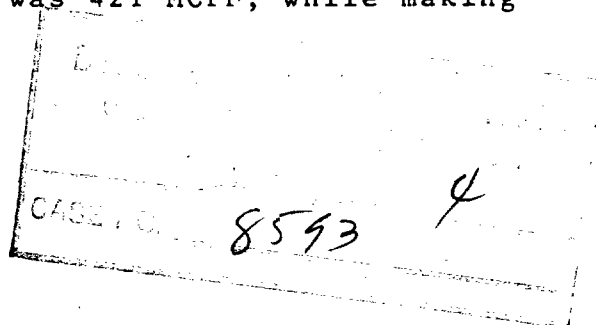


Carlsbad Grace #1  
Section 36, Township 22S, Range 26E  
1984 PRODUCTION PRODUCED

|       | GAS  | OIL | WATER |
|-------|--|-----|-------|
| Aug.  | 1,911 MMCF                                       | 18  | 0     |
| Sept. | 1,218 MMCF                                       | 0   | 0     |
| Oct.  | 1,854 MMCF                                       | 0   | 0     |
|       | On Oct. 27, 1984 well was acidized with 7½% acid |     |       |
| Nov.  | 6,389 MMCF                                       | 114 | 29    |
| Dec.  | 10,029 MMCF                                      | 0   | 12    |
|       | Dec. 1-5 and 26-29 Pipeline SI                   |     |       |

1985

|       |  |        |       |
|-------|--|--------|-------|
| Jan.  | 7,215 MMCF   | 0      | 83.78 |
|       | Jan 8-Dead-Blow down to burn pit approximately 8BW                   |        |       |
|       | Jan 1 to 8 AVG rate 145 MMCFD  |        |       |
|       | Jan 9 - Flow to burnpit to unload approxicately 19BW                 |        |       |
|       | Jan 10 to 13 AVG rate 132 MCFD                                       |        |       |
|       | Jan 14 thru 18 well dead & shutin                                    |        |       |
|       | Jan 19 - Ran coil tubing and nitrogen to unload 42BW                 |        |       |
|       | Jan 20 thru 31 AVG rate 466 MCFD                                     |        |       |
| Feb.  | 6,930 MMCF   | 120.14 | 35.07 |
|       | Feb 1 Rate was 465 MCFD  |        |       |
|       | Feb 6 Rate was 211 MCFD and well had made 2CBW                       |        |       |
|       | since Feb. 1, well died Feb. 7, Flowed well to burn pit              |        |       |
|       | and unloaded approximately 28BW                                      |        |       |
|       | After flowing well to pit production thru Feb. 14 AVG was            |        |       |
|       | 259 MCFD   |        |       |
|       | Feb 15th Pipeline pressure was so high, 640 PSI, and tubing          |        |       |
|       | 325 PSI, well had to be shutin                                       |        |       |
|       | Feb 20th, well was flowed to pit unloading approximately             |        |       |
|       | 16BW and compressor was being installed.                             |        |       |
|       | Feb 23rd compressor was running and well made 319 MCF                |        |       |
|       | Feb 24th & 25th compressor was down and well made 139 and 111        |        |       |
|       | MCFD respectively. On Feb 26th compressor was backin service         |        |       |
|       | and well was flowed to pit, approximately 16BW, and AVG rate         |        |       |
|       | for 26th thru 28th was 559 MCFD.                                     |        |       |
| March | 12,649 MMCF  | 66.31  | 61.79 |
|       | AVG rate for thirty days with no shutins was <u>421</u> MCFD.        |        |       |
|       | On March 30 well loaded up and was flowed to pit approximately       |        |       |
|       | 22BW   |        |       |
| April | 7730 MMCF  | 37     | 65.52 |
|       | AVG producing rate after being down only 24 hrs. was <u>274</u> MCFD |        |       |
|       | which resulted in a loss of 147 MCFD for a period of 15 days.        |        |       |
|       | On April 16th well was flowed to pit approximately 6BW and           |        |       |
|       | put back on production but still averaged only 258 MCFD, and         |        |       |
|       | for the whole month averaged only 257 MCFD according to pipe         |        |       |
|       | line figures. In March with no shutin demards, as has already        |        |       |
|       | been stated, average production was 421 MCFD, while making           |        |       |
|       | about the same amount of water.                                      |        |       |



RESERVOIR TEST

May

11,253

45

78

May 9 well was shutin for mandatory state shutin. Well was flowed to pit 22BW and put back on production.

Historical Production Data, based on pipe line figures show without a doubt shutin demands definitely harm production and can cause underground waste and could cause irreparable damage to formation. January-February Production, along with Historical Problems in these two months, indicate what effect the pipeline demand shutin had during the month of December and January, a total of 13 days. Production was approximately one half in these two months compared to December, March and May. Amount of water shown per month is only what was produced in the tanks and does not include approximately 179 barrels flowed to pit, January thru May of 1985, which is not accurately measurable, therefore is an estimate only.

No recent Reservoir Data is available. Since well is subject to loading up and being unstable, and fear of underground waste is so great, no Bottom Hole Buildup or pressure test have been done, and none are anticipated