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Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
**Bureau of Land Management
Farmington Field Office**

FORM APPROVED
Budget Bureau 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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No Graham #100
2. Name of Operator M&G Drilling Company, Inc. NM OGRID # 141852		9. API Well No. 30-045-32730
3a. Address PO Box 5940, Farmington, NM 87499-5940	3b. Phone No (include area code) (505) 325-6779	10. Field and Pool, or Exploratory Area Basin Fruitland Coal
4. Location of Well (Footage, Sec., T, R, M., or Survey Description) Unit O, 890' FSL, 1845' FEL Sec 3, T27N, R8W		11. County or Parish, State San Juan, 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 checked="" type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input checked="" 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 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 Operation (clearly state all pertinent details, including estimated 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.)

See Attached.

RCVD OCT 5 '07

OIL CONS. DIV.

DIST. 3

Report Date Reached TD & Pt on Prod.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Rhonda DeVilbiss		Title Production Assistant
Signature <i>Rhonda DeVilbiss</i>		Date 10-2-2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

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 operation thereon.	Office	OCT 04 2007
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.		FARMINGTON FIELD OFFICE BY <i>[Signature]</i>

NMOCD

M&G Drilling Company
Graham #100
890' FSL & 1845' FEL
Section 3, T27N, R8W Unit O
San Juan County, New Mexico

Drilling Report

Surface Casing- 8 5/8" 23# Grade LS STLC 8rd JT-55

Footage 209'-10' landing JT casing point 215'KB.

Well Casing- 4 1/2" 10.5# J-55 8rd STLC, 53 jts 2,227' Float placed between 1st & 2nd jts 1,984'. Schlumberger logged on March 28, 2007 not deep enough to log bottom coal zone.

7/18/07 Franks Well Service rigged up, nipped up BOP, picked up 4-3" collars, 65 jts of 2 3/8" tubing and tagged plug.

7/19/07 Drilled 42' of cement from 1,984' to 2,227' in cased hole. Drilled 28' blew bottom of casing.

7/20/07 Schlumberger logged coal zone and set bridge plug at 2,220'.

7/23/07 Key Pressure Pumping Service pumped 1/2 bbl of cement on top of plug. Picked up 5' of tubing, circulated excess cement out of hole, pulled 8 jts, shutdown.

7/24/07 TIH 8 jts, tagged cement 4' above plug, plug back depth 2,216' and layed down tubing. Pressure tested plug to 1,200 psi with rig pump job complete.