



JACK SCHRENKEL AND ASSOCIATES

*Long
New Mexico*
**WATERFLOOD STUDY
OF THE
MESA GALLUP FIELD
SAN JUAN COUNTY, NEW MEXICO**

*3-31-89
A-21-89*

FOR:

GRAND RESOURCES, INC.

**March 21, 1989
(Revised April 21, 1989)**



JACK SCHRENKEL & ASSOCIATES, INC.

320 S. BOSTON, SUITE 719 • TULSA, OKLAHOMA 74103-3709

(918) 582-7900/TELEX: 701481 UD

March 22, 1989

(Revised April 21, 1989)

Grand Resources, Inc.
2250 E. 73rd St.
Tulsa, Oklahoma 74136

Gentlemen:

In response to your instructions we have made a study of the Mesa Gallup Field located in San Juan, New Mexico, for the purpose of determining the feasibility of waterflooding this field. As you know the adjacent Horseshoe Gallup and Many Rocks Fields have been successfully waterflooded for many years. The engineering and geologic data available on the Mesa Gallup reservoir and analogies with the Horseshoe Gallup and Many Rocks Fields indicates a high probability of additional oil being recovered from the Mesa Gallup Field by secondary recovery operations. The cumulative production from the Mesa Gallup reservoir, as of December 31, 1988, is 562,200 barrels.

The economic primary oil has been recovered and the field has been marginal for several years. A waterflood program will recover an additional 440,000± barrels of oil with a required investment of \$372,000 and an estimated future profit to unit owners of \$3,094,000. Pertinent information on the Field is summarized in Table 1 and comparative recoveries with the Many Rocks Field and the Navajo F, G, & M leases in the Horseshoe Gallup Field are presented on Table 2.

The reservoir is a northwest southeast trending strike sand which is shown by Map 2 (Gallup Net Pay). The field contains 10,410 oil acre-feet, which it is believed that 8,160 acre-feet may be swept. Initially it is proposed to use the 4 injection wells shown on Map 1. In addition there is a small gas-cap on the northwest tip of the field indicated by the dashed lines. A fault at the east boundary of Tract No. 12 appears to isolate the Dugan Horseshoe No. 2-E in S. 30-T.32N-R.18W from the Mesa Gallup reservoir. This fault is said to be expressed at the surface. The exclusion or inclusion of the Dugan Horseshoe No. 2-E would have only negligible effect on recoveries or equities.

It is proposed that the Morrison Sand water supply well be drilled NE SE S.23-T.32N-R.18W and the injection plant constructed at this point to service the water injection wells. An adequate water supply to produce and inject approximately 1,000 barrels of water per day may be developed in the Morrison water sands at depths 2500-3000

Grand Resources, Inc.

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feet at the injection plant location. The Morrison is a blanket water sand and study of wells in the area indicates a depth of less than 3000 feet should be adequate to develop a satisfactory water supply.

Many of the oil wells drilled in Sections 14, 23, 24 and 25 have been cored by the operators who originally drilled the wells and are those properties owned by Grand Resources, et al. Details of wells in the general vicinity are shown by Appendix 2. In addition Appendix 1 lists the complete production history of properties in this reservoir.

To effectively waterflood the field, it should be unitized to include the 6 wells operated by Ari-Mex Exploration in Sections 10 and 15. Ari-Mex has expressed their desire to join in an unitized effort to waterflood. The proposed unit boundary and the tracts are shown by Map 1. The legal description, by tract, gross acre-feet, net floodable acre-feet, number of wells, cumulative oil (in thousands of barrels), and tract participation factors are shown on Table 3. These values are summed by operator. All of the mineral interests are owned by the Navajo Nation with this area being productive since August 24, 1961.

The field is at its economic limit. December production was 360 barrels for the field, which is an average of 18 barrels per well per month or approximately 1/2 barrel per day. From this it is obvious the field is at its economic limit. For this reason no primary participation factors or values were assigned.

It is our recommendation that the secondary participation be weighted 60 percent net floodable acre-feet, 10 percent well count, and 30 percent cumulative oil production as of December 31, 1988. In our opinion this results in a equitable distribution of future oil to each unit owner in proportion to the actual value they bring to the unit. Based on the foregoing the recommended working interest participation factors are as follows:

Ari-Mex Exploration	44.26925%	15.42615
21st Century Investment Co.	57.06025%	57.08734
Jack Schrenkel	21.43269%	21.14346
Grand Resources	6.42981%	6.34305
TOTAL	100.00000%	

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In addition to Table 4 showing the economics of water injection for the Unit owners, Table 5 sets out the future revenue to the Navajo Nation from this proposed Unit operation.

It is our recommendation that we proceed with this unitization effort and secondary recovery project in a diligent manner. This is one of those happy projects where everyone will benefit.

Yours very truly,

Jack Schrenkel & Associates, Inc.

Jack Schrenkel & Associates, Inc.

JS:s1

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Mesa Gallup Field Total (Excluding Dugan Prod. Horseshoe #2-E)	
Grand Resources - Navajo "C" 1 - 6	
Grand Resources - Aztec Navajo A4 & 5	
Grand Resources - Navajo #3 - 12	
Ari-Mex Explor. - 6 Navajo Leases	
Dugan Prod. - Horseshoe #2E	

APPENDIX 2

Well Data

TABLE 1

PERTINENT DATA

Name of Field Location	Mesa Gallup T.32N, R.18W NMPM San Juan County, New Mexico
Discovery Well	Amalgamated Petroleum No. 3 Navajo
Date of Discovery	August 24, 1961
Producing Reservoir	Gallup Sandstone
Depth	1100-1500 feet
Current Producing Rate (December 1988)	360 BOPM
Producing Wells	20 (19 oil, 1 SI gas well)
Surface area - Productive	940 acres
Volume of the reservoir	10410 acre-feet
Average pay thickness	11.2 feet
Porosity	13.1 percent
Permeability, average	70 md
Connate Water Saturation	31 percent
Oil gravity	40° API
Oil viscosity @ 94°F	7 cp (est)
Initial solution gas-oil ratio	60± cu. ft. per bbl.
Oil volume factor	1.035 RB/STB
Initial bottom hole pressure	240 psig (?)
Reservoir Temperature	94°F (?)
Primary reserves	562,200 barrels
Oil-in-place per acre-foot original	668 barrels
Cumulative field production, as of December 31, 1988	574,500 barrels
Remaining primary reserves	0 barrels
Waterflood reserves	440,000 barrels
Water source	Morrison Water Sands (2500-3000 feet)
Required investment (water supply well & plant injection system, convert 3 wells to water injection)	\$372,000
Estimated Future Profit (Undiscounted)	\$3,094,000

TABLE 2

COMPARATIVE RECOVERIES
AND RESERVOIR CHARACTERISTICS
FOR ADJACENT GALLUP FIELDS

	<u>Navajo</u> <u>F, G, & M</u> <u>Lease (1)</u> <u>(Horseshoe</u> <u>Gallup Fld)</u>	<u>Many</u> <u>Rocks</u> <u>Fld (2)</u>	<u>Mesa</u> <u>Gallup</u> <u>(12/31/88)</u>
Number of Wells	54	18	21
Average Porosity, %	16.2	14.2	13.1
Permeability, md	90	145	70
Connate Water Saturation, %	34	30	31
Oil Volume Factor	1.03	1.03	1.035
Acres Productive	2445	968	940
Sand Vol., AF	27559	6395	10410
Floodable Acre Feet	?	?	8160
Net Pay Thickness	11.3	6.6	11.2
Oil-In-Place, MSTB	22328	4808	7133
Cumulative Oil, MSTB	4265	801	562.5
	(7-1-80)	(7-1-80)	(12-31-88)
Recovery, %	19	16.7	8.3
	(7-1-80)	(7-1-80)	(12-31-88)
Oil-In-Place STB/AF	810	751	678
Produced Water/Oil Ratio	25	23	0
Remaining Reserve, MSTB	394	100	440
	(7-1-80)	(7-1-80)	(4-1-89)
Ultimate Production, MSTB	4659	811	1014.5
Ultimate Recovery, %	20.9	16.9	14.2

(1) Disc. late 1956
Wtr Inj started three
leases, Oct. 1960

(2) Disc. Nov. 1962
Wtr. Inj. started
1963

** TRACT LEGAL DESCRIPTION AND CURRENT OPERATOR **

TRACT NO	DESCRIPTION	OPERATOR
1	SE/4 S10 - N/2 N/2 + E/2 NE/4 S15	ARI-MEX EXPLORATION
2	W/2 NE/4 + SE/4	ARI-MEX EXPLORATION
3	W/2 + N/2 NE/4 + N/2 SE/4 S14	GRAND RESOURCES
4	N/2 SE S14	GRAND RESOURCES
5	S/2 SW/4 S13	GRAND RESOURCES
6	W/2 + S/2 NE/4 + S/2 SE/4 S23	GRAND RESOURCES
7	N/2 NE/4 S23	GRAND RESOURCES
8	N/2 SE/4 S23	GRAND RESOURCES
9	E/2 + N/2 NW + N/2 SW/4 S24	GRAND RESOURCES
10	S/2 NW/4 S24	GRAND RESOURCES
11	S/2 SW/4 S24	GRAND RESOURCES
12	N/2 S25	GRAND RESOURCES

** MESA GALLUP WATER FLOOD PARAMETERS (12/88, JSA) **

TRACT NO	ACRES	GROSS-AF	NET-AF	NO WELLS	CUM OIL
1	200	740	735	4	80,88
2	240	355	135	2	10,42
3	480	3313	2800	3	97,76
4	80	167	100	1	3,70
5	80	155	40	0	0,00
6	480	489	330	1	47,34
7	80	810	760	2	88,16
8	80	60	30	0	0,00
9	480	1701	1120	2	68,53
10	80	565	430	2	72,81
11	80	835	790	1	56,92
12	320	1220	890	2	35,65
	2680	10410	8160	20	562,17

Have been reviewed
See Exhibit 1-A
in back of Report

TABLE 3

RECOMMENDED TRACT
PARTICIPATION FACTORS

** INTEREST IN EXPENSE (WORKING INTEREST) BY TRACTS ** 60% NET_AF, 10% WELL, 30% CUM OIL **

	TRACT NO. TRACT FACTOR	ARI-MEX EXPLORATION	21th CENTURY INVESTMENT C	JACK SCHRENKEL	GRAND RSC. INCORPORATED	NAVAJO NATION	TEXACO
1	.1172054	.1172054	0 .0000000	0 .0000000	0 .0000000	0 .0000000	0 .0000000
2	.0254871	.0254871	0 .0000000	0 .0000000	0 .0000000	0 .0000000	0 .0000000
3	.2730516	0 .0000000	.1843098	.0682629	.0204789	0 .0000000	0 .0000000
4	.0143274	0 .0000000	.0096710	.0035819	.0010746	0 .0000000	0 .0000000
5	.0029412	0 .0000000	.0019853	.0007353	.0002206	0 .0000000	0 .0000000
6	.0545275	0 .0000000	.0368061	.0136319	.0040896	0 .0000000	0 .0000000
7	.1129286	0 .0000000	.0762268	.0282322	.0084696	0 .0000000	0 .0000000
8	.0022059	0 .0000000	.0014890	.0005515	.0001654	0 .0000000	0 .0000000
9	.1289237	0 .0000000	.0870235	.0322309	.0096693	0 .0000000	0 .0000000
10	.0804724	0 .0000000	.0543189	.0201181	.0060354	0 .0000000	0 .0000000
11	.0934634	0 .0000000	.0630878	.0233658	.0070098	0 .0000000	0 .0000000
12	.0944657	0 .0000000	.06337643	.0236164	.0070849	0 .0000000	0 .0000000
	1 .0000000	.1426925	.5786825	.2143269	.0642981	.0000000	.0000000

