EXHIBIT "B"

GEOLOGICAL REPORT CONCERNING

THE TWENTY-FIRST EXPANSION

OF THE PICTURED CLIFFS FORMATION IN THE

EL PASO NATURAL GAS COMPANY

LINDRITH UNIT

EL PASO NATURAL GAS COMPANY

By: R. F. Lemon

R. F. Lemon, Director
Reservoir Engineering Dept.

EXHIBIT "B"

GEOLOGICAL SUMMARY PERTAINING TO THE TWENTY-FIRST EXPANSION OF THE PICTURED CLIFFS PARTICIPATING AREA WITHIN THE LINDRITH UNIT

GENERAL INFORMATION

The Pictured Cliffs formation within the Lindrith Unit of Rio Arriba County, New Mexico is of upper Cretaceous age and is considered to be predominantly sandstone deposited in bands of varying widths. These bands have a northwest-southeast trend and are separated by zones of shaly sandstones and/or bentonitic sandstones. The Pictured Cliffs formation is erratic in development and adrupt "shale-out" of the sand can occur as well as rapid local thickening. This can cause great variance in well potentials as evidenced in the Lindrith Unit Area. Enclosed with this report is a structure map, Exhibit "C", Figure No. 1, and an isopach map as Exhibit "C", Figure No. 2.

TWENTY-FIRST EXPANSION

Effective Date: January 1, 1977

SE/4 Section 21, T-24-N, R-2-W Lindrith No. 89

SE/4 Section 28, T-24-N, R-2-W Lindrith No. 90

The Lindrith No. 89 well was tested on December 1, 1976 for an initial wellhead shut-in pressure of 800 psia and an after frac flow gauge of 203 Mcf/D. The Lindrith No. 90 well was tested on December 29, 1976 for an initial wellhead shut-in pressure of 880 psia and an after frac flow gauge of 669 Mcf/D. On the basis of these tests, the acreage is proven commercial and should be admitted to the Participating Area. This is further substantiated by the Isopach map, Exhibit "C", Figure No. 2, which shows the above acreage to be located on the established trend of commercial production and to have an average net pay of at least 10 feet.