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Daily Operations Report
PENROC "9" STATE 1
Lea County, New Mexico

January 24, 2000

Finished TOH w/ mill #2 and string mill. Mills in gauge. PU 4 5/8" button bit, and Anadrill BHA (MWD etc). TIH w/ 55 jts 2 7/8" PH6 tbg and AOH DP to 8624'. RU Gyro and circulate. 2 hours break circulation and orient tool face for 165 Azimuth. Control drilling from 8629-8688 at report time. Drilling approximately 8' / hour. Good returns. Samples are Lime and dolomite. MW 8.4, Vis 28, Cl: 14000.

EDC: \$26000

ECC: \$73,000

January 25, 2000

At report time drilling with MWD at 8781'. During the past 24 hrs drilled from 8688-8708. Remaining report on attached Schlumberger report.

EDC: \$25,000

ECC: \$98,000

January 26, 2000

At report time (7 a.m. MST) drilling with MWD with button bit No.2 at Details on Schlumberger attached.

EDC: \$15,000

ECC: \$113,000

January 27, 2000

At report time drilling at 9198' w/ RBI Bit No2 in at 8792'. Made 292' in last 24 hrs. See attached Schl reports for horizontal details.

EDC: \$15,000

ECC: \$128,000

January 28, 2000

At report time drilling at 9315'. Rotate and slide 107'. One hour down time for crew problems (showed up drunk, and sent back). TOH w/ RBI bit. Had 39 hrs. T 6, B6. Out at 9315'. Bit pulled at kelly down and had expected hours (life). TIH w/ Hughes Star 40. Spent 2 hours un-thawing lines and P.S. could not circulate with normal rate and pressure. Something plugged. TOH to look for plug (Ice?). Other details on Schlumberger report.

EDC: \$20,500

ECC: \$148,500

January 29, 2000

At report time sliding and rotating at 9506'. 191' progress. During the past 24 hrs. TOH to check for plug. None found. See Schlumberger report for details.

EDC: \$17,500

ECC: \$166,000

January 30, 2000 (31st a.m.)