** INTEREST IN NET REVENUE BY TRACTS **

	TRACT NO. TRACT FACTOR	ARI-MEX EXPLORATION	21th CENTURY INVESTMENT C	JACK SCHRENKEL	GRAND RSC. INCORPORATED	NAVAJO NATION	TEXACO
1	.1172054	.1025548	0 .0000000	0 .0000000	0 .0000000	.0146507	0 .0000000
2	.0254871	.0223012	0 .0000000	0 .0000000	0 .0000000	.0031859	0 .0000000
3	.2730516	0 .0000000	.1612711	.0597300	.0179190	.0341315	0 .0000000
4	.0143274	0 .0000000	.0084621	.0031342	.0009403	.0017909	0 .0000000
5	.0029412	0 .0000000	.0017371	.0006434	.0001930	.0003677	0 .0000000
6	.0545275	0 .0000000	.0322053	.0119279	.0035784	.0068159	0 .0000000
7	.1129286	0 .0000000	.0666985	.0247032	.0074109	.0141161	0 .0000000
8	.0022059	0 .0000000	.0013029	.0004826	.0001447	.0002757	0 .0000000
9	.1289237	0 .0000000	.0761456	.0282020	.0084606	.0161155	0 .0000000
10	.0804724	0 .0000000	.0475290	.0176033	.0052810	.0100591	0 .0000000
11	.0934634	0 .0000000	.0552018	.0204451	.0061336	.0116829	0 .0000000
12	.0944657	0 .0000000	.0540502	.02000186	.0060056	.0118082	.0025830
	1 .0000000	.1248560	.5046036	.1868903	.0560671	.1250000	.0025830

TABLE 3 (Continued)

PROPOSED UNIT
GRAND RESOURCES INC.
** CASE **
SAN JUAN COUNTY
LEASE NO : #1

AS OF APRIL 1 , 1989

MESA GALLUP FLD
GALLUP SANDSTONE
\$15/B

NEW MEXICO
API NO. -

* RESERVE ESTIMATES AND PREDICTED CASH FLOW *

CUMULATIVE:	OIL = 0 BBL,	GAS = 0 MCF	*** ULTIMATE:	OIL = 440000 BBL,	GAS = 0 MCF	*** FUTURE NET INCOME =	\$2,178,826
FIRST PERIOD STARTS	04-1-1989						
PERIOD ENDING	12-31-1989	12-31-1990	12-31-1991	12-31-1992	12-31-1993	12-31-1994	12-31-1995
GROSS VALUES	UNITS	BBLS	HCF				
OIL/COND	4005	50345	65110	61240	57406	49025	41626
GAS							
GOR							
OPERATING COST	\$ 144000	216000	264000	264000	264000	264000	264000
OIL PRICES	\$ 15.00	15.00	15.00	15.00	15.00	15.00	15.00
GAS PRICES	\$/M						
INTANGIBLE INVES	\$ 73000	129000					
CAPITAL INVES	\$ 119000	51000					
TAXES							
OIL SEVERENCE	\$/B	1.31	1.31	1.31	1.31	1.31	1.31
GAS SEVERENCE	\$/B						
WINDFALL PROFIT	\$/B						
NET VALUES	BBLS	3504	44052	56971	53585	50230	42897
OIL/COND	MCF	5	47970	603072	779933	733579	687649
GAS							
REVENUE TO WI	\$ 47970	603072	129000	779933	733579	687649	587260
INTANGIBLE INVES	\$ 73000	51000	51000				
CAPITAL INVES	\$ 119000	216000	264000	264000	264000	264000	264000
OPERATING COST	\$ 144000						
NET INCOME	\$ -288030	207072	515933	462579	423649	323260	159377
CUMULATIVE INCOME	\$ -288030	-80958	434975	904554	1328203	1651463	1886694
CUM. P WORTH @ 10.00 %	\$ -284587	-98590	322704	671289	95788	1155518	1286368
P WORTH @ 15.00%	\$ 1176376	P WORTH @ 20.00%	978718	P WORTH @ 25.00%	820400	P WORTH @ 30.00%	691751

REMARKS/BASIS OF RESERVE ESTIMATES.....

STARTING PRICES & COSTS		PROJECTIONS
Gas: 0 \$/M	NGPA CAT: 101	INITIAL RATE IS = 450 B/M
Oil: 15 \$/B	IRS TIER: 3	(1) CRRP @ 450.0 B/M TO 1.0 YRS
Operating Cost: 22000 \$/M		(2) CRRP @ 5500.0 B/M TO 2.0 YRS
NUMBER OF WELL(S) = 20 OIL		(3) CRRP @ 5400.0 B/M TO 3.0 YRS
ECONOMIC LIMIT = 1676.2 B/M		(4) CRRP @ 5000.0 B/M TO 4.0 YRS
		(5) CPD @ 15.1 %/YR TO ELC AT 440.0 MB

DOL/EPW NSW	...78 M\$ INTANGIBLE;	...53 M\$ INTANGIBLE;	...42 yrs	CONV 3 INJ	...41 M\$ INTANGIBLE;	...20 M\$ INTANGIBLE;	...42 yrs
TABLE 4							
PROJECTED ECONOMICS OF							
WATER INJECTION FOR UNIT							
PROPOSED UNIT							

MESA CALLUP FLD

AS OF APRIL 1, 1989

MINERAL INT

PROPOSED UNIT
GRAND RESOURCES INC.
** CASE #
SAN JUAN COUNTY
LEASE NO : 111

MESA CALLUP FLD
GALLUP SANDSTONE
\$15/B
NEW MEXICO
API NO. -
RRC/OTC NO. -

* RESERVE ESTIMATES AND PREDICTED CASH FLOW * BEFORE FEDERAL INCOME TAX *

CUMULATIVE:	OIL = 0 BBL,	GAS = 0 MCF	*** ULTIMATE: OIL = 440000 BBL,	GAS = 0 MCF	*** FUTURE NET INCOME = \$794,197
FIRST PERIOD STARTS	12-31-1989	12-31-1990	12-31-1991	12-31-1992	12-31-1993
PERIOD ENDING					12-31-1994
GROSS VALUES	UNITS	BBL			12-31-1995
OIL/COND	4005	50345	65110	61240	57406
GAS					49025
GOR					41626
OPERATING COST	\$144000	216000	264000	264000	35344
OIL PRICES	\$15.00	15.00	15.00	15.00	
GAS PRICES	\$/MMB				
INTANGIBLE INVES	\$	73000	129000	264000	264000
CAPITAL INVES	\$	119700	51000	15.00	15.00
TAXES					
OIL SEVERENCE	\$/B	0.56	0.56	0.56	0.56
GAS SEVERENCE	\$/MMB				
WINDFALL PROFIT	\$/B				
NET VALUES					
OIL/COND	BBL	501	6293	8139	7655
GAS					7176
OIL/COND					6128
GAS					5203
REVENUE TO NI	\$	7234	90871	117527	110538
INTANGIBLE INVES	\$			103621	103621
CAPITAL INVES	\$				88488
OPERATING COST	\$				75131
NET INCOME	\$	7234	90871	117527	110538
CUMULATIVE INCOME	\$	7234	98105	215632	32670
CUM. P WORTH @ 10.00 %	\$	7148	88770	184739	266795
P WORTH @ 15.00 %	\$	439569	P WORTH @ 20.00 %	375758	P WORTH @ 25.00 %

REMARKS/BASIS OF RESERVE ESTIMATES.....

STARTING PRICES & COSTS			PROJECTIONS		
Gas: 0 \$/M		NGPA CAT: 101			
Oil: 15 \$/B		TRS TIER: 3			
Operating Cost: 22000 \$/M					
NUMBER OF WELL(S) = 20 OIL					
ECONOMIC LIMIT = 1676.2 B/M					

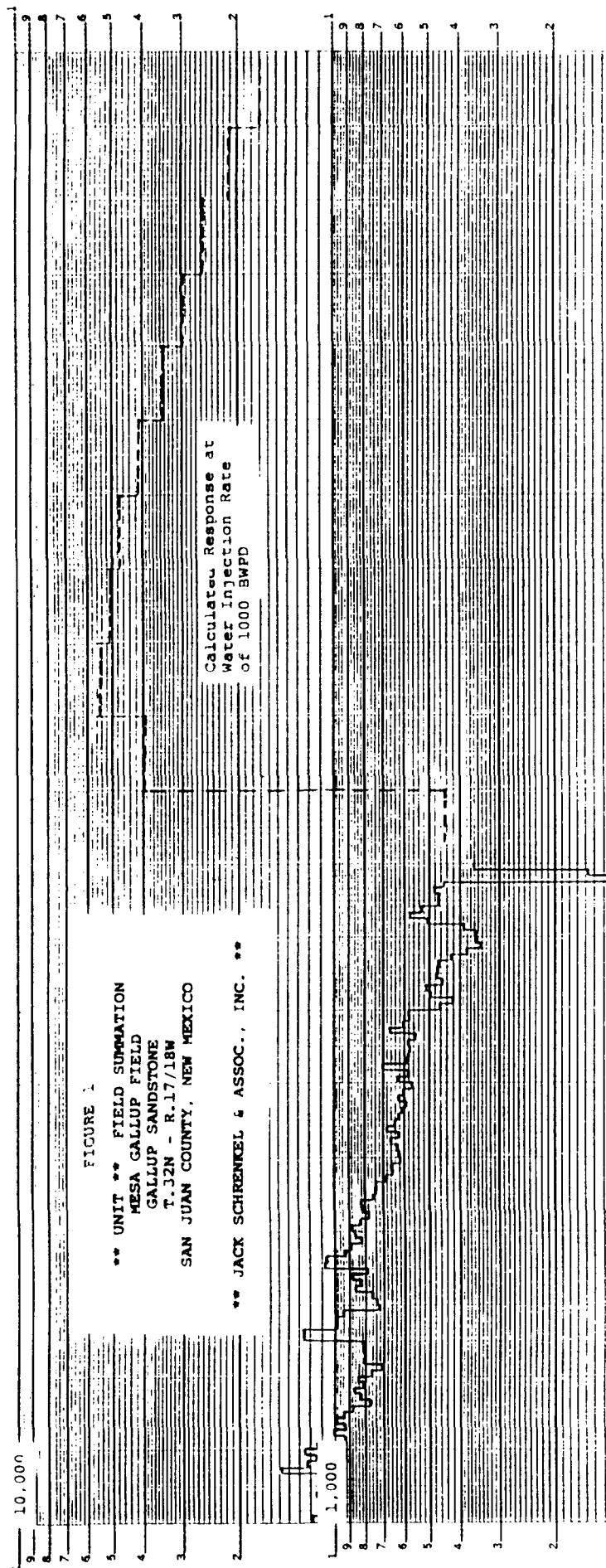
CONV 3 INJ41 M\$ INTANGIBLE;	...20 M\$ INTANGIBLE;	CONV 3 INJ41 M\$ INTANGIBLE;	...20 M\$ INTANGIBLE;
DRL/ECP .ISM	...78 M\$ INTANGIBLE;	...53 M\$ INTANGIBLE;	DRL/ECP .ISM	...78 M\$ INTANGIBLE;	...53 M\$ INTANGIBLE;
TABLE 5			TABLE 5		
PROJECTED ECONOMICS OF WATER			PROJECTED ECONOMICS OF WATER		
INJECTION FOR NAVAJO NATION			INJECTION FOR NAVAJO NATION		
MINERAL INTEREST			MINERAL INTEREST		

DRL/ECP .ISM ...78 M\$ INTANGIBLE; ...53 M\$ INTANGIBLE; @ .42 YRS

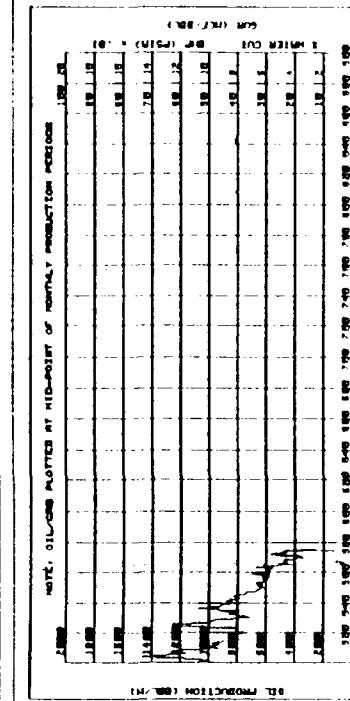
CONV 3 INJ

TOTAL OF 10.68 YRS

FIGURE 2
 ** UNIT ** FIELD SUMMARY
 MESA GALLUP FIELD
 GALLUP SANDSTONE
 T. 32N - R. 17 - 1/18
 SAN JUAN COUNTY, NEW MEXICO



Calculated Response at Water Injection Rate of 1000 BWPD



TIME
5-30
9-85
9-39
10-1
10-10
10-11
10-12
10-13
10-14
10-15
10-16
10-17
10-18
10-19
10-20
10-21
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10-92
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10-94
10-95
10-96
10-97
10-98
10-99
10-100

