

**ME-TEX OIL & GAS, INC.  
STATE "H" #2**

**Location: 560' FNL & 990' FEL  
Section 3- T20S-R37E  
Lea County, New Mexico**

**Drilling Activity Report**

- 08/06/97** Location Staked. Met Walton Construction Co., Capstar Drilling Co. & Jerry Guy w/ Mirage Energy Co. (Eumont well operator on or near location pad). Will commence preparing location 8/11/97 for Capstar Rig #9 within 2 weeks.
- 08/18/97** Drilling 947' R.B., mud properties 9#/gal. wt. - vis. 28 secs. - ph 9, progress 947', 3/4° Dev. at 486', Bit #1 12-1/4" Hughes J-11 - 947'/12-1/4 Hrs., pump psr. 800 psi - 75 RPM - wt. All; 6-1/2 hrs. M.I. & R. Capstar Drilling Co. #9, Spud 6:00 p.m. 8/17/97, 12-1/4 Hrs. Drilling - 1/2 hrs. Dev.; Haul 9 L.F.W. - 3 LXB; Service Cos. notified, 8-5/8" surface casing on location, damages to S & W Cattle Co.
- 08/19/97** Depth 1,395' R.B. & Anhy., W.O.C. 8-5/8" Surface Csg., Mud: 9.8#/gal. wt. - Vis. 35 secs. - ph 7.5, Prog. 448', 3/4° - 947', 3/4° - 1381, Bit #1 1395' in 21-3/4 hrs., Pump 800 psi - RPM 75 - wt. 40,000#; 9-1/4' drilling - 5' T.O.H.F csg. - 3/4' Dev. - 1-1/2' circ. - 5' Rig & Rn. 8-5/8" csg. - 1-1/2' cmtg. - 1' W.O.C.; Haul 7 loads brine - 3 loads F.W.; Casing & Cement Data: Ran 36 jts. 8-5/8", 23#/1', new, J-55 csg. from U.P. & S., Total 1,451' set at 1,372' (Sple. Anhy. 1,345'): Dowell cemented with 560 sxs. Lead cmt. 35:65 Poz., 6% gel, 2% CaCl<sub>2</sub>, 1/4#/sx. Cello-flake; Tail-in with 200 sxs. Class "C" cmt., 2% CaCl<sub>2</sub>, Circ. to surface 125 sxs, P.D. 6:00 am 8/19/97.
- 08/20/97** Drlg. 1,855' Anhy. & Salt, Mud: 9.7#/gal. Wt.-vis. 28 secs.- ph 9, Prog. 450', Bit #2 7-7/8" Walker McD. 53Chf- 450' in 8-1/4 Hrs., pump 800psi 60rpm- 40,000# Bit Wt.; 3' WOC- 6' N.U. 8-5/8"csg.- 1' Tst. BOP & 8-5/8" csg. 1,200 psi -ok- 3' T.I.H. w/ Bit#2- 2 3/4' Drlg. plug & cmt.- 8 1/4' Drlg.; Haul 3 L.F.W.- 6 L.B.W., Mix: 1- Caustic- 1 Paper.
- 08/21/97** Drlg. 2,727' Anhy. & Salt, Mud: Wt. 10#/gal- vis. 29 secs.- ph9, Prog. 872', 1°-1,872'- 1 1/4°- 2,372', Bit #2 1,332'/31Hrs., Pump Press. 900psi

60rpm- 40,000# Bit Wt.: 22-3/4' Drlg.- 1¼' Dev., Haul 13 L.B.W.-  
3 L.F.W., Mix 8 Caustic- 10 Paper (prep mud-up 3,500'-3,800', Eumont  
Zone)

