

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

RECEIVED

2. Name of Operator

M & 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)

Surface: 790' FSL 680' FEL (P) Sec. 4 T27N R08W

Total Depth: 1980' FSL 1980' FEL (J) Sec. 4 T27N R08W

5. Lease Serial No.

SF 078481-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

GRAHAM 4 #16

9. API Well No.

30-045-31999

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

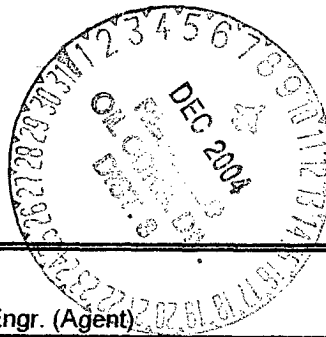
TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 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

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 recomplete 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 recompletion 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 deviated Blanco Mesaverde well with 9-5/8" surface casing set at about 320', 7" intermediate casing set at about 1984' (MD), and 4-1/2" production casing set at about 5223' (MD). 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 1/6/04.

We also request an extension of this approved APD to 1/6/05.

- This extension expires: JAN 6 2006



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

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Date

November 24, 2004

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Petr. Eng.

Date

12/6/04

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

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
For Lease - 3 Copies
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 72319		3 Pool Name BLANGO MESAVERDE	
4 Property Code 16598		5 Property Name GRAHAM		6 Well Number 4-16	
7 OGRID No. 141852		8 Operator Name M & G DRILLING COMPANY, INC.		9 Elevation 5959	

10 Surface Location

UL or lot no. P	Section 4	Township 27 N	Range 8 W	Lot Idn	Feet from the 790	North/South line South	Feet from the 680	East/West line East	County San Juan
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11 Bottom Hole Location if Different From Surface

UL or lot no. J	Section 4	Township 27 N	Range 8 W	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 1980	East/West line EAST	County SAN JUAN
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12 Dedicated Acres 320 E/2	13 Joint or Infill Y	14 Consolidation Code	15 Order No.
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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

16 N 89° 32' N 40.04 ch. N 89° 29' W 38.25 ch. WC CL B.L. Sec. 20.62 (20.21) N 1° 59' E (40.42) N 89° 03' W 78.95 ch.	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Mike Pippin Printed Name MIKE PIPPIN Title AGENT-PETR. ENGR. Date 11-29-04	18 SURVEYOR CERTIFICATION 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. Date of Survey 26 Apr 2003 Signature and Seal of Professional Surveyor William E. Mahnke II Certificate Number 8466

M&G Drilling Company Inc.

Graham #4-16 MV

790' FSL, 680' FEL

Sec. 4 T27N R08W

San Juan County, NM

Drilling Program

1. ESTIMATED FORMATION TOPS (KB)

Elevation: 5959' GL or 5969' KB

<u>Formation Name</u>	<u>Depth (TVD)</u>	<u>Depth (Subsea)</u>	<u>Depth (MD)</u>
Nacimeinto	Surface		
Ojo Alamo	1327'	4642'	
Kirtland	1377'	4592'	
Intermediate TD (7")	1800'	4169'	1984'
Fruitland	1947'	4022'	
Pictured Cliffs	2172'	3797'	
Lewis	2252'	3717'	
Chacra	3139'	2830'	
Cliffhouse	3839'	2130'	
<u>Menefee</u>	3859'	2110'	
<u>Point Lookout</u>	4409'	1560'	
TD (4-1/2")	4750'	1219'	5223'

2. NOTABLE ZONES

Gas or Oil Zones

Fruitland
Pictured Cliffs
Chacra
Cliffhouse
Menefee
Point Lookout

Water Zones

Nacimientos
Ojo Alamo (FLOW 90 BWPH)
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.

3. PRESSURE CONTROL

Maximum expected pressure is ~2700 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.

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Sec. 4 T27N R08W

San Juan County, NM

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 Page 15)

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Age</u>	<u>Connection</u>	<u>Setting Depth</u>
12-1/4"	9-5/8"	36#	K-55	New	ST&C	320' (TVD&MD)
8-3/4"	7"	20#	K-55	New	ST&C	1800' (TVD) – 1984' (MD)
6-1/4"	4-1/2"	10.5#	K-55	New	ST&C	4750' (TVD) – 5223' (MD)

Surface casing will be cemented to the surface with ~200 cu. ft. (~144 sx) CI "B" or equivalent (1.39 ft³/sx yield, 14.6 ppg) with 2% CaCl₂ in mix water and 1/4#/sx celloflake. Volume based on 100% excess. We plan to run a minimum of 8 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.

Intermediate casing will be cemented to surface with a single stage. Total cement = 393 cu. ft. (214 sx). Volumes are calculated at 45% excess in lead. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. WOC = 12 hours. Test to 1000 psi for 15 minutes.

Lead cement will be ~282 cu. ft. (~134 sx) Premium Lite w/2% CaCl₂, 1/4#/sx cello flake, 6-1/4#/sx gilsonite, 8% gel mixed at 11.0 gps, 12.1 ppg for a yield of 2.11 cu. ft. per sx.

