 4 Property Code | 5 Property Name             |             | 6 Well Number    |
| 16598           | GRAHAM                      |             | 10-6             |
| 7 OGRID No.     | 8 Operator Name             |             | 9 Elevation      |
| 141852          | M & G DRILLING COMPANY INC. |             | 5862             |

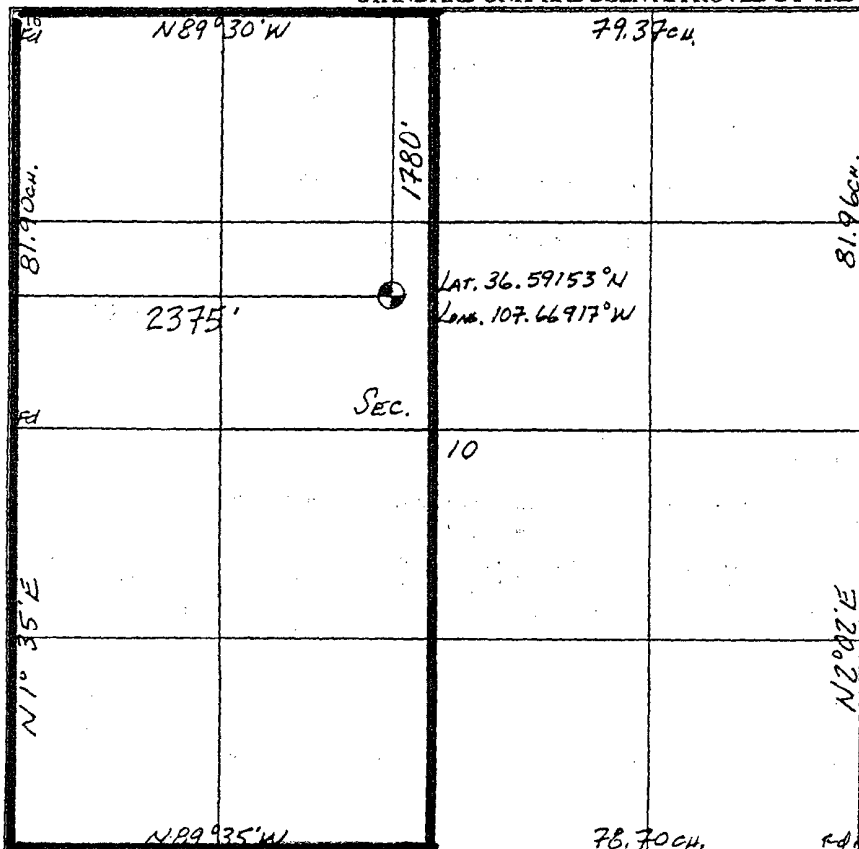
10 Surface Location

|               |         |          |       |         |               |                  |               |                |          |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County   |
| F             | 10      | 27 N     | 8 W   |         | 1780          | North            | 2375          | West           | San Juan |

11 Bottom Hole Location If Different From Surface

|                    |         |                    |       |                       |               |                  |               |                |        |
|--------------------|---------|--------------------|-------|-----------------------|---------------|------------------|---------------|----------------|--------|
| UL or lot no.      | Section | Township           | Range | Lot Idn               | Feet from the | North/South line | Feet from the | East/West line | County |
|                    |         |                    |       |                       |               |                  |               |                |        |
| 12 Dedicated Acres |         | 13 Joint or In/Int |       | 14 Consolidation Code |               | 15 Order No.     |               |                |        |
| W/2<br>320         |         | Y                  |       |                       |               |                  |               |                |        |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |   |
|--|---|
|  | <p>17 OPERATOR CERTIFICATION<br/>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <u>Mike Pippin</u><br/>Printed Name: <u>MIKE PIPPIN</u><br/>Title: <u>AGENT</u><br/>Date: <u>2/1/04</u></p>  |
|  | <p>18 SURVEYOR CERTIFICATION<br/>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey: <u>2/20/04</u><br/>Signature and Seal of Professional Surveyor: <u>William E. Mahnke II</u><br/>Certificate Number: <u>8466</u></p> |