- 8/22/97** Drlg. 3,273' Dolo., Mud: Wt. 10#/gal.- vis. 29 secs.- ph9, Prog. 573',  
3/4° 2,837', Bit #2 1,878' in 53 Hrs., Pump Press. 900psi- 60rpm-  
40,000# Bit Wt. ; Drl. 23 Hrs.- Dev. 1 Hr., Haul 9 LBW- Mix: 5  
Caustic- 7 Paper.
- 8/23/97** Drlg. 3,660' Dolo., Mud: Wt. 10#/gal.- vis. 29 secs.- ph9- WL- 23cc's,  
Prog. 387', Bit#2- 2,265'/ 69½', 1° Dev.- 3,365', Pump Press. 900psi  
50rpm- 40,000# Bit Wt.; 23½' Drlg.- ½' Dev.; Haul 1 LFW, Mix: 3  
Caustic- 2 Paper- 25 Starch (Mud thru Eumont)
- 8/24/97** Depth- 3,841' Dolo. Trip Bit #3, Mud: Wt. 10#/gal.-vis 30 secs.- W.L.-  
15cc's- ph10, Prog. 181', 1¼- 3840', Bit #2- 2446'/ 92', Bit #3 7 7/8"  
Varel ETO 627-C; 14½' Drlg.- ¼' R.R.- ¼' Dev.- 5' TOH- 1½ R.R.- 1½'  
T.I.H.- 1' cut Drl. Line; Haul 6 LBW, Mix 1 Caustic.
- 8/25/97** Drlg. 4,165' Dolo., Mud: 10#/gal- Wt.- vis. 29 secs.- ph9, Prog. 324',  
Bit #3 324'/ 17½', pump Press. 1000psi.- 60rpm- 40,000# Bit Wt.;  
2' R.R.- 1' cut Drl. Line- 3' T.I.H.- ½' Junk Basket- 17½' Drlg.; Haul  
3 LBW- Mix 6 Caustic- 3 Paper.
- 8/26/97** Drlg. 4,668' Dolo., Mud: Wt. 10#/gal.- Vis. 29- ph9, Prog.-503',  
2° @ 4,325' - 1° @ 4,574', Bit #3 827'/40', Pump Press. 1,000psi  
60rpm- 40,000# Bit. Wt. ; Drlg. 22½' Dev. 1½', Haul 9 LBW- Mix 5  
Caustic- 4 Paper.
- 8/27/97** Drlg. 5,188' Dolo., Mud: Wt. 10#/gal, Vis. 29 secs.- ph9, Prog. 520'  
1° @ 5,072', Bit #3- 1,347'/ 53¼', Pump Press. 1,000psi- 60rpm-45,000#  
Bit. Wt.; 23½' Drlg.- ½' Dev., Mix 3 Caustic- 6 Paper.
- 8/28/97** Drlg. 5,728' Dolo., Mud: Wt. 10#/gal.- Vis. 29 secs.- ph9, Prog. 540'  
1½° @ 5,568', Bit #3 1,887'/ 76.5', Pump Press. 1,00psi- 60 rpm  
45,000# Bit Wt.; Drlg. 23¼' - Dev. 3/4', Haul 4 LBW- Mix 5 Caustic  
6 Paper.
- 8/29/97** Drlg. 6,107' Dolo., Mud: Wt. 10#/gal. Vis. 29 secs.- ph9.5, Prog. 379',  
1½° @ 6,066', Bit #3- 2,266'/ 109 3/4' Pump Press. 1,100psi- 60rpm-  
45,000# Bit Wt.; Drlg. 23¼',- Dev. 3/4', Haul 9 LBW- Mix 7 Caustic- 9  
Paper.
- 8/30/97** Depth 6,219' Dolo., Trip for Bit #4- 7⅞" Varel ETO- 627c. Prog.112'  
Bit #3- 2,378'/ 129¼', Mud: Wt. 10#/gal- Vis. 29 Secs.- ph9; Drlg. 9½'-  
Trip 12½'- R.R. 2', Haul 2 LBW- Mix 3 Caustic- 2 Paper.

