P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV

Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

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District Of

MAR 2 2 1999

OIL CON. DIV.
DIST. 3

APPLICATION FOR QUALIFICATION OF WELL WORKOVER PROJECT AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

I. Operator: Redwolf Production, Inc. OGRID #: 018973

Address: P. O. Box 5382 Farmington, NM 87499

Contact Party: Dana L. Delventhal Phone: (505) 326-4125

II. Name of Well: J. C. Davidson F No. 1R API #: 30-045-29371
Location of Well: Unit Letter A, 857 Feet from the North line and 1187 feet from the East line,
Section 27, Township 28N, Range 10W, NMPM, San Juan County

III. Date Workover Procedures Commenced: December 17, 1998
Date Workover Procedures were Completed: December 18, 1998

IV. Attach a description of the Workover Procedures undertaken to increase the projection from the Well.

V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.

VI. Pool(s) on which Production Projection is based: Fulcher Kutz Pictured Cliffs/77200

VII. AFFIDAVIT:

State of New Mexico)
) ss.
County of San Juan)

Dana L. Delventhal, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.

2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.

3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Dana L. Delventhal
(Name)

Vice President
(Title)

SUBSCRIBED AND SWORN TO before me this 18th day of March, 1999.

Notary Public

My Commission expires: June 21, 2002

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 12/15, 1998

District Supervisor, District 3
Oil Conservation Division

Date: 3/27/99

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

J. C. Davidson F No. 1R

WORKOVER DESCRIPTION

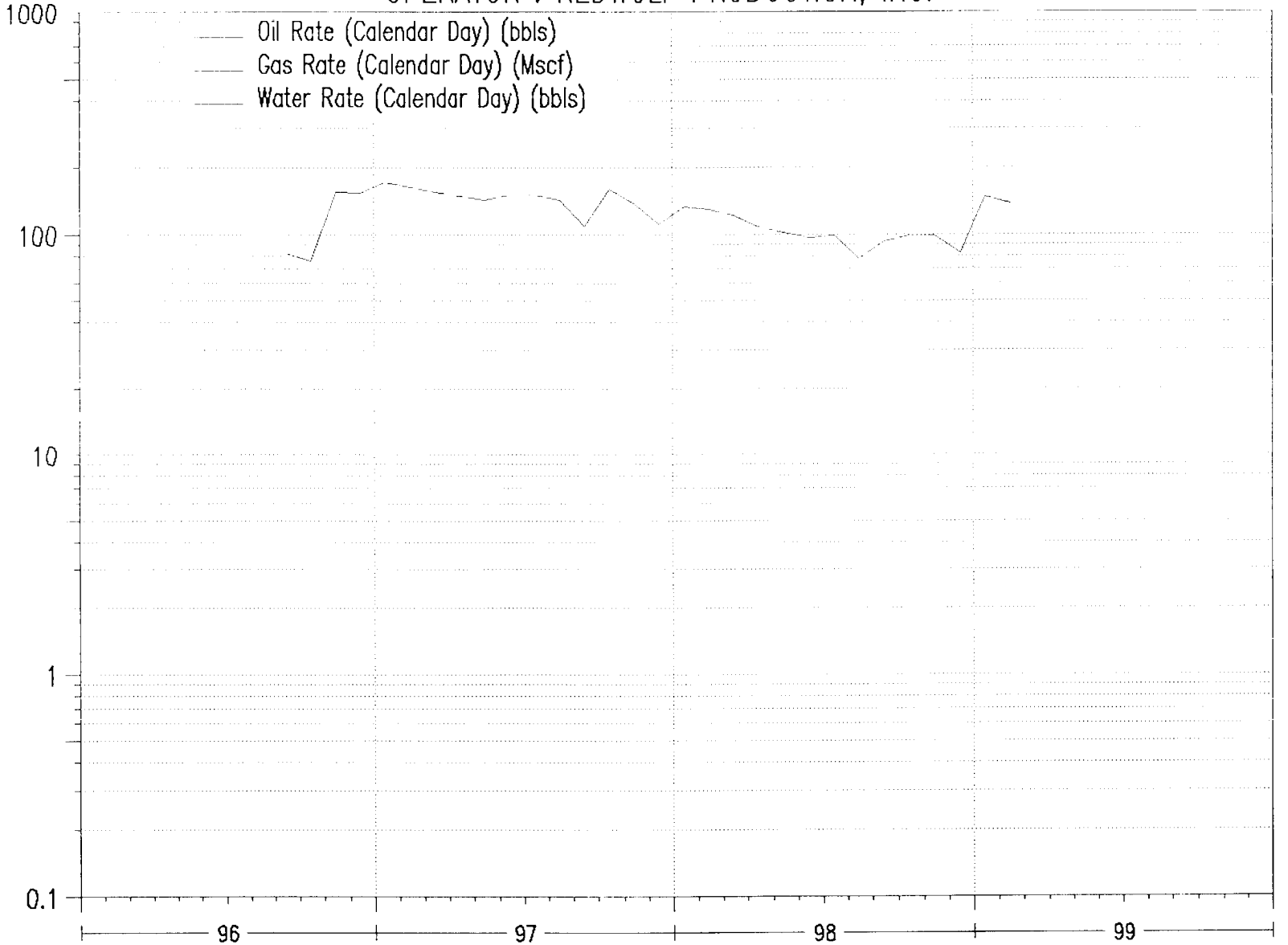
On December 17, 1998, Redwolf Production, Inc. began the installation of a downhole pump, rods, and a pumping unit to lift produced water from the wellbore of the J. C. Davidson F No. 1R well. Fluid level measurements had indicated a static fluid level of 500'. The well was placed on beam lift on December 18, 1998 in order to increase inflow performance.