<u>INVESTMENT ITEMS</u>	<u>TIME</u>
Drill 2 wells	6-90
Drill & equip. - WSW	9-80
Convert 3 inj. wells	9-29
#1-H NE of Sec. 15	
#1-B NE SW Sec. 15	
#3-N SE SW Sec. 24	

DIL PRODUCTION, BBL/MONTH

FIGURE 2

TYPICAL LOG

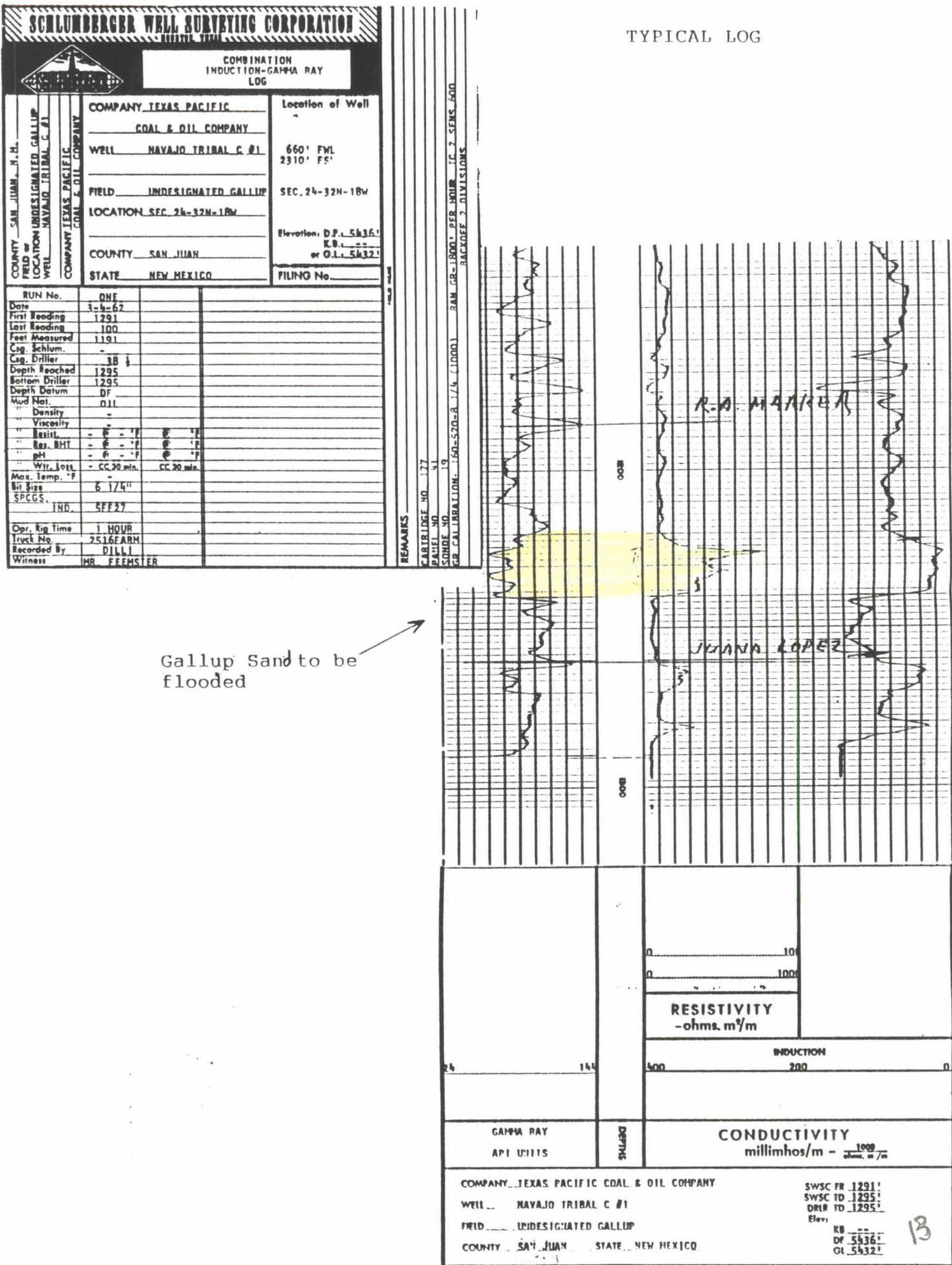
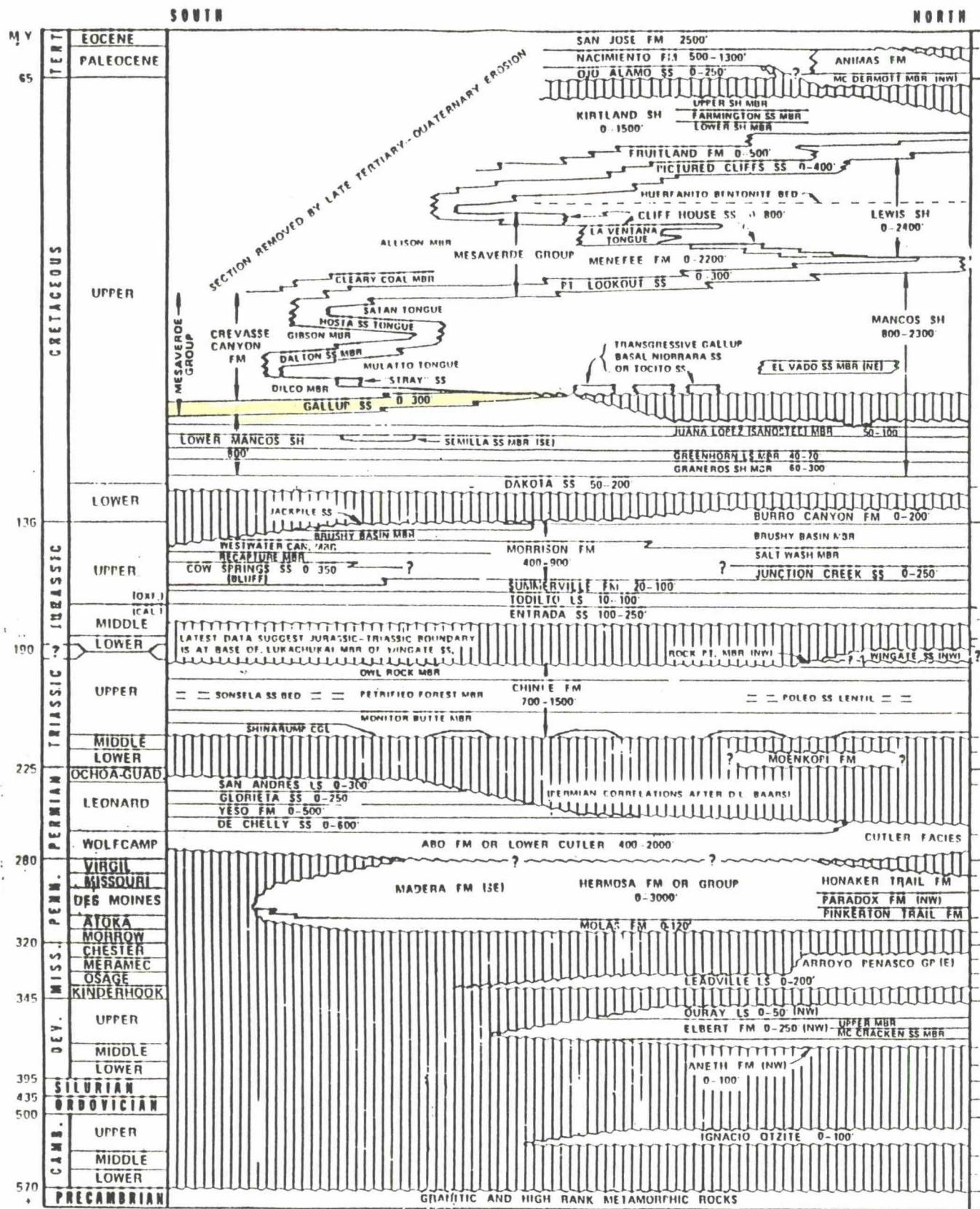
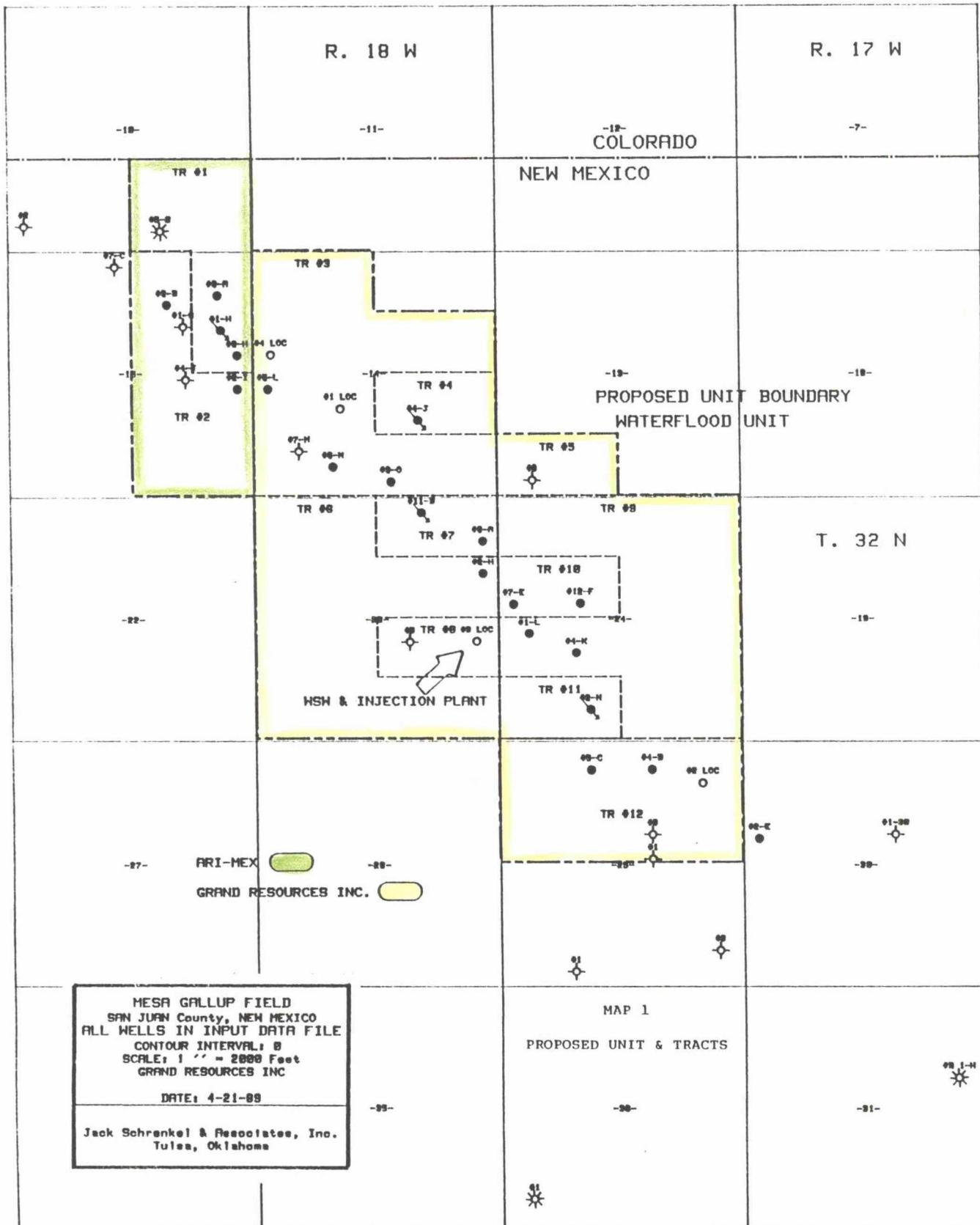


FIGURE 3

TIME-STRATIGRAPHIC NOMENCLATURE CHART (SAN JUAN BASIN)

