

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

SUNDRY NOTICES AND REPORTS ON WELLS AUG 25 2008
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 078481A

6. If Indian, Allottee or Tribe Name
RCVD AUG 27 '08

7. If Unit or CA/Agreement, Name and/or No
OIL CONS. DIV.
DIST. 3

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 #1B
2. Name of Operator M&G Drilling Company.	9. API Well No 30-045-32645
3a. Address c/o Walsh Engineering 7415 East Main St. Farmington, NM 87402	10. Field and Pool, or Exploratory Area Basin DK/Blanco MV/Otero Chacra
3b. Phone No. (include area code) (505) 327-4892	11. County or Parish, State San Juan, New Mexico
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2615' FNL & 660' FEL SEC 4, T27N, R8W	

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>COMPLETION</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	REPORT
	<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.)

8/7/08 Install frac valve and PT to 3,500 psi. Run CBL/GR/CCI. TOC is at 2300' (242' of overlap into the 7" csg.) Perf lower DK at 6619 - 36' with 9 (0.34") holes. Ball off w/ 500 gal 15% HCL & 18 balls. Swab well down.

8/11/08 Perf upper DK at 6499 - 6609' with 15 (0.34") holes. Ball off 6499 - 6636' with 1000 gal 15% HCL and 50 balls. Frac DK w/ 150,000# 20/40 sand in 1834 bbls of x-linked gel.

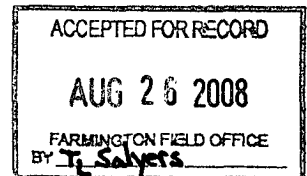
8/12/08 Clean out and drilled 10' of shoe joint. PBTD is now at 6656' KB ✓

8/14/08 Set CIBP at 5004' and PT to 3,500 psi. Perf Point Lookout at 4356 - 4574' with 33 (0.34") holes. Ball off w/ 750 gal of 15% HCL and 60 balls. Frac with 75,000 20/40 sand in 519 bbls of slick water and 948,406 SCF nitrogen. Set frac plug at 4300' and PT to 3500 psi.

8/15/08 Perf Cliff House/Menefee at 3788 - 4216' with 29 (0.34") holes. Ball R45off with 750 gal of 15% HCL and 60 balls. Frac w/ 75,000# of 20/40 sand in 453 bbls of slick water and 822,035 SCF of nitrogen.

8/18/08 Set composite BP at 3200' and PT to 3,500 psi. Perf the Chacra at 3084' to 3094' w/ 3 spf for a total of 27 (0.34") holes. Pump 500 gal of 15% HCL and frac with 50,000# of 20/40 sand in 331 bbls of x-linked gel and 397,500 SCF of nitrogen.

8/22/08 Clean out to PBTD with air. Land 202 jts of 2-3/8", 4.7#, J-55 new tubing at 6553' KB. ✓



DHC - 4025

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

Name (Printed/Typed) Paul Thompson, P.E.	Title Agent / Engineer
Signature <u>Paul C. Thompson</u>	Date 8/22/08

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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	

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.

NMOCD