Tail cement will be ~111 cu. ft. (~80 sx) Type III w/2% CaCl₂, 1/4#/sx Cello flake mixed at 6.7 gps, 14.6 ppg for a yield of 1.39 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom. We plan on running 10 centralizers and 2 turbolators.

Production casing will be cemented to surface in a single stage. Total cement = 720 cu. ft. (~358 sx). Volumes are calculated at 45% excess. If cement does not circulate to surface, then a temperature survey will be run to determine the actual cement top as needed. Casing will be pressure tested during completion operations.

M&G Drilling Company Inc.

Graham #4-16 MV

790' FSL, 680' FEL

Sec. 4 T27N R08W

San Juan County, NM

Lead cement will be ~664 cu. ft. (~318sx) Class "B" or equivalent w/2%SM, 1/4#/sx cello flake, 3#/sx gilsonite mixed at 11.9 gps, 12.5 ppg for a yield of 2.09 cu. ft. per sx.

Tail cement will be ~56 cu. ft. (~40 sx) Class "B" or equivalent w/1% gel, 2% CaCl₂, 1/4#/sx cello flake, 3#/sx gilsonite mixed at 6.8 gps, 14.5 ppg for a yield of 1.4 cu. ft. per sx.

Cementing equipment will include a guide shoe, and autofill float collar will be run 20' off bottom. We plan on running 1 centralizer inside the 7" intermediate shoe.

5. MUD PROGRAM

<u>Depth (TVD)</u>		<u>Wt./ppg.</u>	<u>Vis.</u>	<u>Fluid Loss</u>	<u>PH</u>
0'-320'	FW gel/lime spud mud	8.4-8.7	30-50	NC	10
320'-1800'	FW gel/Polymer	8.4-9.0	30-40	<20cc's	9.5
1800'-4750'	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. All logs will be run from TD on the production casing to the intermediate casing shoe.

7. DOWN HOLE CONDITIONS

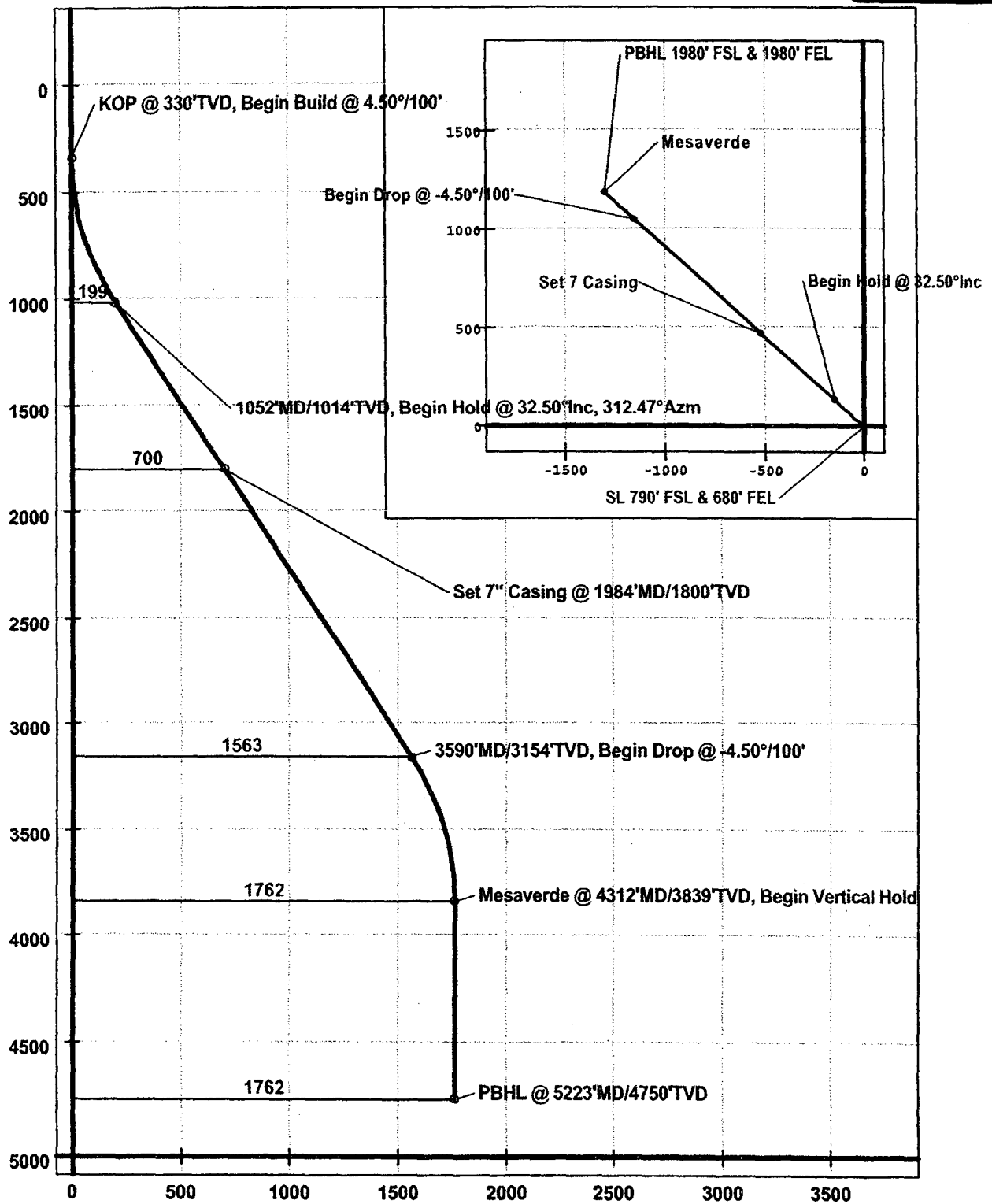
No abnormal pressures, temperatures, nor hydrogen sulfide are expected. Maximum pressure will be ~1000 psi.