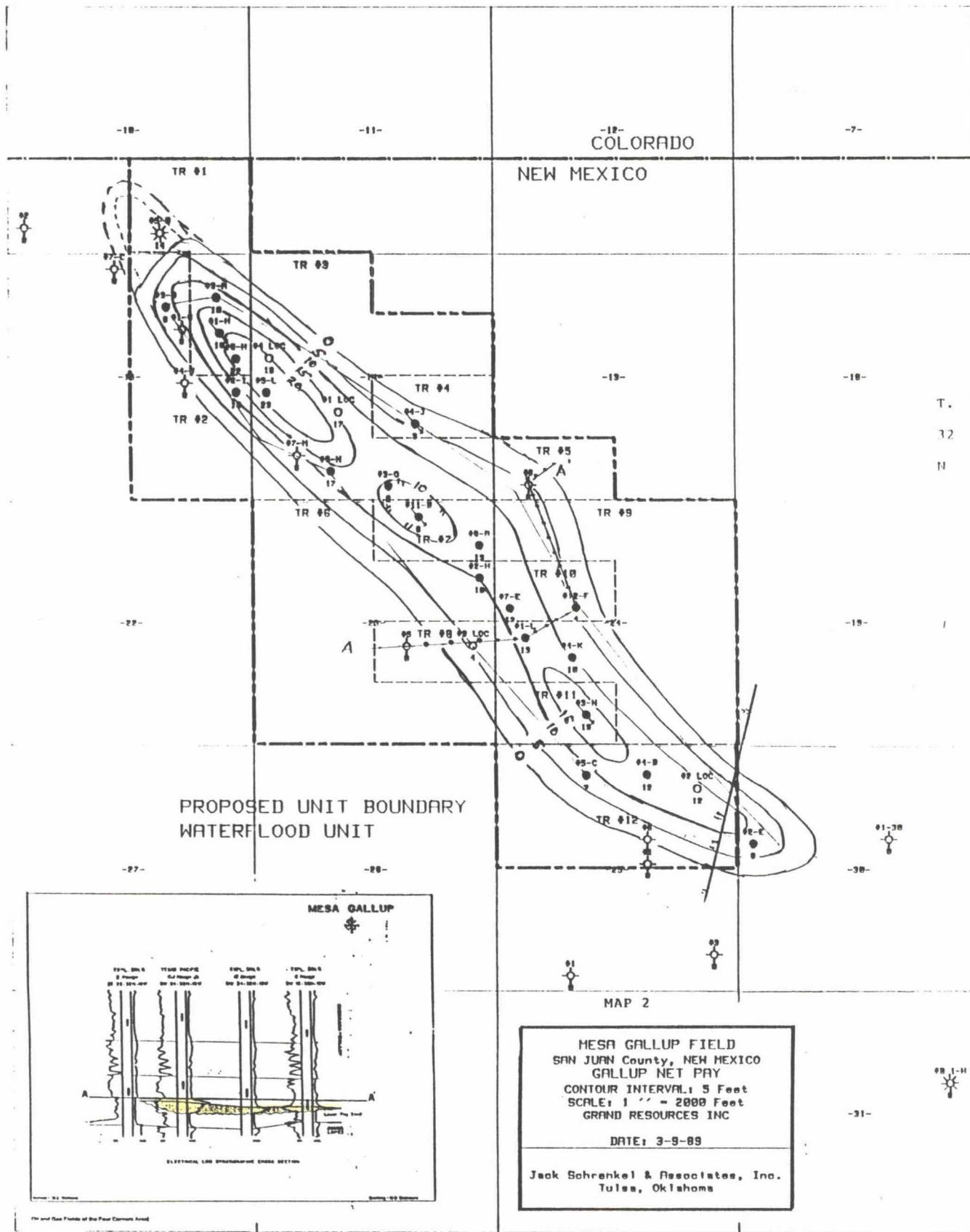


COMPILED BY C.M. MOLENAAR 1977



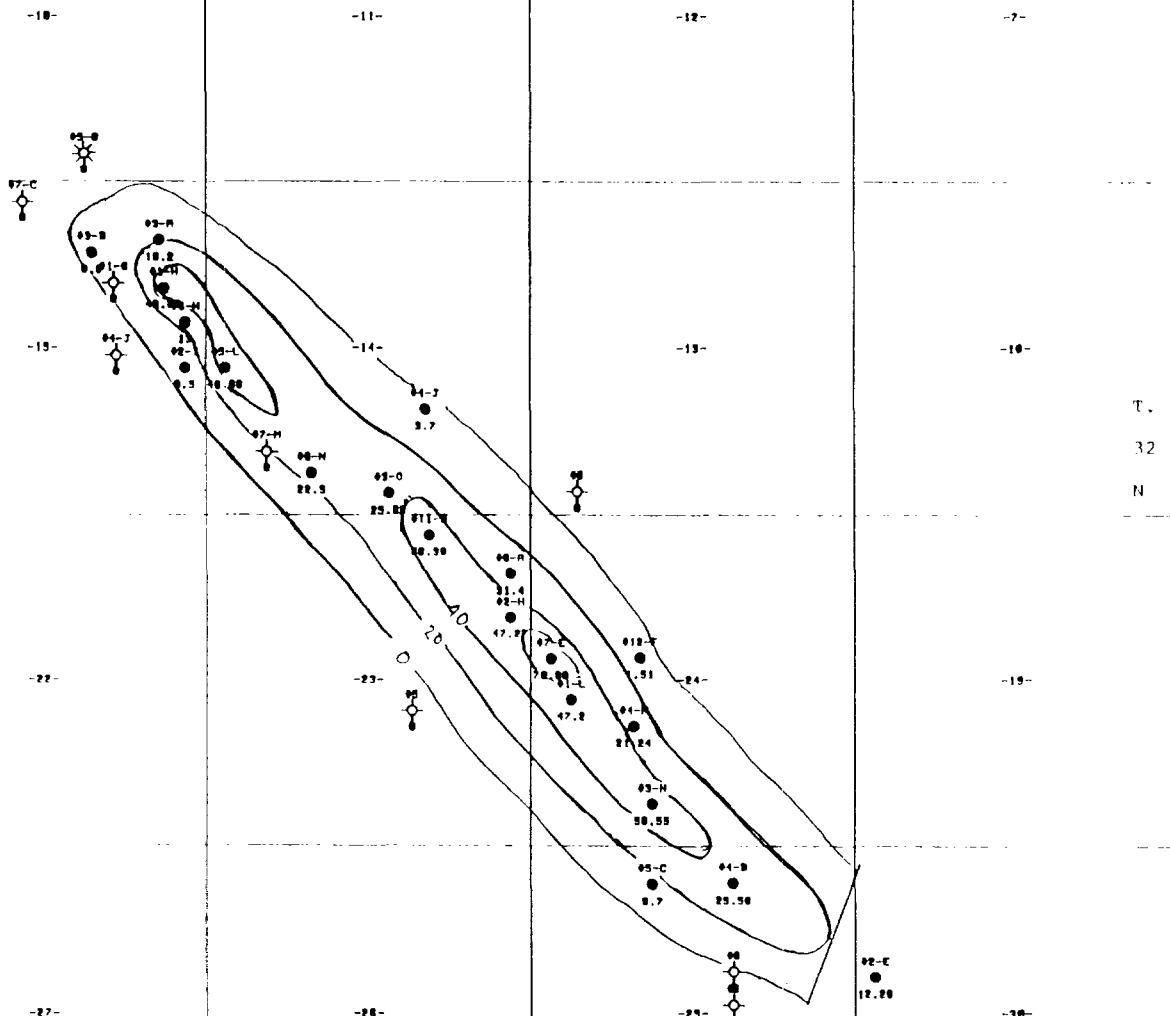
R. 18 W

R. 17 W



T. 18 W

R. 17 W



MAP 3

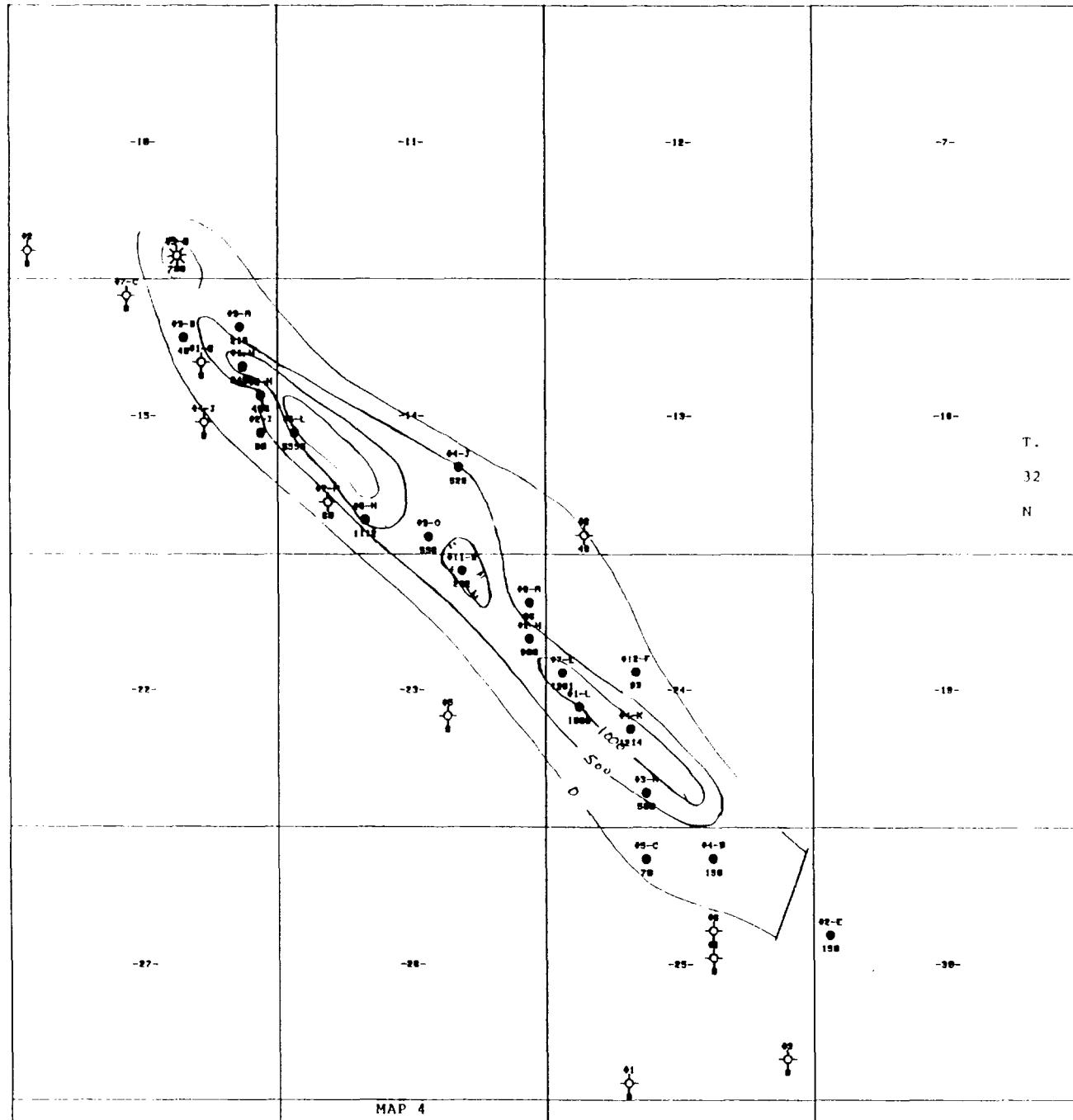
MESA GALLUP FIELD
SAN JUAN County, NEW MEXICO
GALLUP CUM OIL(12/88)
CONTOUR INTERVAL: 20 MB
SCALE: 1 '' = 2000 Feet
GRAND RESOURCES INC

DATE: 3-9-89

Jack Schrenk & Associates, Inc.
Tulsa, Oklahoma

R. 18 W

T. 17 W



MESA GALLUP FIELD
SAN JUAN County, NEW MEXICO
GALLUP AVG. FLOW CAP.
CONTOUR INTERVAL: 500 md-ft
SCALE: 1 " - 2000 Feet
GRAND RESOURCES INC

DATE: 11-29-88

Jack Sohrenkai & Associates, Inc.
Tulsa, Oklahoma

Data from core
analyses or estimate
from well potential.