- 8/31/97** Drlg. 6,422 Dolo., Mud: Wt. 10#/gal- Vis 29 Secs.- ph9, Prog.-203', Bit #4 203'/ 17½', Pump Press. 1,000psi- 60rpm- Bit Wt. 40,000#; Trip 5½'- 1' wash to BTM- Drlg. 17½', Haul 9 LBW, Mix 4 Caustic- 4 Paper.
- 9/1/97** Drlg. 6,790' Dolo., Mud: Wt. 10#/gal- Vis. 29 secs.- ph9, Prog. 368', 1½° @ 6,583', Bit #4 571'/ 48 3/4', Pump Press. 1,100psi- 60rpm 45,000# Bit Wt.; Drld. 23¼', Dev. 3/4', Haul 6 LBW- Mix 6 Caustic 9 Paper.
- 9/2/97** Drlg. 7,060' Dolo., Mud: Wt. 10#/gal- Vis 29 Secs.- W.L. 8 cc's- ph9 Prog. 270', Bit #3 841'/ 64-3/4', 1,100# Pump Press. 60rpm- Bit Wt. 45,000#; Drld. 24', No Wtr. Haul, Mix: 34 Starch- 3 Caustic- 10 gals. Polymer, all Service Companies notified of T.D.
- 9/3/97** T.D. 7,100' Dolo. (Sch. T.D. 7,100'), prep run 5½" production csg., Mud: Wt. 10#/gal.-vis. 31 secs.- W.L. 11 cc's- ph10, Prog. 40', 1½° @ 7,100' Bit #4- 881'/ 68- 3/4 Hrs.; 4' Drld.- 3' Circ.- ¼' Dev.- 7' TOH- 1½' work Tight hole- 5½' Rig Sch., log and rig down- 2½' Rec. 5½" csg. From Double "R" Pipe Co., unload, rack & strap. (Hole Vol. TD to Btm. 8⅝" 1,772 cubic ft.)
- 9/4/97** TD 7,100' Dolo., WOC & moving rig; 1½' strap 5½" csg.- 6½' Rig & Run csg.- ½' Circ.- 2½' Rig Dowell & Cmtg.- 3' set slips, cut off- jet pits & nipple down; Rig released 8:00pm 9/3/97.  
Casing & Cement Data:  
(1) Casing: Ran 5½" 17#/1', J-55 used casing from Double "R" Pipe Co., total 199 Jts.- 7,255.72' set @ 7,100'.  
(2) Cemented with 850 sxs. Lead cmt., class "C" w/ 16% gel- 3% salt- .3% D-79 - .3% D-65 & .25 PPS D-29%, Tail cmt. 400 sxs. Class "C" 2% D-65- 5% D-112- 3% KCL & 2% D-46; Circ. to surface 180 sxs. PD 5:00pm 9/3/97.
- Final Drilling Report, Completion Commence 9/15/97
- 9/15/97** Location prepared, anchors set, M.I. & Rig Dawson W.S.U. (Oper. Arturo Hernandez- phone # 505-393-4202 O.D. 03131), Nipple well-head & install B.O.P., set 1-500 bbl. tank, rec'd. & racked 2⅝" tbg. from Double "R" Pipe Co., prep to initiate Drinkard Completion.

