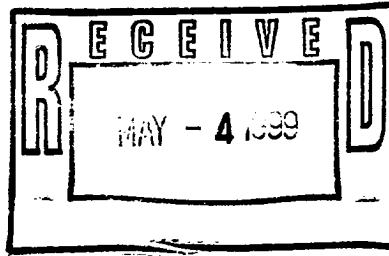


L & B Speed Drill, Inc.

James L. Ludwick

P.O. BOX 70 • FARMINGTON, NEW MEXICO 87499-0070 • (505) 325-1079

April 28, 1999



MARALEX RESOURCES, INC.
P.O. BOX 338
IGNACIO, CO 81137

Re: Directional Survey
Well Gracia Navajo 22 #1
1100' FSL & 2000' FWL
Sec. 22-T25N-R11W
San Juan County, NM

Below is the directional survey for your well Gracia Navajo 22 #1.

170' 1/2°
650' 3/4°
1150' 3/4°
1450' 1°

ACKNOWLEDGEMENT

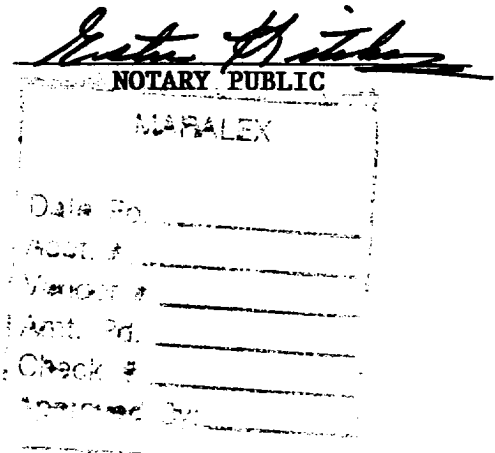
STATE OF NEW MEXICO |
COUNTY OF SAN JUAN |

SIGNED & ACKNOWLEDGE BY:

James L. Ludwick
JAMES L. LUDWICK, DRILLER

The foregoing instrument was acknowledge before me this 28th day of April 1999.

My commission expires: 10/23/99



MARALEX RESOURCES, INC.

GRACIA NAVAJO 22 # 1

REPORT DATE: 06/04/99

Rig up wireline mast truck. Nipple up E-line flange and pack-off. Tie in nitrogen truck to pack off valve. R.I.H. with 3 3/8" gun, set up to perforate 1251'-1260' (9') and 1263'-1268' (5') with 4 SPF, 90 degree phasing. Get on depth with gun, pressure up on casing to 3800# with nitrogen. Fire gun. Pressure dropped to 2,000#. Pump in with nitrogen at 2700 SCF/M at 1250 to 1350# for 2 minutes. Shut down. Bleed down well. P.O.O.H. with gun. Rig down mast truck and nitrogen truck. Shut in frac valve. Move off location.

REPORT DATE: 06/15/99

Move in, rig up stimulation company. Pressure test lines to 5400psi. Bleed off and load soluble ball sealers in launcher. Pressure up to 500 psi with 12-3 mud acid. Open wellhead. Pump 4 BBl acid no pressure. Drop 25 balls. Pump 3 BBls acid. Drop 25 balls, catch pressure. Pump 3 more BBls acid, drop 25 more balls. Pump 2 more acid, drop 25 more balls. Flush with 33 BBl water. Had good ball action. Pressure up to 3500 psi. Broke back to 2600 psi. ISIP 1415 psi. Surge balls off perfs. Shut in well. Gel up tanks. Test gel, x-linker and breaker. Pressure test lines to 4850 psi. Frac the gross interval 1251-1268' down casing as follows:

Pump 14,000 gallons 20# x-link gel pad.

Pump 6,000 gallons at 1 PPG

Pump 5,000 gallons at 2 PPG

Pump 5,000 gallons at 3 PPG

Pump 4,000 gallons at 4+PPG

Pump 3,000 gallons at 5 PPG

Pump 3,000 gallons at 6 PPG

Flush with 27 BBl. ISIP 920, 5 minutes 730, 10 minutes 650, 15 minutes 610.

Average injection rate 36 BPM, average treating pressure 1580. Pumped a total of 988 BBl x-link gel, 87,680# 16-30 sand. Shut well in for night.