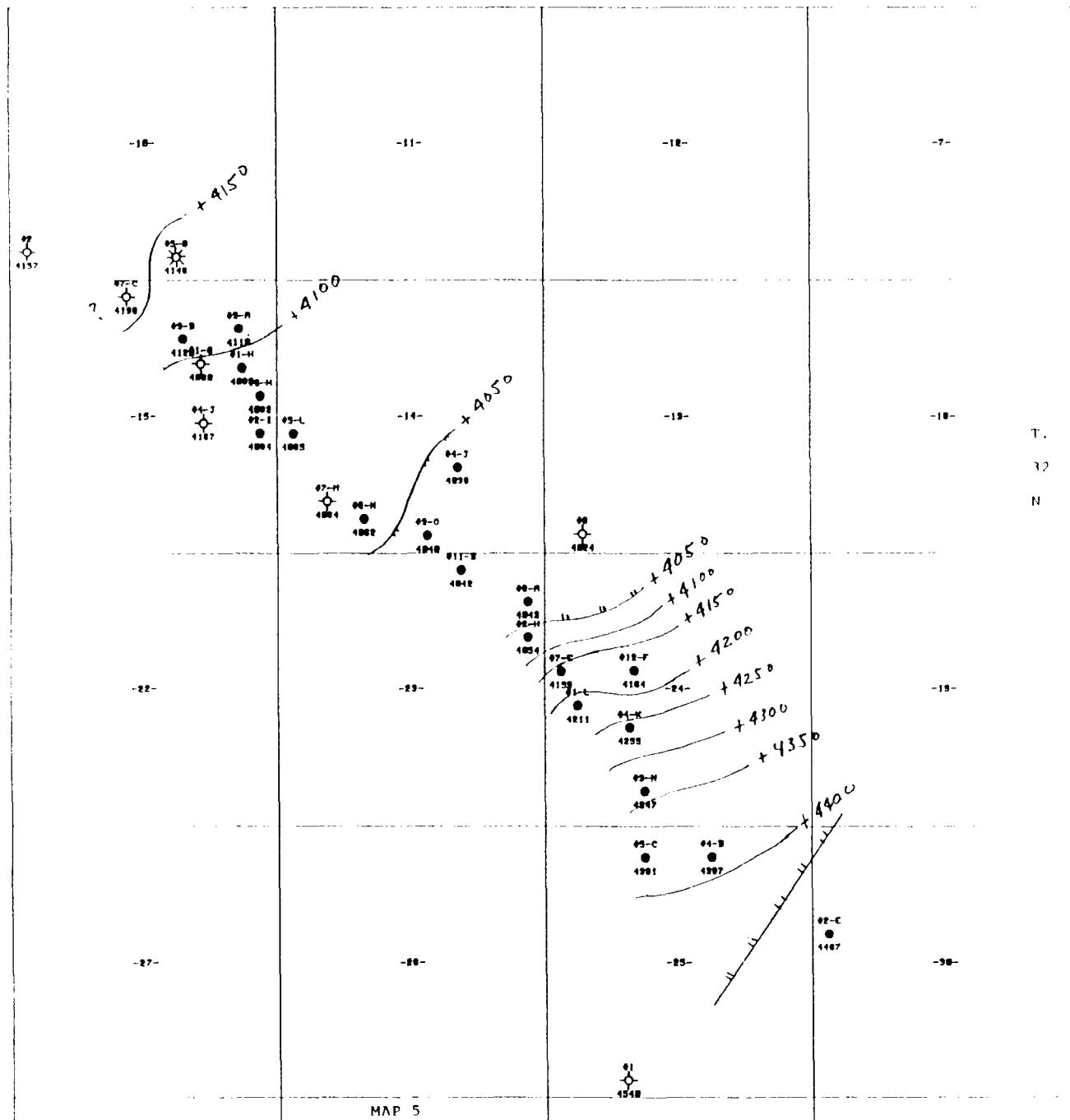
-38-



-31-

R. 18 W

T. 17 W



— 5 —

MESA GALLUP FIELD
SAN JUAN County, NEW MEXICO
GALLUP TOP SAND
CONTOUR INTERVAL: 50 Feet
SCALE: 1 '' = 2000 Feet
GRAND RESOURCES INC

Jack Schrenk & Associates, Inc.
Tulsa, Oklahoma

18

515



A P P E N D I X 1

PRODUCTION DATA
BY LEASE

Date: 4-24-89

*** FIELD PRODUCTION SUMMARY ***

Page 1

of 4 leases through 12-88

in the MESA GALLUP Field, GALLUP Formation(s)

T.32N-R.17/18W: SAN JUAN, NM

NUMBER	WELL NAME	OPERATOR	PRODUCTION DATA			
			FIRST/ LAST	*- CUM / LAST RATE /*-		
				- % OF TOTAL FIELD -		
				OIL (MBBL) (BBL)	GAS (MMCF) (MCF)	WATER (MBBL) (BBL)
40	6 NAVAJO LSES	ARI-MEX	6-73 12-88	90.0 48 13.6	0.0 0 0.0	0.0 0 0.0
27	NAVAJO C 1 - 6	GRAND RES. INC.	6-73 12-88	212.7 116 33.0	0.0 0 0.0	0.0 0 0.0
1	AZTEC NAVAJO A4&5	GRAND RES. INC.	6-73 12-88	35.2 61 17.3	0.0 0 0.0	0.0 0 0.0
14	NAVAJO #3 - 12	GRAND RES. INC.	6-73 12-88	220.4 127 36.1	0.0 0 0.0	0.0 0 0.0
				558.3 352	0.0 0	0.0 0

Lease: 4 LEASES
Form.: GALLUP

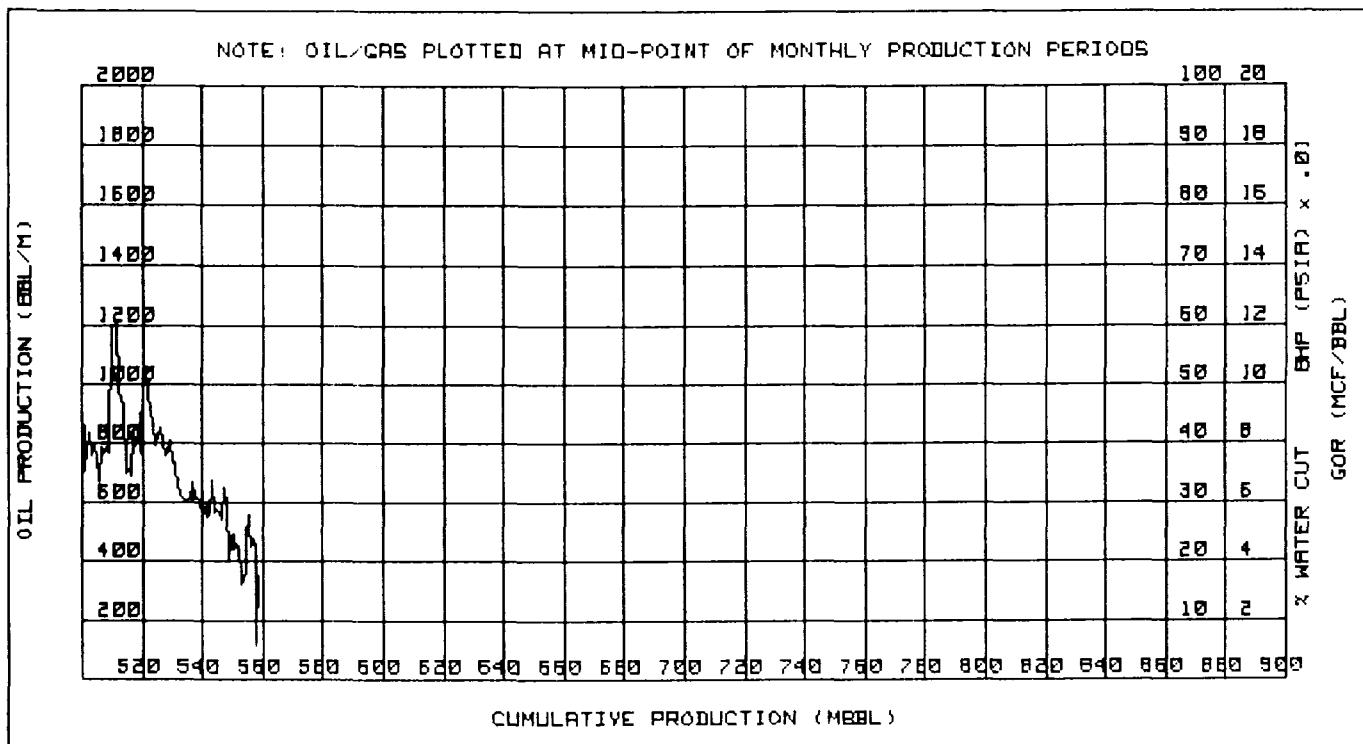
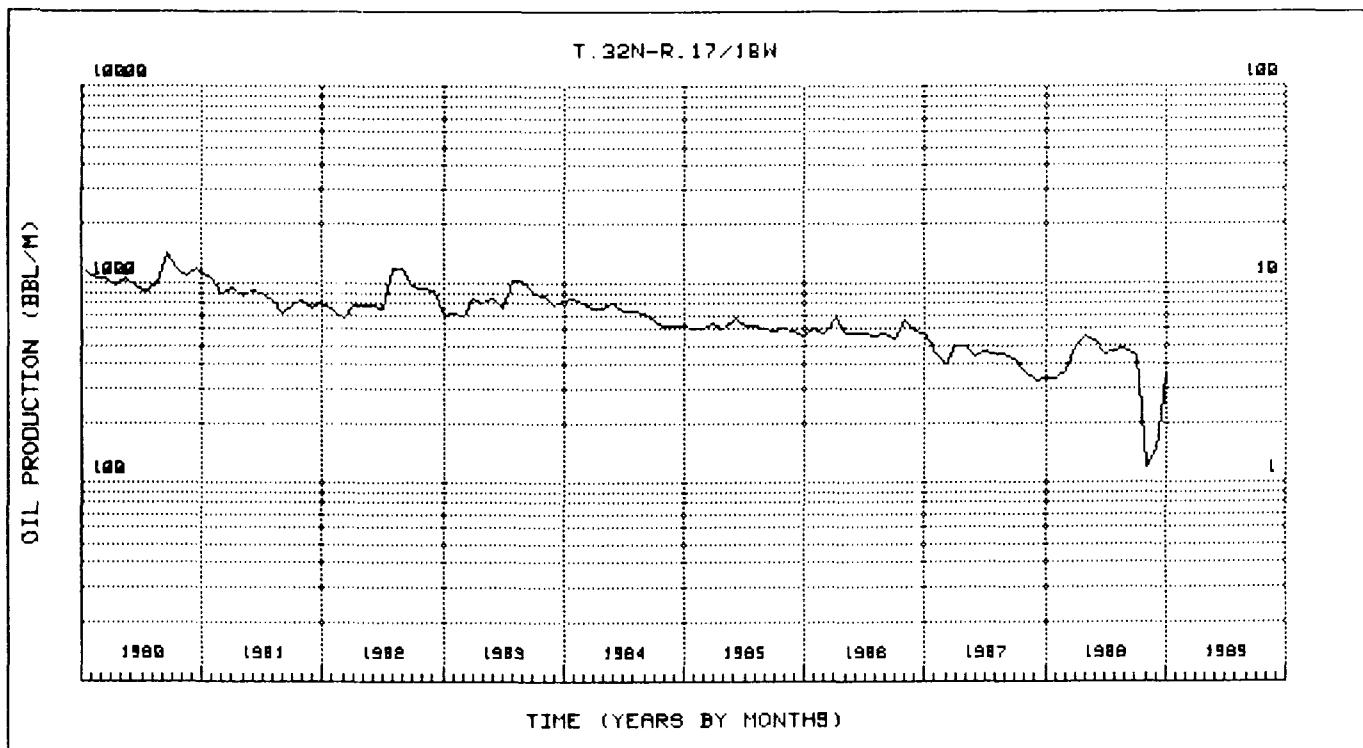
Oper.: FIELD STUDY
API #: 3004560006.00

SAN JUAN, NM
Record number 66

Cumulative production for period 6-1973 --> 12-1988	OIL: 558,368 BBL	WATER: 0 BBL
	GAS: 0 MCF	Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodtn.:	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
OIL (BBL)	460	476	442	120	147	352
GAS (MCF)	0	0	0	0	0	0
WATER (BBL)	0	0	0	0	0	0