- 9/16/97** R.I.H. with 4 3/4" Bit on 2 3/8" tbg. (Total 263 Jts. 2 3/8" tbg. On location 8,060.91') Tag P.B.T.D. 7,050' Rig Dowell Services, test 5 1/2" csg. 1,000psi/ 30 mins. N.D.I.P., displ. 5 1/2" csg. With 160 bbls. 2% KCL Wtr. Pull 2 3/8" tbg. To 7,093' & spot 3 bbls. 15% NE-FE HCL Acid across perf. Interval 7,043' to 6,197', P.O.H. with 2 3/8" tbg. & Bit; Rig Sch. Cased hole equip. & ran P.D.C. log from P.B.T.D. 7,050' to 5,650' R.I.H. with 4" S.C.G., Hyper Jet II, 2JSPF, 180° phase & perforate Abo at the following Intervals: 6,951'-53'-55'-7,011'-20'-39'-40'-& 41', total 16 holes, Rig down Sch.; R.I.H. with 5 1/2" arrow set pkr. on 28 Jts. 2 3/8" tbg. to 858', S.D.F.N. @ 7:30pm, prep Acid Stimulate Perfs.
- 9/17/97** S.I.T.P. 0 psi, F.R.I.H. with Pkr. & set at 6,847', C.P.- 800psi, form. Bkg. Psr. with spot Acid 3,800psi, pumped 7 bbls. at 2 B/M rate, T.P. 5,550psi I.S.I.P.- 3,600psi, Swbd. well down- 800 F.I.H. with no show Oil or Gas; Rig Dowell Services & Acidized Abo Perfs. 6,951'-7,041' with 3,000 gals. NE-FE 15% HCL Acid with ball sealers, avg. rate 3-4 B/M at 3,500psi T.P., good ball action & form. Bks., balled out with max. press. 5,600psi I.S.I.P.- 4,150psi, 5 mins.- 3,352psi, 7 mins. broke to 700psi, 15 mins.- 667psi job compl. 12:40pm; comm. Swbg., S.I.T.P. 500psi, total load 106 bbls., 2 S.R.'s & well comm. Flowing increasing to strong flow, tbg. Valve malfunction due to sand line & swab killed well with 40 bbls. KCL Wtr. & 41 bbls. Bline Wtr., changed out tbg. Valves & comm. Swbg., pull 1 S.R. & well kicked off flowing gas, load & Acid wtr., flowed well for Clean up with strong gas & spray flow, S.D.F.N. at 10:00pm, prep cont. Zone test & clean up.
- 9/18/97** S.I.T.P.- 2,000psi/ 10 hrs., open well & flowed on various chokes, strong Gas with load & Acid wtr., flowed down in 2 hrs., con't flwd. to clean up F.T.P.- 150psi on 1/2" choke with gas decreasing to fair, with show of Oil in light mist, S.I. 30 mins.- S.I.T.P. 550psi, S.I. & S.D.F.N. at 4:30pm will con't flowing to determine productivity.
- 9/19/97** S.I.T.P.- 1,625psi in 15 1/2 hrs., open well to pit & blow down in 30 mins., 1/2" choke F.T.P.- 500psi, 1 hr. 1/2" choke F.T.P.- 150psi w/ spray wtr. & Oil (Oil 15-20%) 2 Hrs., open 1" choke- F.T.P. 50psi with fair gas flow, S.I. & S.D.F.N. 10:30am; prep Abandon Abo Perfs & Initiate Lower Drinkard Completion.

**9/22/97** S.I.T.P.- 1,825psi- C.P. 0psi in 68 hrs., bled well down, unseat pkr. At 6,847' & kill well, install B.O.P. with pkr. & 2 $\frac{3}{8}$ " tbg.; Rig Sch. Cased hole & R.I.H. with 5 $\frac{1}{2}$ " C.I.B.P., set at 6,930', above Abo perms.; R.I.H. w/2 $\frac{3}{8}$ " Tbg., tag C.I.B.P. at 6,930'. Rig Dowell Services & Displ. 5 $\frac{1}{2}$ " csg. With 160 bbls. 2% KCL Wtr. Pull 2 $\frac{3}{8}$ " tbg. to 6,850', test casing & C.I.B.P. to 500psi-O.K., spot 2 bbls. NE-FE 15% HCL Acid across perf. Intreval 6,850' to 6,766', Rig Down Dowell & P.O.H.; Rig Sch. & R.I.H. with 4" S.C.G.- Hyper Jet II- 2JSPF, 180° phase and perf. Lower Drinkard at following Intervals: 6,775'-85'-87'-89'-91'-99'-6,801'-08'-13'-20'-27'-31'-33'-35'-37'-39' & 47' (total 34 holes), Rig Down Sch.; R.I.H. with 5 $\frac{1}{2}$ " arrow set pkr. On 20 Jts. 2 $\frac{3}{8}$ " tbg. To 620', S.I. & S.D.F.N. at 8:00pm, prep Acid Stimulate Lwr. Drnk. Perfs.

