

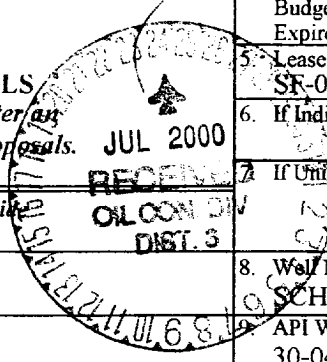
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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.*

**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		5. Lease Serial No. <b>SF-078673</b>
2. Name of Operator <b>M &amp; G DRILLING COMPANY</b>		6. If Indian, Allottee or Tribe Name
3a. Address <b>PO Box 2406, Farmington, NM 87499</b>	3b. Phone No. (include area code) <b>(505) 326-2659</b>	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) <b>1080 FNL &amp; 1060 FEL NENE, SEC 27, T28N, R11W</b>		8. Well Name and No. <b>SCHLOSSER #26</b>
		9. API Well No. <b>30-045-07200</b>
		10. Field and Pool, or Exploratory Area <b>KUTZ FRUITLAND COAL</b>
		11. County or Parish, State <b>San Juan, New Mexico</b>

**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 type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input 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 checked="" 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.)

PER YOUR LETTER OF JUNE 16,2000, ATTACHED PLEASE FIND PROPOSAL PLUG AND ABANDONMENT PROCEDURE FOR THIS WELL.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) <b>KEVIN H. McCORD</b>	Title <b>PETROLEUM ENGINEER</b>
Signature <i>Kevin H. McCord</i>	Date <b>6/26/00</b>

**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 <b>-</b>	Date <b>7/20/00</b>
Title 18 U.C.S. 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.	Office	

M&G DRILLING COMPANY  
SCHLOSSER #26  
1080 FNL & 1060 FEL  
NENE, SEC 27, T28N R11W  
SAN JUAN COUNTY, NEW MEXICO

PLUGGING PROCEDURE

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FORMATION TOPS:

Ojo Alamo	345 ft
Kirtland	580 ft
Fruitland	1278 ft
Pictured Cliffs	1555 ft

CURRENT STATUS:

CASING:

SURFACE - 8 5/8" 24 #/ft @ 95 ft, 50 sx circulated to surface  
LONGSTRING - 5 1/2" 14 #/ft @ 1640 ft, 200 sx, est top of cement at 580 ft

TUBING:

PRODUCTION - 2 3/8" 4.7 #/ft @ 1338, slip type tension packer @ 526 ft

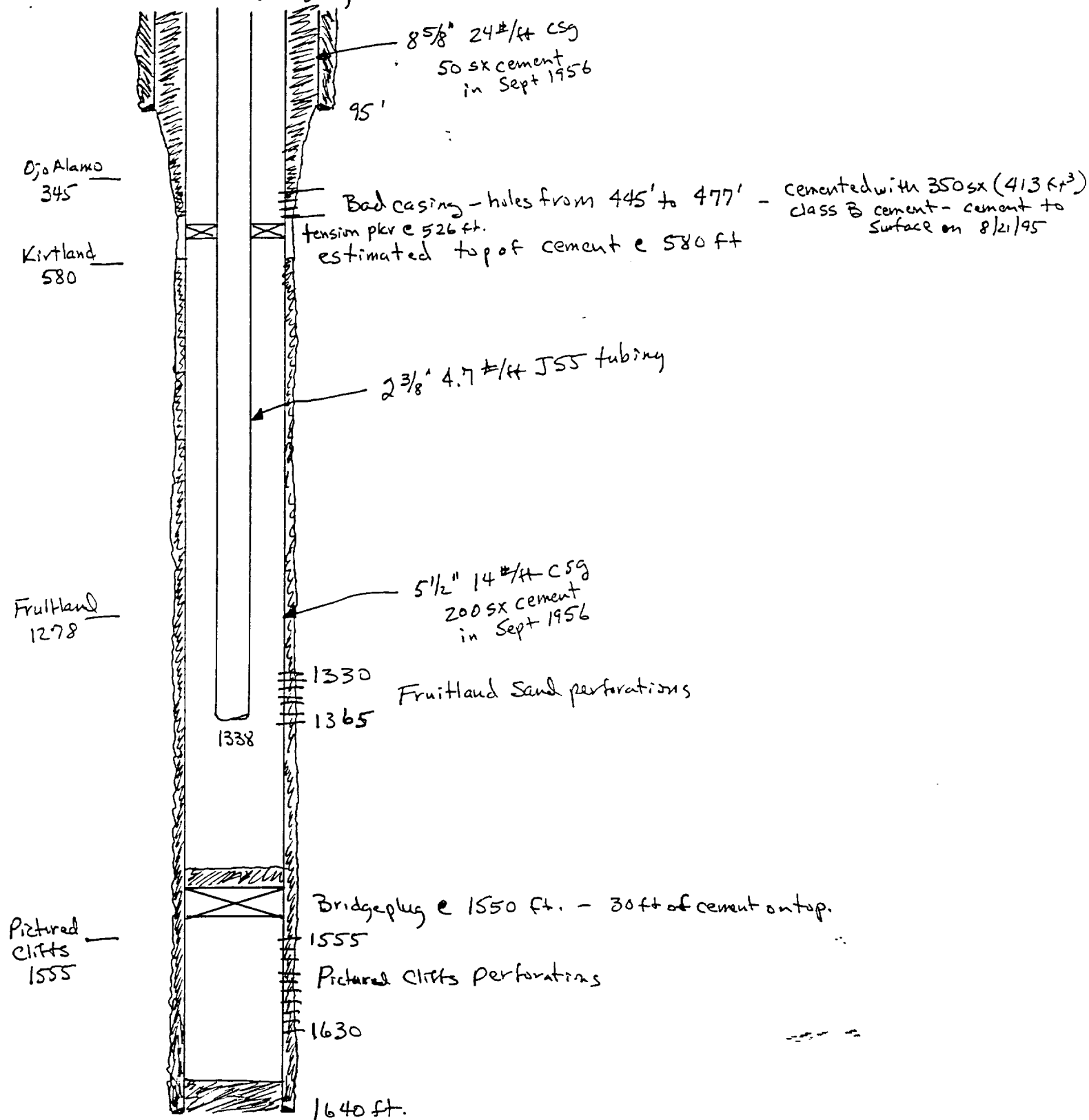
PERFORATIONS:

Pictured Cliffs	1555 - 1630	covered, bridgeplug @ 1550 ft with 30 ft of cement on top
Fruitland Sand	1330 - 1365	

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1. Move in and rig up service unit. Nipple down wellhead and nipple up BOP.
  2. Release packer and trip 2 3/8" tubing and packer out of hole. Expect 17 joints of tubing, packer, then 26 more joints of tubing.
  3. Trip in hole with tubing to 1415 ft. Spot cement plug #1 across Fruitland interval and Fruitland sand perforations, 25 sx (30 ft<sup>3</sup>) of Class B cement from 1228 to 1415 ft.
  4. Move tubing to 630 ft. Spot cement plug #2 across Kirtland and Ojo Alamo formations, 45 sx (53 ft<sup>3</sup>) of Class B cement from 630 to 295 ft.
  5. Trip tubing out of hole. Pump 10 sx (12 ft<sup>3</sup>) Class B cement plug at surface.
  6. Nipple down BOP and wellhead. Cut off all casing 3 ft below ground level. Install dry hole marker.
  7. Rig down and release service unit. Remove all surface equipment from location.

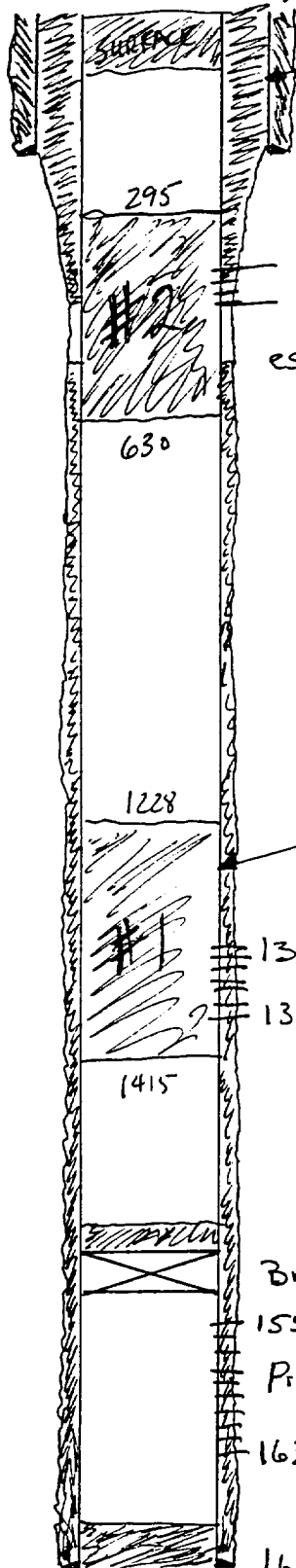
SUBJECT Schlosser #26 - Wellbore Diagram

Before plugging



SUBJECT Schlosser #26 - Wellbore Diagram

After plugging



8 5/8" 24#/ft CSg  
 50 sx cement  
 in Sept 1956  
 95'

Ojo Alamo  
 345'

Kirtland  
 580'

Bad casing - holes from 445' to 477' -  
 estimated top of cement @ 580 ft

cemented with 350 sx (413 ft<sup>3</sup>)  
 class B cement - cement to  
 surface on 8/21/95

630'

1228'

5 1/2" 14#/ft CSg  
 200 sx cement  
 in Sept 1956

Fruitland  
 1278'

Fruitland Sand perforations

1330'

1365'

1415'

Bridgeplug @ 1550 ft. - 30 ft of cement on top.

1555'

Pictured Cliffs perforations

1630'

1640 ft.

Pictured  
 Cliffs  
 1555'