OIL OR GAS PRODUCTION — GOR ----- % WATER CUT — — BHP OR BHP/Z * — *



Lease: NAVAJO C 1 - 6
Form.: GALLUP

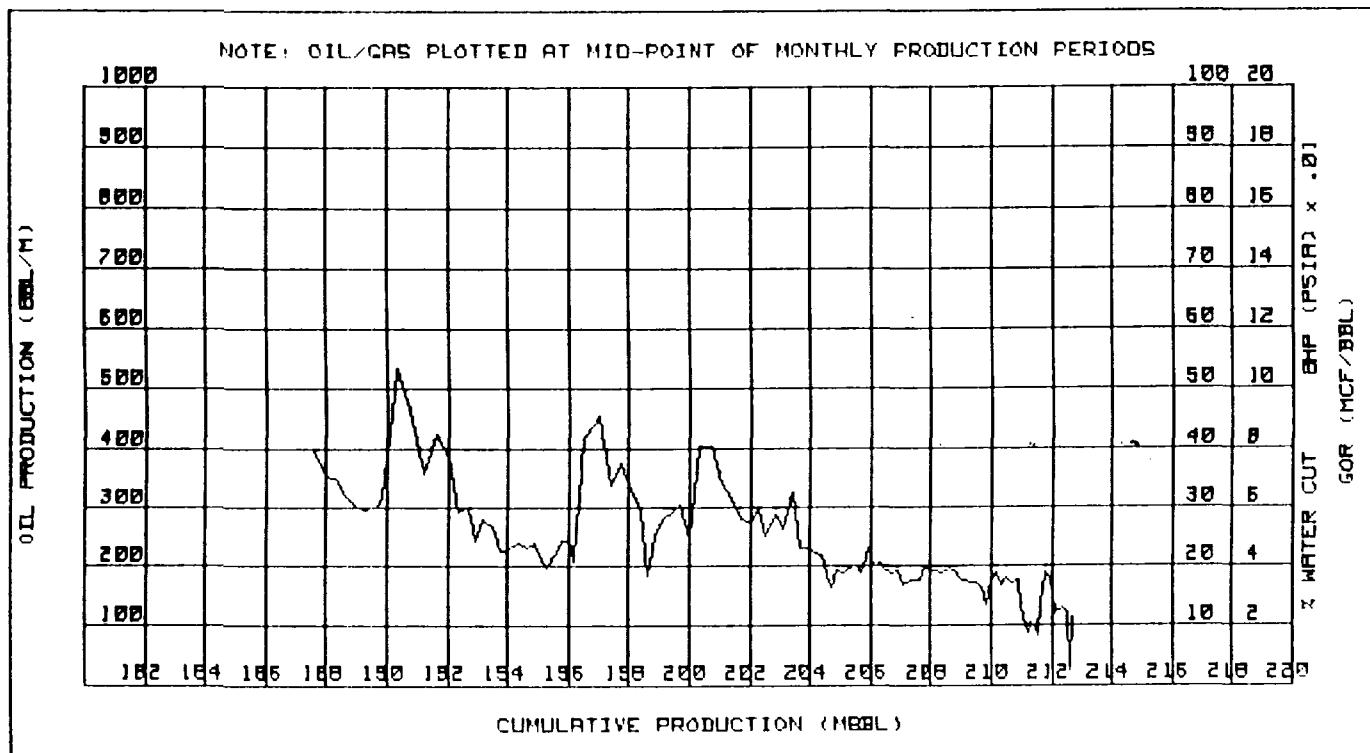
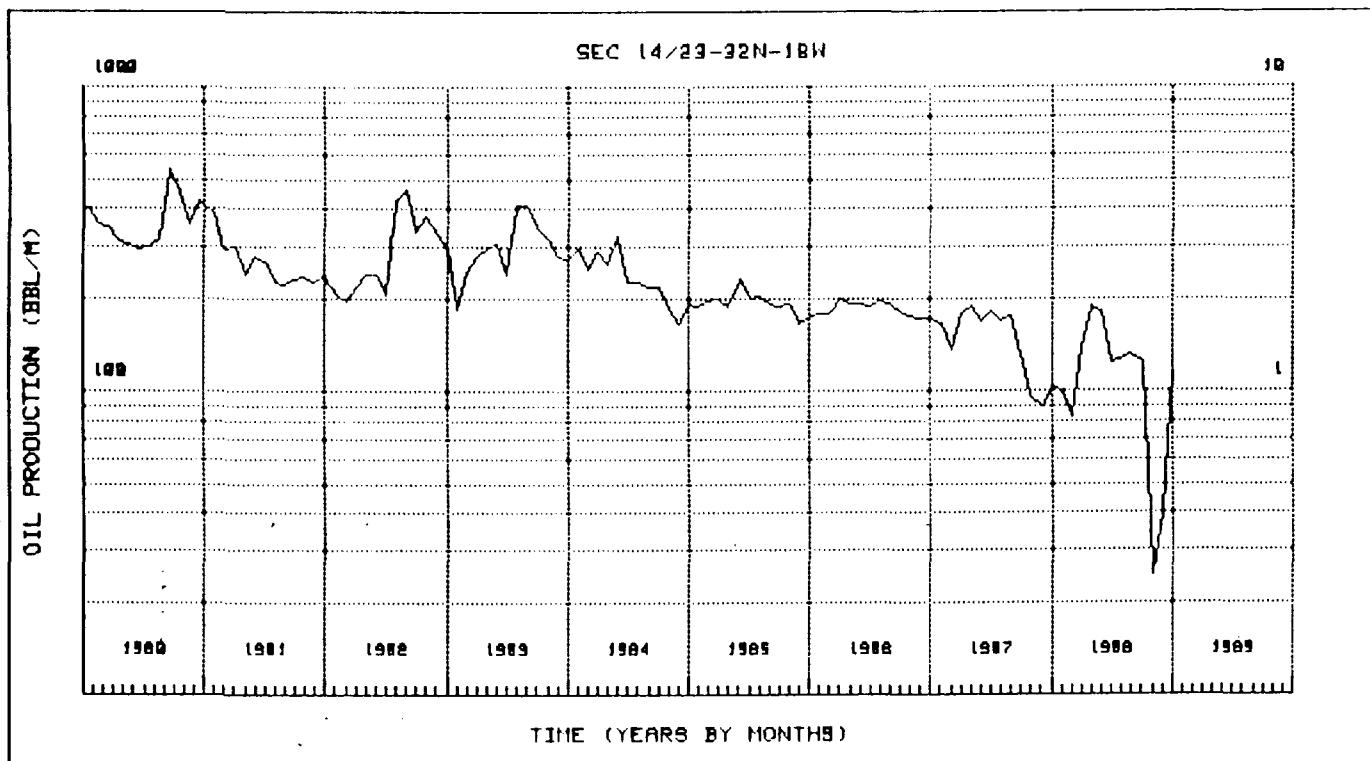
Oper.: GRAND RES. INC.
API #: 3004560002.00

SAN JUAN, NM
Record number 27

Cumulative production for period 6-1973 --> 12-1988 OIL: 212,748 BBL WATER: 0 BBL
GAS: 0 MCF Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodtn.: JUL. AUG. SEP. OCT. NOV. DEC.
OIL (BBL) 126 131 124 25 40 116
GAS (MCF) 0 0 0 0 0 0
WATER (BBL) 0 0 0 0 0 0

OIL OR GAS PRODUCTION — COR — % WATER CUT — — BHP OR BHP/Z *



Field Name : MESA GALLUP
Formation : GALLUP
Date of First Production : 6- 73
Oil Purchaser : -

Date of First Recorded Data : 1- 80
Oil Cum as of Above Date : 187380

Operator : GRAND RES. INC.
Lease : NAVAJO C 1 - 6
Location : SEC 14/23-32N-18W
API/RRC/OTC: 3004560002.00
SAN JUAN CO., NM
Record Number = 27

File Name : P30045:55

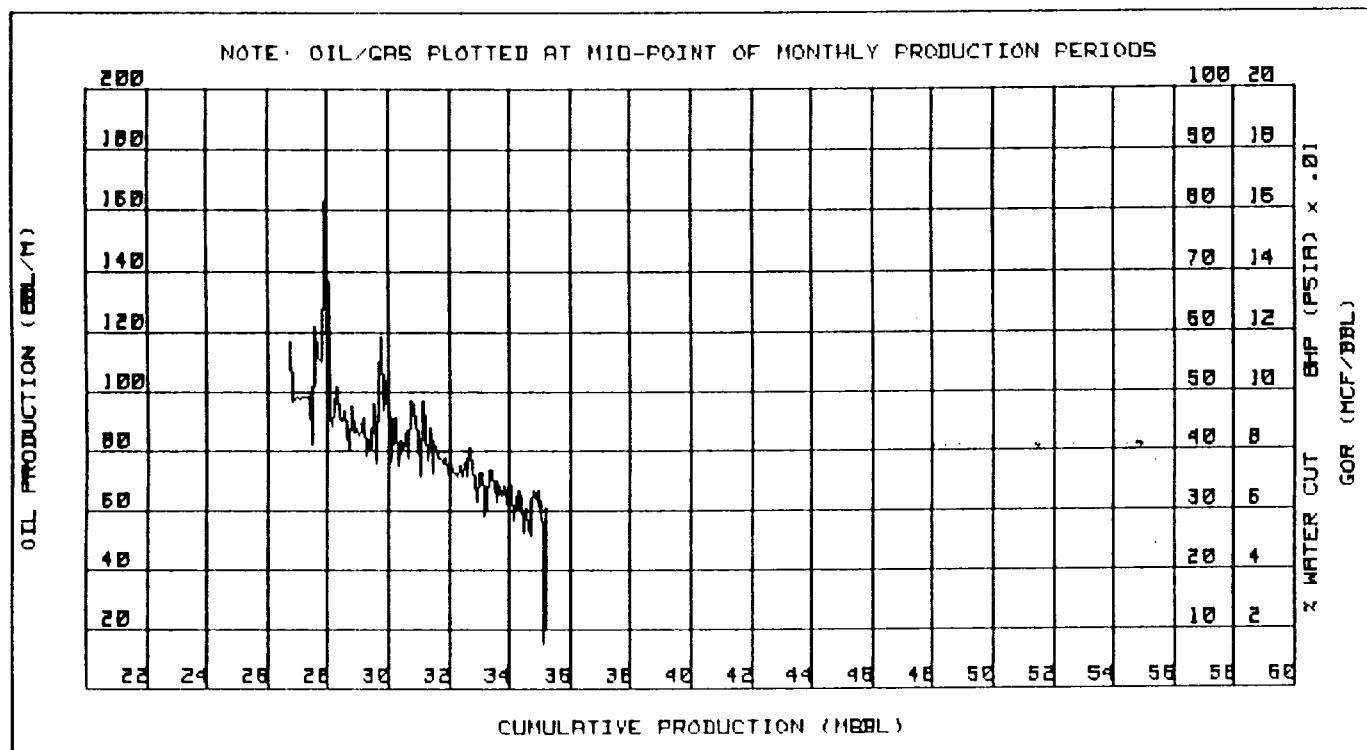
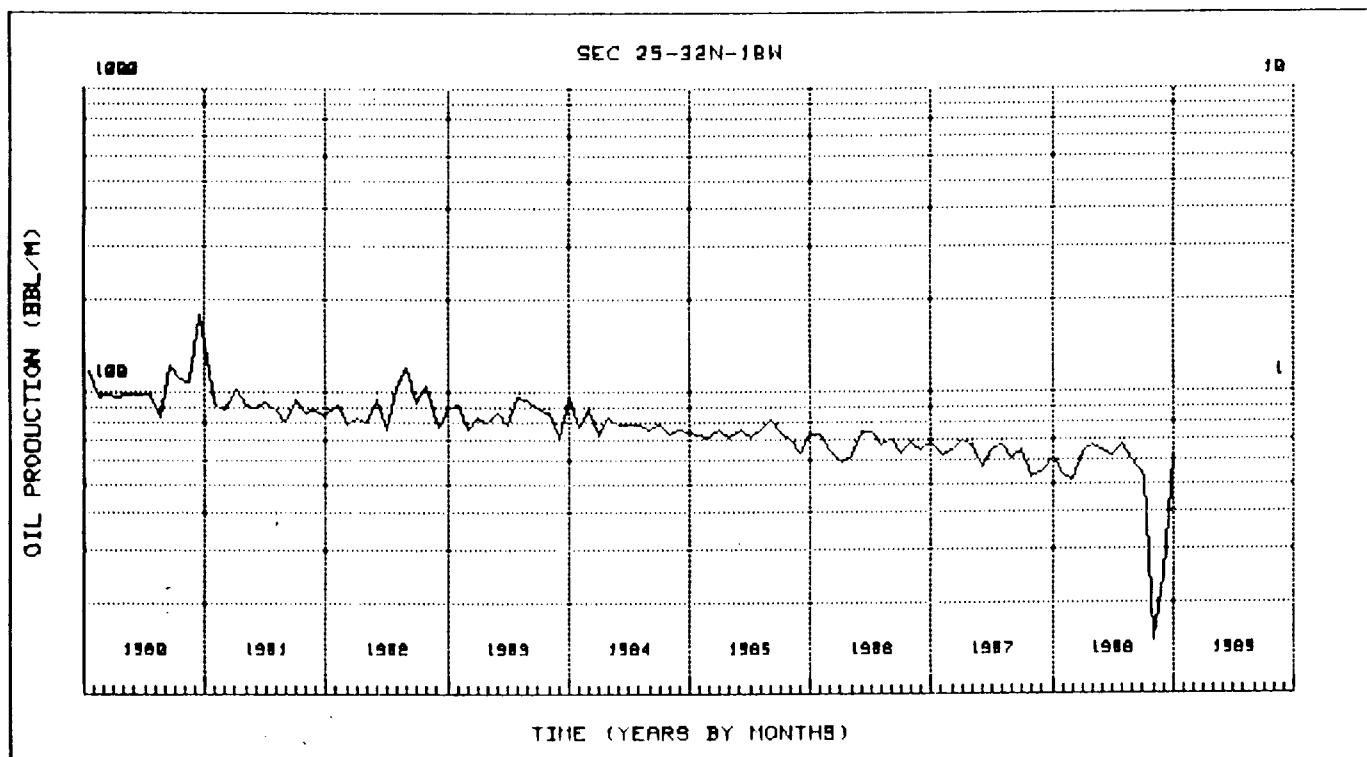
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	CUM
80 OIL B/M	399	357	353	321	308	297	300	319	535	451	361	427	4428	191808
81 OIL B/M	388	295	304	245	281	270	229	228	234	240	230	239	3183	194991
82 OIL B/M	211	196	220	243	242	209	424	458	338	377	332	296	3546	198537
83 OIL B/M	185	251	280	294	306	246	408	408	342	320	281	276	3597	202134
84 OIL B/M	297	254	288	264	325	232	231	223	220	185	165	193	2877	205011
85 OIL B/M	191	197	200	191	233	202	207	192	189	194	167	174	2337	207348
86 OIL B/M	179	178	202	173	193	189	196	192	163	176	173	174	2228	209576
87 OIL B/M	165	137	178	191	168	183	171	175	131	98	90	105	1792	211368
88 OIL B/M	100	84	139	189	182	124	126	131	124	25	40	116	1380	212748