**9/23/97** S.I.P.- Slt Vacuum, F.R.I.H. with pkr. & set at 6,668', C.P.-800#, Lwr. Drkd. Form brkg. Psr. 500psi., I.S.I.P.- 180psi, 0psi in 1 $\frac{1}{2}$  mins. comm. Swbg. From spot Acid, 4th S.R., well kicked off flowing, flowing Gas with no Oil show, est. 24 bbls. load recovred F.L. 4,200' F.S.; Acidized Lwr. Drkd. Perfs. 6,775'-6,847' with 4,000 gals. NE-FE 15% HCL. Acid with ball sealers, avg. Rate 4 B/M at 3,900psi. T.P., good ball action & numerous form brks., balled out at max. Press.- 5,000psi I.S.I.P.- 2,230 psi, 5 mins.- 1,047psi- 10 mins.- 690psi, 15 mins.- 458psi; followed with Acid Frac 4,200 gals. Gel pad & 10,000 gals. Gelled NE-FE 15% HCL Acid, Avg. Rate 13 B/Min., T.P.- 6,000psi I.S.I.P.- 3,200psi- 5 mins.- 2,145psi- 10 min.-1,779psi.- 15 min.- 1,500psi, total load both treatments 512 bbls., S.I. 1 Hr. For gel break: S.I.T.P.- 700psi in 1 Hr., open well & comm flow back, flwd. Gas with heavy L. & A. Wtr. Spray for 3 $\frac{1}{2}$  Hrs. on various choke settings for formation clean up, last Hr. Flwg. 22/64" Choke F.T.P.- 550psi with strong gas & heavy spray of L. & A. Wtr. S.I. S.D.F.N. at 7:00pm, prep con't clean up.

**9/24/97** S.I.T.P.- 2,100psi, C.P.- 0psi in 12 hrs., open & bled well down in 2 $\frac{1}{2}$  Hrs. With strong gas, 15% Oil cut, 1" choke F.T.P.- 275psi; shut in & connect to 500 bbl. Frac Tank, resumed flowing well for clean up; Rec'd 90 bbls. Fluid being Load & Acid Wtr. With 15-60% Oil cut & strong gas in 5 $\frac{1}{2}$  Hrs.,  $\frac{1}{2}$ " to 1" choke, F.T.P. 700 to 300psi. Last Hr. Flwg., 1" choke F.T.P.- 300psi, Load & Acid Wtr. With 60% Oil cut & strong gas S.I. & S.D.F.N. 5:00pm, prep con't clean up, Rig Down W.S.U., lay flow line, connect to Btry., gas sales Line & put to production.

**9/25/97** S.I.T.P. 2,100psi in 14 Hrs., open well & flow down, fluid to surface in 1 Hr., Flwd. Total 92 bbls. Fluid in 7 $\frac{1}{2}$  Hrs., Est. 60% Oil & 40% Load & Acid Wtr., 1" choke, F.T.P. 300psi static with strong gas; S.I., Rig down clean location & release W.S.U. at 3:00pm, lay 3" flowline, connect to Btry. for production & gas sales line.

**9/26/97** S.I.T.P.- 2,100psi in 18 Hrs., finished well hook-up to Btry. & Warren Gas Sales line, open & blow down well as vessels & meter permitted, flwd. 3 to 4,000 MCFGPD rate, 7/64" choke, F.T.P. 1500 to 1,050psi, Oil incr. To est. 8.5 bbls./ Hr. Rate. 3,700 MCFG, F.T.P.- 1,000psi, 15/64" choke, con't. Flow test.

**9/27/97** Flwd. 99 bbls. Oil in 15 Hrs., 16/64" choke, F.T.P.- 950psi, Gas Vol. 3.450 MCFGPD, con't. Flow for clean up.

**9/28/97** Flwd. 146.3 bbls. Oil in 18 Hrs., 18/64" choke, F.T.P.- 890psi, Gas Vol. 3.480 MCFGPD, difficulties incurred with btry. & fluid treatment, will con't flow for test & clean-up.

**9/29/97** Flwd. Est. 162.25 bbls. Oil (unbalanced treater) in 24 hrs., F.T.P.- 840psi, 20/64" choke, Gas Vol. 3.495 MCFGPD, Con't. Test.

**9/30/97** Flwd. Est. 129 bbls. Oil in 18½ Hrs., F.T.P 810psi, 20/64" choke Gas Vol, 3,444MCFGPD equip., properly opening, Con't. Flow test & form. Clean-up.

**10/1/97** Final report: I.P. flow 163 bbls. Oil in 24 Hrs., 20/64" choke, F.T.P. 805psi, gas volume 3,393 MCFGPD. Sales commenced 9/26/97.