Production prior to the installation of the pumping unit averaged 80 MCFD and 0 BWPD. The well is currently producing 140 MCFD and 1 BWPD.

WELL: J C DAVIDSON F NO. 1R

LOCATION : 27A 28N 10W RESERVOI : PICTURED CLIFFS

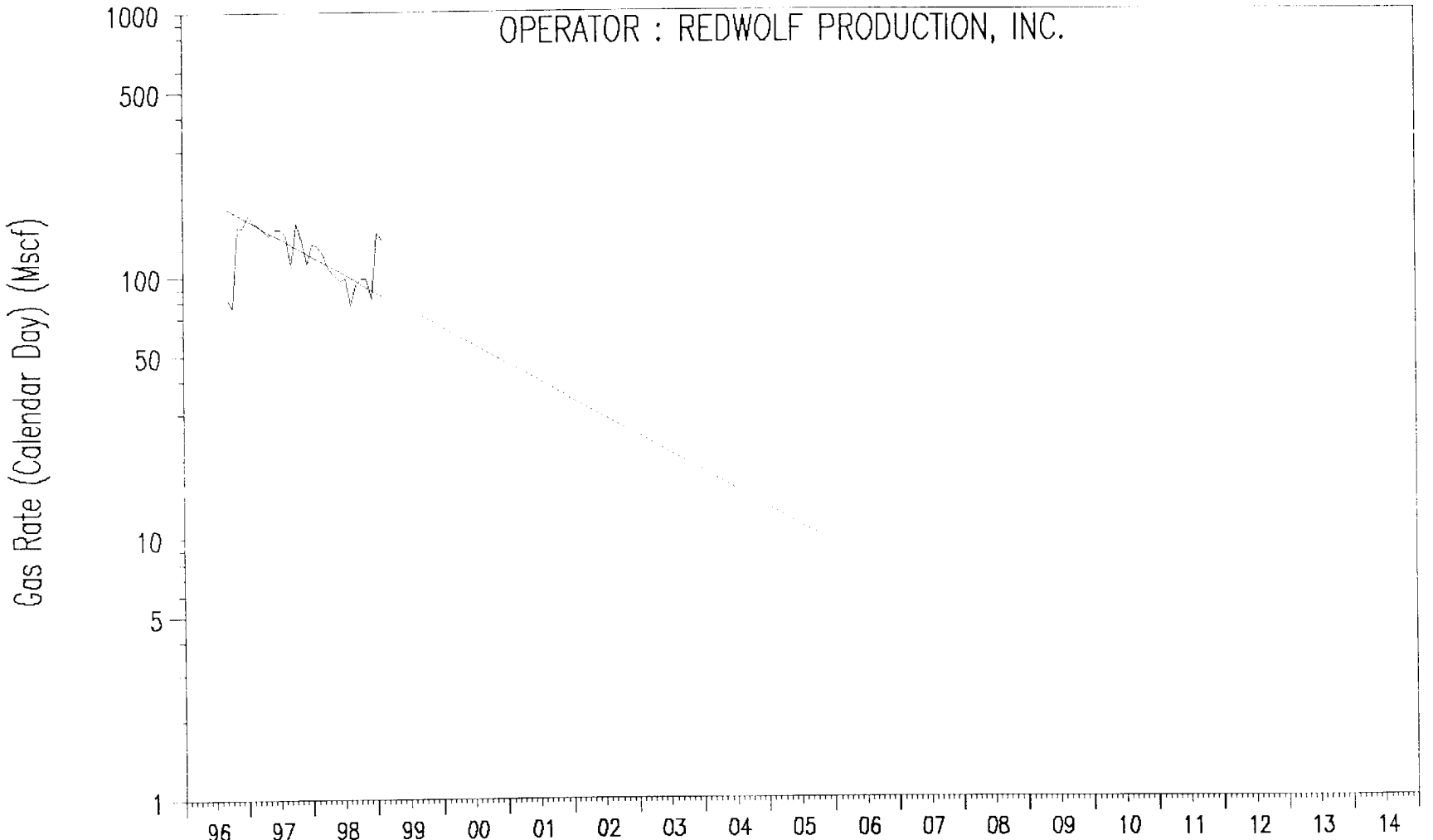
OPERATOR : REDWOLF PRODUCTION, INC.