Lease: AZTEC NAVAJO A4&5 Oper.: GRAND RES. INC. SAN JUAN, NM
 Form.: GALLUP API #: 3004560000.00 Record number 1

Cumulative production for period 6-1973 --> 12-1988	OIL: 35,243 BBL	WATER: 0 BBL
	GAS: 0 MCF	Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodctn.:	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
OIL (BBL)	67	60	53	15	25	61
GAS (MCF)	0	0	0	0	0	0
WATER (BBL)	0	0	0	0	0	0

OIL OR GAS PRODUCTION — COR — % WATER CUT — — BHP OR BHP/Z *



Field Name : MESA GALLUP
Formation : GALLUP
Date of First Production : 6- 73
Oil Purchaser : -

Date of First Recorded Data : 1- 80
Oil Cum as of Above Date : 26704

Operator : GRAND RES. INC.
Lease : AZTEC NAVAJO A445
Location : SEC 25-32N-18W
API/RRC/OTC: 3004560000.00
SAN JUAN CO., NM
Record Number = 1

File Name : P3045:55

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	CUM
80	OIL B/M	117	97	99	98	99	99	99	83	122	112	110	181	1316	28020
81	OIL B/M	93	89	102	91	90	94	88	80	95	86	88	85	1081	29101
82	OIL B/M	91	79	84	80	96	76	104	119	94	105	77	88	1093	30194
83	OIL B/M	91	75	84	80	86	78	97	96	88	86	72	97	1030	31224
84	OIL B/M	77	88	73	84	79	78	78	76	78	73	76	74	934	32158
85	OIL B/M	73	72	75	72	76	72	75	81	74	70	64	73	877	33035
86	OIL B/M	73	65	59	63	74	74	67	70	64	69	65	69	812	33847
87	OIL B/M	63	65	70	68	57	65	67	61	65	53	56	61	751	34598
88	OIL B/M	54	52	64	67	65	62	67	60	53	15	25	61	645	35243

Lease: NAVAJO #3 - 12
Form.: GALLUP

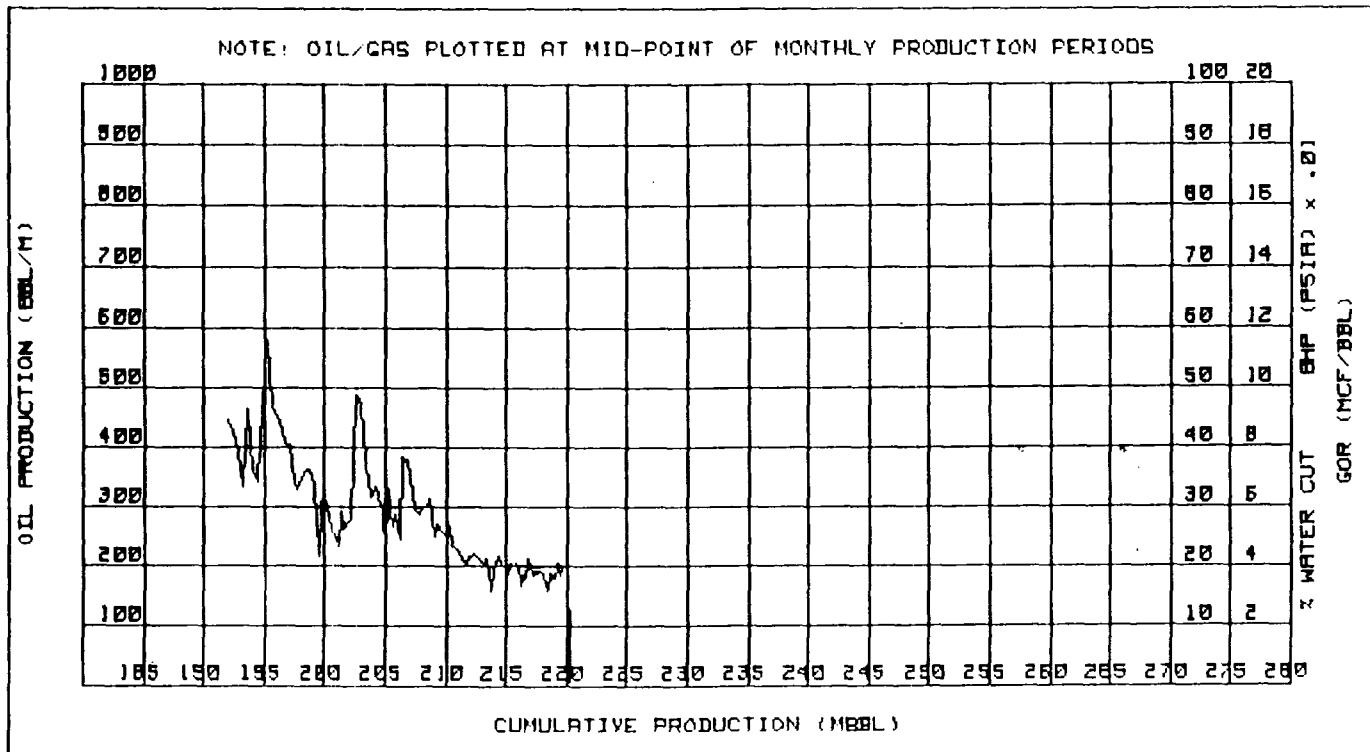
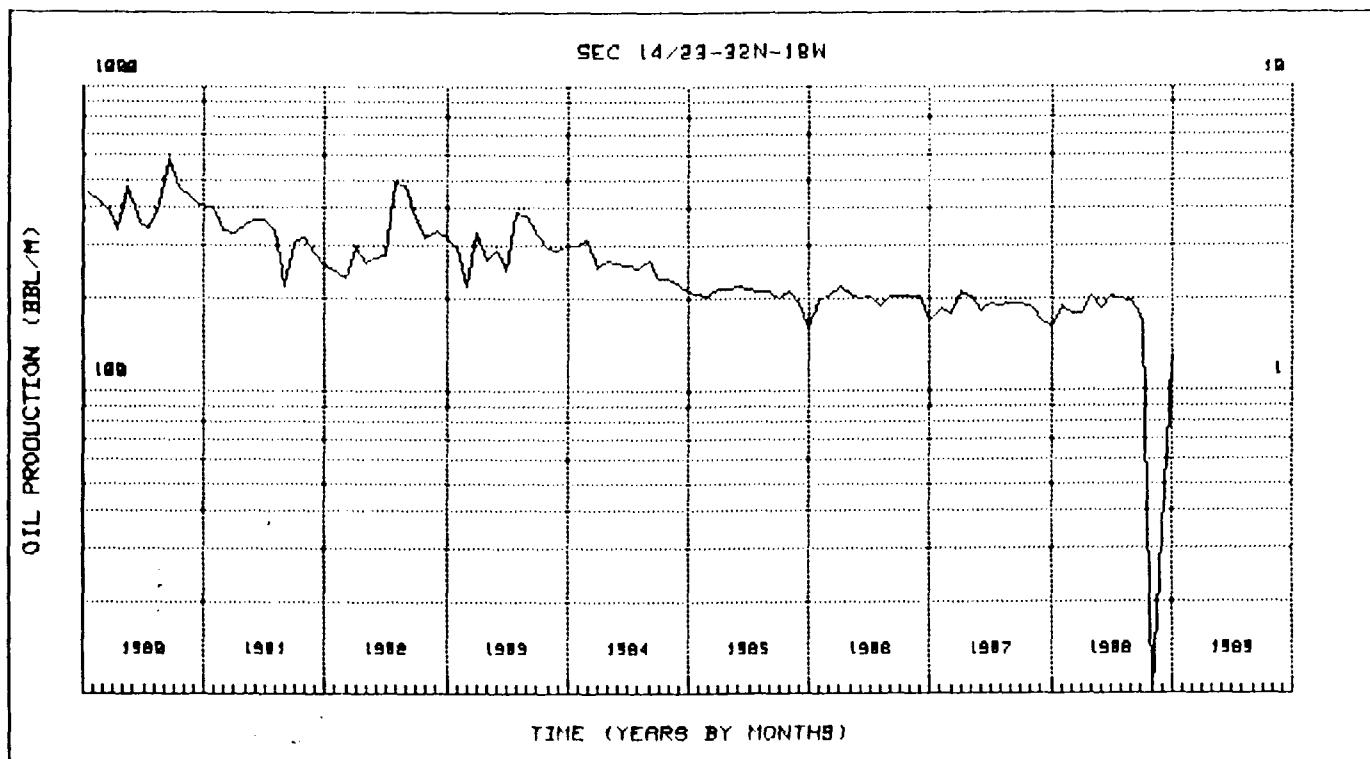
Oper.: GRAND RES. INC.
API #: 3004560001.00

SAN JUAN, NM
Record number 14

Cumulative production for period 6-1973 --> 12-1988 OIL: 220,392 BBL WATER: 0 BBL
GAS: 0 MCF Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodtn.: JUL. AUG. SEP. OCT. NOV. DEC.
OIL (BBL) 203 198 171 10 33 127
GAS (MCF) 0 0 0 0 0 0
WATER (BBL) 0 0 0 0 0 0

OIL OR GAS PRODUCTION — COR — % WATER CUT — — BHP OR BHP/Z X



Field Name : MESA GALLUP
Formation : GALLUP
Date of First Production : 6- 73
Oil Purchaser : -

Date of First Recorded Data : 1- 80
Oil Cum as of Above Date : 191738

Operator : GRAND RES. INC.
Lease : NAVAJO #3 - 12
Location : SEC 14/23-32N-18W
API/RRC/OTC: 3004560001.00
SAN JUAN CO., NM
Record Number = 14

