

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

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)

1975' FSL 775' FEL (I) Sec. 28 T28N R11W

5. Lease Serial No.

NM-078863

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

KRAUSE #11s

9. API Well No.

30-045-32514

10. Field and Pool, or Exploratory Area

Kutz Pictured Cliffs, West

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 ADD FARMINGTON SAND & COMMINGLE
	<input 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 recomple 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.)

Based on the gas flow from the Farmington Sand experienced during drilling operations, we plan to change this well's completion to include the Kutz Farmington and commingle with the Pictured Cliffs. Both intervals have common ownership.

To prevent cement contamination of the Farmington interval, we may bring the TOC from the 1st cement stage only up to ~1380' and set on ECP and DV tool just above the Farmington interval at about 1280'. See the attached wellbore diagram. The 1st cement stage will be the "tail" cement from the drilling program on the APD. The 2nd cement stage will be the "lead" cement with 45% excess from the drilling program on the APD. The cement volumes of both stages will be adjusted as dictated by the open hole logs.

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

Name (Printed/Typed)

Mike Pippin

Title

Petr. Engr. (Agent)

Signature

Mike Pippin

Date

January 6, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Jim Lovato

Title

Petr. Eng

Date

1/11/05

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.

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)

NMOC

KRAUSE #11s FARM/PC

Current

Kutz Farmington & Kutz PC West

(I) Section 28, T-28-N, R-11-W, San Juan County, NM

M. Pippin

Today's Date: 1/4/05

Spud: 12/29/04

Completed: N/A

Elevation: 5890' GL
5' KB

Ojo Alamo @ 584'

Kirtland @ 787'

Fruitland @ 1518'

Pictured Cliffs @ 1804'

12-1/4" hole

8-5/8" 23# LS x-42 @ 207'
Cmt w/218 cf (Circ.8 bbls Cmt)

Cement

Farmington Sand Gas Flow
@ 1600 MCF/D @ ~1300'-1350'??

DV Tool @ ~1280'
2nd Stg cmt with * sx & Circ to
Surface calc. w/45% excess.

External Casing Packer (ECP) set
@ ~1285'

Therefore, No Cmt from 1285'-1380'

TOC @ 1380'

Cement

Pictured Cliffs Perfs @ ~1806'-60'
fraced w/110,000# sand in 70Q foam

PBTD ~1910'

7-7/8" hole

TD ~1950'

4-1/2" 10.5# K-55 Csg @ ~1950'
1st Stg cmt with * sx & bring TOC
to 1380'

* Cement volumes will be calculated using open hole logs.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32514	² Pool Code 79600	³ Pool Name KUTZ FARMINGTON
⁴ Property Code	⁵ Property Name KRAUSE	⁶ Well Number 11S
⁷ GRID No. 141852	⁸ Operator Name M & G DRILLING COMPANY INC.	⁹ Elevation 5890'

¹⁰ Surface Location

UL or lot no. 1	Section 28	Township 28-N	Range 11-W	Lot Idn	Feet from the 1975	North/South line SOUTH	Feet from the 775	East/West line EAST	County SAN JUAN
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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 160 SE/4		¹³ Joint or Infill Y		¹⁴ Consolidation Code		¹⁵ Order No.			

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

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						¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Mike Pippin</u> Printed Name <u>MIKE PIPPIN</u> Title <u>AGENT-PETA. ENGR.</u> Date <u>1-5-05</u>	
						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. JOHN A. WILKINSON NEW MEXICO May 18 2004 Date of Survey <u>14831</u> Signature and Seal of Professional Surveyor: 14831 Certificate Number	
SEC. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.		LAT. = 36°37'53" N. (NAD 83) LONG. = 108°00'10" W. (NAD 83)		QTR. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.		QTR. CORNER FD. 2 1/2" BC. 1913 U.S.G.L.O.	
N 89°51'03" W 2643.1' (M)		S89°51'03" W 2638.0' (M)		775'		2640.3' (M)	
				1975'		N 00°00'48" E	