WELL: J C DAVIDSON F NO. 1R

LOCATION : 27A 28N 10W RESERVOI : PICTURED CLIFFS

OPERATOR : REDWOLF PRODUCTION, INC.



Decline Rate (frac) Nominal: 0.026704 Effective: 0.026350 Annual: 0.274172

Current Gas rate: 84.13 Mscf/d

Economic Limit: 10.000 Mscf/d

Cumulative Gas Produced: 113.37 MMscf

Remaining Reserves: 84.5 MMscf

Total Reserves: 197.9 MMscf – At the Economic Limit

Exponential Decline Analysis

J C DAVIDSON F NO. 1R

Equation: Qoi * exp(-Di * t) t= Elapsed Months from 9609
Qoi= 182.51 Di= 0.026704

Decline Rate (frac) Nominal: 0.026704 Effective: 0.026350 Annual: 0.27417
Current Gas rate: 84.13 Mscf/d
Economic Limit: 10.000 Mscf/d
Cumulative Gas Produced: 113.37 MMscf
Remaining Reserves: 84.5 MMscf
Total Reserves: 197.9 MMscf - At the Economic Limit

Date	Gas Mscf/d	Remaining Reserves MMscf	Cumulative Production MMscf
3/1999	83.02	81.988	115.893
4/1999	80.83	79.529	118.352
5/1999	78.70	77.135	120.746
6/1999	76.63	74.805	123.076
7/1999	74.61	72.535	125.346
8/1999	72.64	70.326	127.555
9/1999	70.73	68.174	129.706
10/1999	68.86	66.080	131.801
11/1999	67.05	64.040	133.840
12/1999	65.28	62.055	135.826
1/2000	63.56	60.121	137.759
2/2000	61.89	58.239	139.642
3/2000	60.26	56.406	141.475
4/2000	58.67	54.622	143.259
5/2000	57.12	52.884	144.997
6/2000	55.62	51.192	146.688
7/2000	54.15	49.545	148.335
8/2000	52.73	47.942	149.939
9/2000	51.34	46.380	151.501
10/2000	49.98	44.860	153.021
11/2000	48.67	43.380	154.501
12/2000	47.38	41.938	155.942
1/2001	46.14	40.535	157.346
2/2001	44.92	39.169	158.712
3/2001	43.74	37.838	160.042
4/2001	42.58	36.543	161.338
5/2001	41.46	35.282	162.599
6/2001	40.37	34.054	163.827
7/2001	39.31	32.859	165.022
8/2001	38.27	31.695	166.186
9/2001	37.26	30.561	167.320
10/2001	36.28	29.458	168.423
11/2001	35.32	28.383	169.497
12/2001	34.39	27.337	170.544
1/2002	33.49	26.319	171.562
2/2002	32.60	25.327	172.554

Date	Gas Mscf/d	Remaining Reserves MMscf	Cumulative Production MMscf
3/2002	31.74	24.361	173.519
4/2002	30.91	23.421	174.459
5/2002	30.09	22.506	175.375
6/2002	29.30	21.615	176.266
7/2002	28.53	20.747	177.134
8/2002	27.78	19.902	177.979
9/2002	27.05	19.079	178.801
10/2002	26.33	18.278	179.602
11/2002	25.64	17.499	180.382
12/2002	24.96	16.739	181.141
1/2003	24.31	16.000	181.881
2/2003	23.66	15.280	182.601
3/2003	23.04	14.579	183.301
4/2003	22.43	13.897	183.984
5/2003	21.84	13.233	184.648
6/2003	21.27	12.586	185.295
7/2003	20.71	11.956	185.925
8/2003	20.16	11.343	186.538
9/2003	19.63	10.746	187.135
10/2003	19.11	10.164	187.716
11/2003	18.61	9.598	188.283
12/2003	18.12	9.047	188.834
1/2004	17.64	8.511	189.370
2/2004	17.18	7.988	189.893
3/2004	16.72	7.479	190.401
4/2004	16.28	6.984	190.897
5/2004	15.85	6.502	191.379
6/2004	15.44	6.032	191.848
7/2004	15.03	5.575	192.306
8/2004	14.63	5.130	192.751
9/2004	14.25	4.697	193.184
10/2004	13.87	4.275	193.606
11/2004	13.51	3.864	194.017
12/2004	13.15	3.464	194.417
1/2005	12.80	3.074	194.806
2/2005	12.47	2.695	195.186
3/2005	12.14	2.326	195.555
4/2005	11.82	1.967	195.914
5/2005	11.51	1.616	196.264
6/2005	11.20	1.276	196.605
7/2005	10.91	0.944	196.937
8/2005	10.62	0.621	197.260
9/2005	10.34	0.306	197.575
10/2005	10.07	-0.000	197.881