DIST. 3

FORM APPROVED Form 3160-5 UNITED STATES Budget Bureau No. 1004-0135 (June 1990) DEPARTMENT OF THE INTERIOR Expires: March 31, 1993 BUREAU OF LAND MANAGEMENT Lease Designation and Serial No. NMSF078481A SUNDRY NOTICES AND REPORTS ON WEL 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT - -" for such proposals SUBMIT IN TRIPLICATE 7. If Unit or CA, Agreement Designation 1. Type of Well Oil Gas Well Well Other 8. Well Name and No. 2. Name of Operator Graham No. 98S M & G Drilling Company, Inc. 9. API Well No. 30-045-32644 3. Address and Telephone No. P. O. Box 5940 Farmington, NM 87499 (505) 325-6779 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) **Basin Fruitland Coal** 11. County or Parish, State 680' FSL & 775' FEL San Juan County, New Mexico Section 4, T27N, R8W 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans New Construction Recompletion Subsequent Report Non-Routine Fracturing Plugging Back Water Shut-off Casing Repair Final Abandonment Notice Altering Casing Conversion to Injection Other Dispose Water 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\* M & G Drilling Company, Inc. requests permission to change the hole size on this well from 6 1/4" to 7 7/8". We also propose to run 4 1/2" 10.5# casing as opposed to 4 1/2" 11.6# casing. The cement volumes will be increased to the following: 350 sx of lead cement containing 2% sodium metasilicate and 1/4 #/sk cello flakes followed by 100 sx of cement containing 2% CaCl and 1/4 #/sk cello flakes, for a total of 839 cf of cement. 14. I hereby certify that the foregoing is true and correct 3-Jan-07 Signed Title Agent Date (This space for Federal or State office) 1/08/07 Title Date Conditions of approval, if any. 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.