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Form 3160-5
(August 1999)

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

FORM APPROVED
Budget Bureau No 1004-0135
Expires: November 30, 2000

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.

5. Lease Serial No.
NMSF 078863
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.

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 Krause #18 |
| 2. Name of Operator M&G Drilling Company, Inc. NM OGRID # 141852 | | 9. API Well No. 30-045-07234 |
| 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 A, 790' FNL, 790' FEL Sec. 29, T28N, R11W | | 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 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 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 checked="" type="checkbox"/> Other <u>Squeeze</u> |
| | <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.)

M&G Drilling Company set packer and isolated between 210' to 325'. See attached report.

RCVD FEB 1 '08

OIL CONS. DIV.

DIST. 3

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

Name (Printed/Typed)
Rhonda DeVilbiss

Title
Production Assistant

Signature

Rhonda DeVilbiss

Date
1/14/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Title

Date

Office

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

ACCEPTED FOR RECORD

JAN 31 2008

NMOCD

FARMINGTON FIELD OFFICE

M&G Drilling Company, Inc.
KRAUSE #18
NMSF-078863
Sec. 29, T28N-R11W
San Juan County, New Mexico

SQUEEZE

- 12-7-07** Set bottom with a 5 ½" plug @ 1400', set packer above plug, pressure tested to 1000 lbs., held, took fluid from backside and pulled up 700', set packer. Pressure tested tubing, held at 1000 lbs. Took fluid from the backside and pulled 576', pressure tested tubing, took fluid. Backside held @ 1000 lbs. Ran 64' tubing, set packer and pressure tested tubing, took fluid. Back side held @ 1000 lbs., isolated hole between 210' thru 325'.
- 12-10-07** Key Pressure Pumping Service pumped 106 sacks of 2% CaCL cement. Shut down to let the cement set.
- 12-11-07** Drilled cement.
- 12-12-07** Drilled cement, broke through, pressure tested casing, leaked at 600 lbs. Cleaned cement area with a scraper.
- 12-13-07** Set packer @ 325', pressure test down tubing, held. Set packer @ 136' pressure tested down tubing took fluid from back side, held. Key Pressure Pumping Service pumped 170 sacks of 2% CaCL cement. Shut well in at 500 lbs. on tubing and 500 lbs. on back side.
- 12-14-07** Let cement set up.
- 12-15-07** Pulled packer TIH. Drilled cement from 200' to 310'. Pressured tested casing to 610 lbs., held. Retrieved plug, landed tubing and rods, KB to landing point 5,000' 52 jts of 2 3/8" 4.7#/ Ft EUE at 1620.46 1 seating nipple 1.07' 1620-1621. Tail Jt. 10.00'. Rods and pumps set at 1621.53'