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Form 3160-5 (August 1999)

Notice of Intent

DEC 03 2010

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENE mington Field Office Rureau of Land Managemen 5.

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

Lease Serial No. NMSF 078481A

☐ Production (Start/Resume)

Reclamation

 \Box

If Indian, Allottee or Tribe Name

| SUNDRY N | OTICES 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. |

Acidize

and the operator has determined that the site is ready for final inspection.)

States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

Alter Casing

| | , c (122 2) Jet 2000. Proposition | 7. If Unit or CA/Agreement, Name and/or No. |
|--|--------------------------------------|---|
| SUBMITINITETITE (ATE-OI) | tentristructions on reverse stille | |
| 1. 'Type of Well | | 8. Well Name and No. |
| ☐ Oil Well ☑ Gas Well ☐ | Graham #100S | |
| 2. Name of Operator | 9. API Well No. | |
| M&G Drilling Company. | | 30-045-35180 |
| 3a. Address c/o Walsh Engingeeirng | 3b. Phone No. (include area code) | 10. Field and Pool, or Exploratory Area |
| 7415 East Main St. Farmington, NM 87402 | (505) 327-4892 | Basin Fruitland Coal |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey De | 11. County or Parish, State | |
| 1110' FNL & 1760' FEL (B) SEC 3, T27N, R8W | San Juan, New Mexico | |
| 12. CHECK APPROPRIATE BO | DX(ES) TO INDICATE NATURE OF NOTICE, | REPORT, OR OTHER DATA |
| TYPE OF SUBMISSION | | |

| \checkmark | Subsequent Report | Casing Repair | New Construction | Recomplete | Other COMPLETION | |
|---|--|--------------------------------|--------------------------------|--------------------------------------|------------------------------|--|
| | | Change Plans | Plug and Abandon | Temporarily Abandon | REPORT | |
| le 0 | Final Abandonment Notice | Convert to Injection | ☐ Plug Back | ☐ 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 recomplete 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 | | | | | | |
| | | | | | <u>.</u> | |
| | 0 days following completion of the i | | | | | |
| S | hall be filed once testing has been co | ompleted. Final Abandonment No | otices shall be filed only afi | er all requirements, including recla | amation, have been completed | |

Deepen

Fracture Treat

11/9/10 Ran cased hole neutron & GR/CCl logs. Install frac valve and pressure test valve and casing to 3,500 psi - held OK for 30 min. 11/24/10 Perforated the lower FTC at 2151, 2159 - 61', and 2166 - 84' w/ 3 spf for a total of 63 (0.50") holes. Frac lower FTC with 500 gal of 15% HCl followed by 100,000# of 20/40 Brady sand in 504 bbls of 15# X-linked gel in 70% nitrogen foam.

Set a composite frac plug at 2120'. Perf the upper FTC at 2038' - 40', 2061', 2084' - 88", and 2091' - 96' at 3 spf for a total of 36 (0.50") holes. Balled off the upper FTC perfs with 1000 gal of 15% HCl and 70 balls. Fraced the upper FTC with 60,000# of 20/40 Brady sand in 320 bbls of x-linked gel water and 463,100SCF of nitrogen.

11/30/10 Cleaned out the well to PBTD at 2256' with air mist. Landed 2-3/8", 4.7#, J-55 new tubing at 2177' KB. Setting surface facilities.

☐ Water Shut-Off ☐ Well Integrity

| 14. I hereby certify that the foregoing is true and correct | This server | |
|--|-------------------|--|
| Name (Printed/Typed) Paul Thompson, P.E. | Title | Agent / Engineer |
| Signature Tank C. Thomps - | Date | 12/1/10 |
| THIS SPACE FOR LED | ERAL OR ST | PACE OFFICE USE A TENTO |
| 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.C.S. Section 1001 and Title 43 U.S.C. Section 1212, makes it a crime for any person | n knowingly and w | villfully to make any department or agency of the United |

NMOCD w

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