2700

8. OTHER INFORMATION

The anticipated spud date is June 1, 2005. It is expected it will take ~12 days to drill and ~12 days to complete the well. Completion will start about one month after the spud and will include hydraulic fracturing.

Company: M & G Drilling Company
 Lease/Well: Graham #4 16 MV/Chacra
 Location: San Juan County, Sec 4-27N-8W





Job Number: State/Country: New Mexico / USA
 Company: M & G Drilling Company Declination:
 Lease/Well: Graham #4 16 MV/Chacra Grid:
 Location: San Juan County, Sec 4-27N-8W File name: C:\CUST04\SURVEYS\M&GDRI-1\GRA416.SVY
 Rig Name: Date/Time: 18-Nov-04 / 15:07
 RKB: 5969' Curve Name: Proposal 9-23-04
 G.L. or M.S.L.: 5959'

WINSERVE PROPOSAL REPORT
Minimum Curvature Method
Vertical Section Plane 312.47
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	CLOSURE Distance FT	Direction Deg	Dogleg Severity Deg/100
KOP @ 330'TVD, Begin Build @ 4.50°/100'									
330.00	.00	.00	330.00	.00	.00	.00	.00	.00	.00
430.00	4.50	312.47	429.90	3.92	2.65	-2.90	3.92	312.47	4.50
530.00	9.00	312.47	529.18	15.68	10.58	-11.56	15.68	312.47	4.50
630.00	13.50	312.47	627.23	35.18	23.75	-25.95	35.18	312.47	4.50
730.00	18.00	312.47	723.45	62.32	42.08	-45.97	62.32	312.47	4.50
830.00	22.50	312.47	817.25	96.92	65.44	-71.49	96.92	312.47	4.50
930.00	27.00	312.47	908.04	138.77	93.70	-102.36	138.77	312.47	4.50
1030.00	31.50	312.47	995.27	187.62	126.69	-138.40	187.62	312.47	4.50
1052'MD/1014'TVD, Begin Hold @ 32.50°Inc, 312.47°Azm									
1052.13	32.50	312.47	1014.04	199.35	134.60	-147.05	199.35	312.47	4.50
Set 7 Casing @ 1984'MD/1800'TVD									
1984.00	32.50	312.47	1800.00	699.99	472.64	-516.33	699.99	312.47	.00
2052.13	32.50	312.47	1857.46	736.59	497.35	-543.33	736.59	312.47	.00
3052.13	32.50	312.47	2700.89	1273.83	860.10	-939.61	1273.83	312.47	.00
3590'MD/3154'TVD, Begin Drop @ -4.50°/100'									
3590.49	32.50	312.47	3154.96	1563.06	1055.40	-1152.95	1563.06	312.47	.00
3690.49	28.00	312.47	3241.33	1613.42	1089.40	-1190.10	1613.42	312.47	4.50
3790.49	23.50	312.47	3331.38	1656.85	1118.72	-1222.13	1656.85	312.47	4.50
3890.49	19.00	312.47	3424.56	1693.07	1143.18	-1248.85	1693.07	312.47	4.50
3990.49	14.50	312.47	3520.29	1721.88	1162.63	-1270.10	1721.88	312.47	4.50

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	CLOSURE		Dogleg Severity Deg/100
							Distance FT	Direction Deg	
4090.49	10.00	312.47	3617.99	1743.09	1176.95	-1285.74	1743.09	312.47	4.50
4190.49	5.50	312.47	3717.06	1756.56	1186.05	-1295.68	1756.56	312.47	4.50
4290.49	1.00	312.47	3816.87	1762.22	1189.87	-1299.86	1762.22	312.47	4.50
Mesaverde @ 4312'MD/3839'TVD, Begin Vertical Hold									
4312.63	.00	312.47	3839.00	1762.41	1190.00	-1300.00	1762.41	312.47	4.50
PBHL @ 5223'MD/4750'TVD									
5223.63	.00	312.47	4750.00	1762.41	1190.00	-1300.00	1762.41	312.47	.00