

Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

| | | | |
|---|--|---|------------------------|
| 1a. Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> | | 7. Unit Agreement Name | |
| b. Type of Well Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone <input type="checkbox"/> | | 8. Farm or Lease Name, Well No. <u>16598</u> Graham #99 | |
| 2. Name of Operator M&G Drilling Company, Inc. C/O KM Production Company | | 9. API Well No. <u>30-045-29917</u> | |
| 3. Address and Telephone No. P.O. Box 2406, Farmington, NM 87499 (505) 325-6900 | | 10. Field and Pool, or Wildcat Basin Fruitland Coal | |
| 4. Location of Well (Report location clearly and in accordance with an State requirements*) At surface 1150' FSL & 790' FWL At proposed prod. Zone Same <small>This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4.</small> | | 11. Sec., T., R., M., or Blk, and Survey or Area Sec. 10, T27N, R8W | |
| 14. Distance in Miles and Direction from nearest Town or Post Office* | | 12. County or Parish San Juan | 13. State NM |
| 15. Distance from Proposed* Location to nearest Property or Lease Line, ft. (Also to nearest drlg. Unit line, if any) | | 17. No. of Acres Assigned to this Well <u>11/320</u> | |
| 18. Distance from Proposed Location* to nearest Well, Drilling, Completion or applied for, on this Lease, ft. | | 20. Rotary or Cable Tools Rotary | |
| 21. Elevations (Show whether DF, FT, GR. Etc.) 5873' GR | | 22. Approx. Date Work Will Start ASAP | |

23.

PROPOSED CASING AND CEMENTING PROGRAM

| Size of Hole | Grade, Size of Casing | Weight per Foot | Setting Depth | Quantity of Cement |
|--------------|-----------------------|-----------------|---------------|--------------------|
| 8 3/4" | 7" J-55 | 23.0 #/ft | 120 | 30 sx (35 ft3) |
| 6 1/4" | 4 1/2" J-55 | 10.5 #/ft | 2170 | 225 sx (376 ft3) |

Drill 8 3/4" hole to 120 feet and set 120 feet of 7" 23.0 #/ft casing. Cement with 30 sx (35 ft3) Class B cement, circulated to surface. Drill 6 1/4" hole to 2170 feet using clear water, natural mud, and fluid loss additives. No abnormal pressures or temperatures are anticipated. Induction and Density logs will be run. Set 2170 feet of 4 1/2" 10.5 #/ft J-55 new casing. Cement with 225 sx (376 ft3) Class B cement, circulated to surface. We request a variance on the use of an upper kelly cock, as the rig utilized has a double drum that uses a track to retract the kelly and the kelly cock lengthens the kelly such that connections cannot be made safely.

Estimated Formation Tops and Bottomhole Pressures:

| | |
|-----------------|-------------------|
| San Jose | Surface |
| Ojo Alamo | 1210 feet |
| Kirtland | 1330 feet |
| Fruitland | 1815 feet 200 psi |
| Pictured Cliffs | 2048 feet 250 psi |

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present production zone and propose If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. Signed Kevin H. McCord Title Agent/Petroleum Engineer Date 4/21/99

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

JUN 02 1999

Application approval 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 operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

Approved By /S/ Duane W. Spencer

Team Lead, Petroleum Management

Date

*See Instruction on Reverse Side

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 manner within its jurisdiction.

OK

NMCCD

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|--|
| ¹ API Number 30-045-29917 | ² Pool Code 71629 | ³ Pool Name BASIN FRUITLAND COAL |
| ⁴ Property Code 16598 | ⁵ Property Name GRAHAM | ⁶ Well Number 99 |
| ⁷ OGRID No. 141852 | ⁸ Operator Name M & G DRILLING COMPANY, INC. | ⁹ Elevation 5873 |

¹⁰ Surface Location

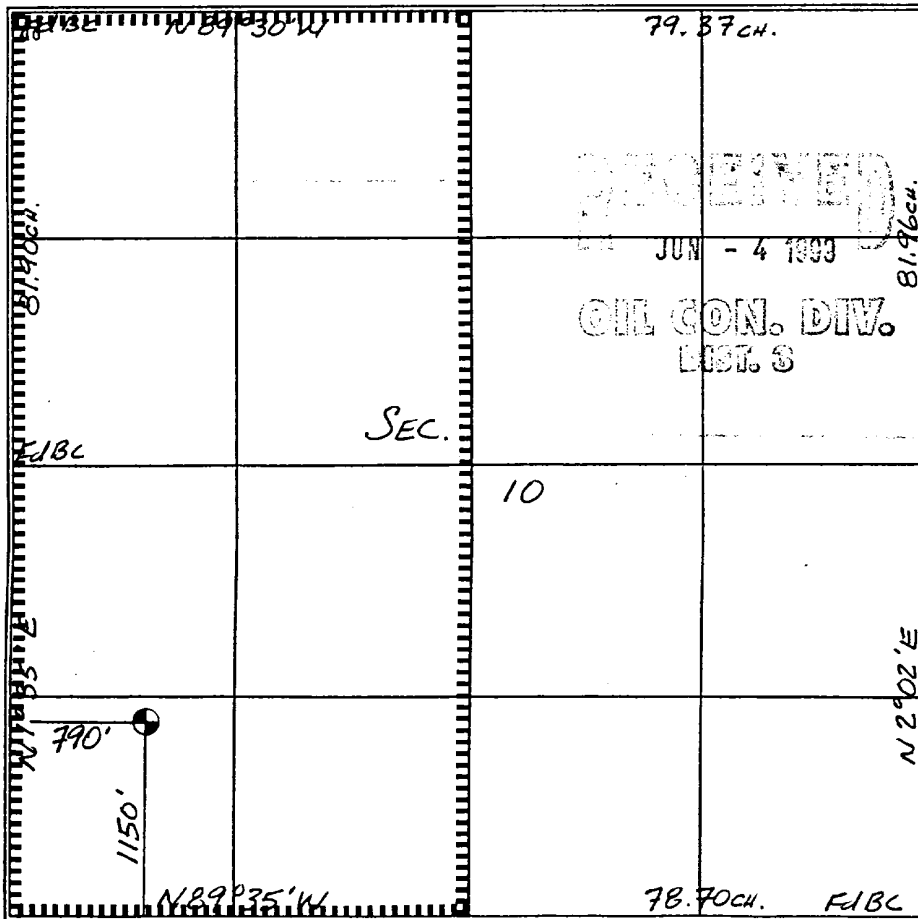
| | | | | | | | | | |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|--------------------|
| UL or lot no. M | Section 10 | Township 27 N | Range 8 W | Lot Idn | Feet from the 1150 | North/South line South | Feet from the 790 | East/West line West | County San Juan |
|--------------------|---------------|------------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|--------------------|

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|--|
|  | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature Kevin H. McCord</p> <p>Printed Name Agent/Petroleum Engineer</p> <p>Title 4/21/99</p> <p>Date</p> |
| | <p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief</p> <p>Date of Survey 16 Apr 1999</p> <p>Signature and Seal of Professional Surveyor William E. Mahnke II</p> <p>Certificate Number 8466</p> |