File Name : P30045:55

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	CUM
80	OIL B/M	448	426	393	335	466	361	344	409	582	469	442	409	5084	196822
81	OIL B/M	405	340	330	354	365	363	339	220	307	318	285	260	3886	200708
82	OIL B/M	250	236	295	264	275	280	490	474	374	318	337	317	3910	204618
83	OIL B/M	294	222	331	268	288	249	386	381	324	297	291	303	3634	208252
84	OIL B/M	300	313	252	271	265	257	252	267	235	234	227	214	3087	211339
85	OIL B/M	211	207	219	219	222	219	215	212	201	214	194	161	2494	213833
86	OIL B/M	197	206	220	208	200	206	191	206	204	205	204	168	2415	216248
87	OIL B/M	187	180	213	204	184	194	191	192	193	189	168	162	2257	218505
88	OIL B/M	190	180	180	206	185	204	203	198	171	10	33	127	1887	220392

Lease: 6 NAVAJO LSES
Form.: GALLUP

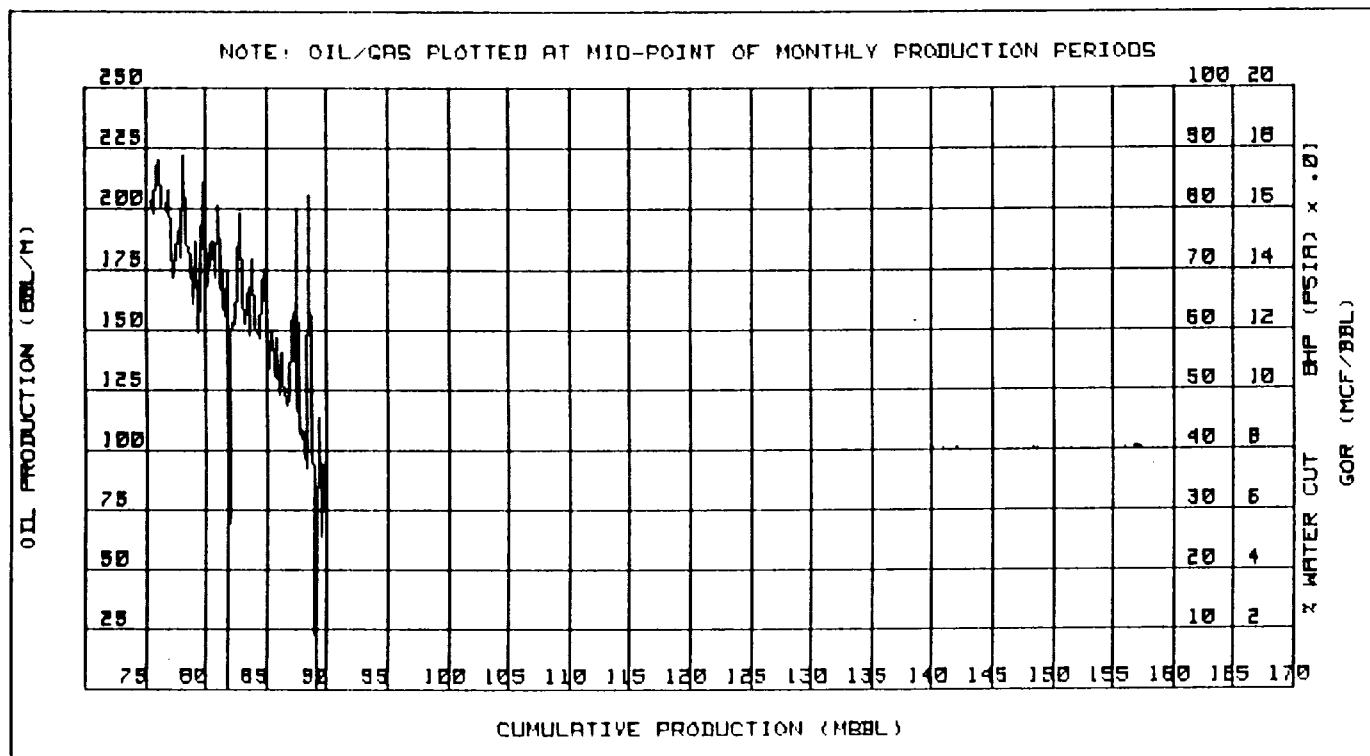
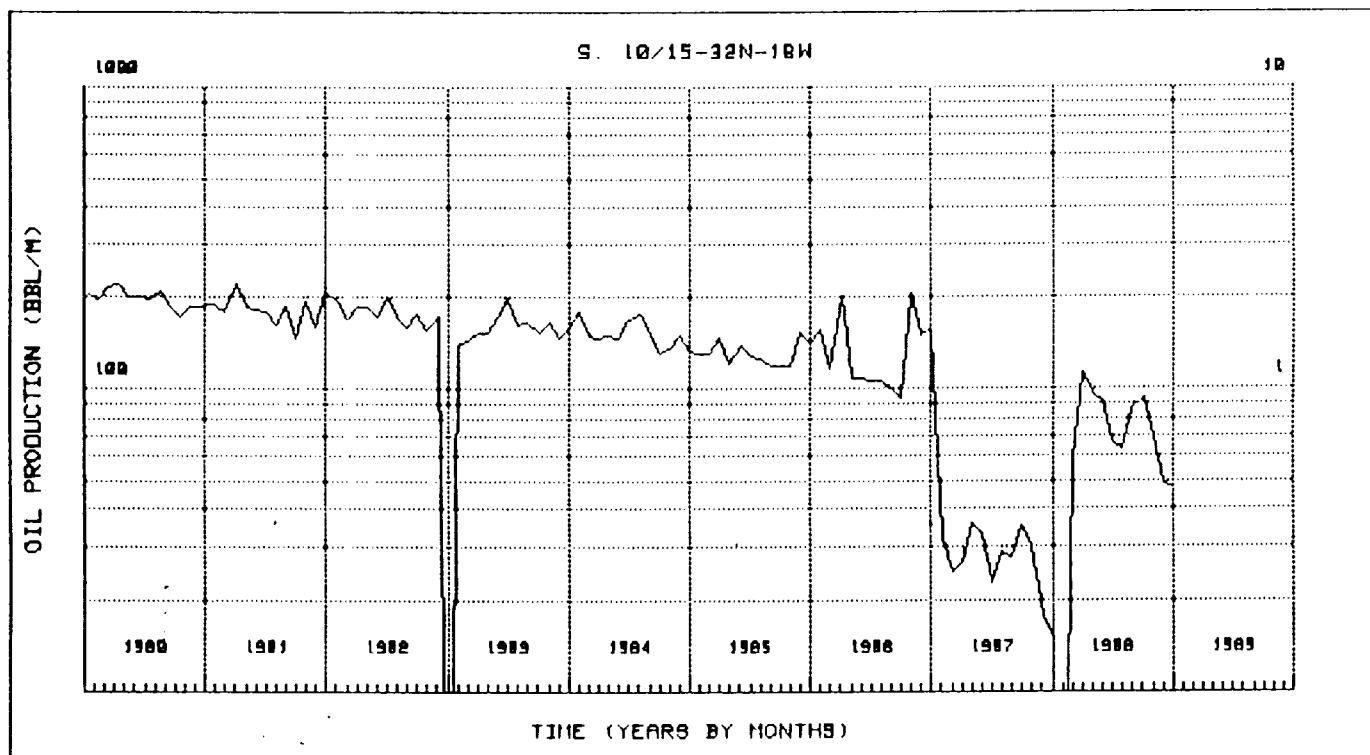
Oper.: ARI-MEX
API #: 3004560003.00

SAN JUAN, NM
Record number 40

Cumulative production for OIL: 89,985 BBL WATER: 0 BBL
period 6-1973 --> 12-1988 GAS: 0 MCF Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodctn.: JUL. AUG. SEP. OCT. NOV. DEC.
OIL (BBL) 64 87 94 70 49 48
GAS (MCF) 0 0 0 0 0 0
WATER (BBL) 0 0 0 0 0 0

OIL OR GAS PRODUCTION — GOR — % WATER CUT — BHP OR BHP/Z *



Field Name : MESA GALLUP
Formation : GALLUP
Date of First Production : 6- 73
Oil Purchaser :

Date of First Recorded Data : 1- 80
Oil Cum as of Above Date : 75339

Operator : ARI-MEX
Lease : 6 NAVAJO LSES
Location : S. 10/15-32N-18W
API/RRC/DTC: 3004560003.00
SAN JUAN CO., NM
Record Number = 40

File Name : P300456SS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	CUM
80 OIL B/M	204	198	218	220	200	201	199	208	185	172	186	187	2378	77717
81 OIL B/M	191	181	222	188	183	181	162	187	149	193	159	211	2207	79924
82 OIL B/M	194	169	186	187	172	202	174	160	176	157	174	0	1951	81875
83 OIL B/M	139	146	154	154	172	198	162	165	154	166	148	159	1917	83792
84 OIL B/M	180	150	149	151	147	168	175	150	133	137	150	135	1825	85617
85 OIL B/M	132	131	147	123	141	129	126	119	120	121	155	142	1586	87203
86 OIL B/M	158	117	201	108	109	106	107	100	93	206	150	157	1612	88815
87 OIL B/M	32	25	27	36	33	23	29	28	35	30	18	15	331	89146
88 OIL B/M	0	58	114	97	91	67	64	87	94	70	49	48	839	89985

Lease: HORSESHOE #2E
Form.: GALLUP

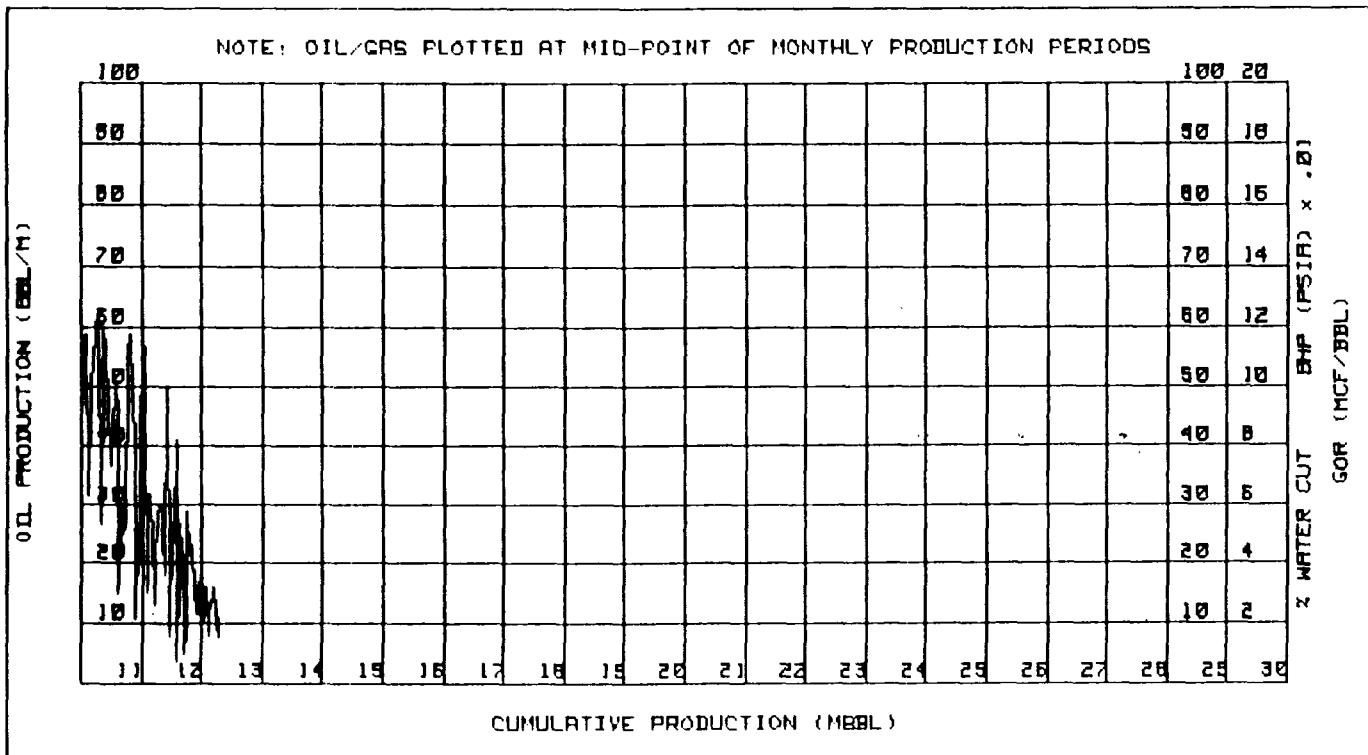
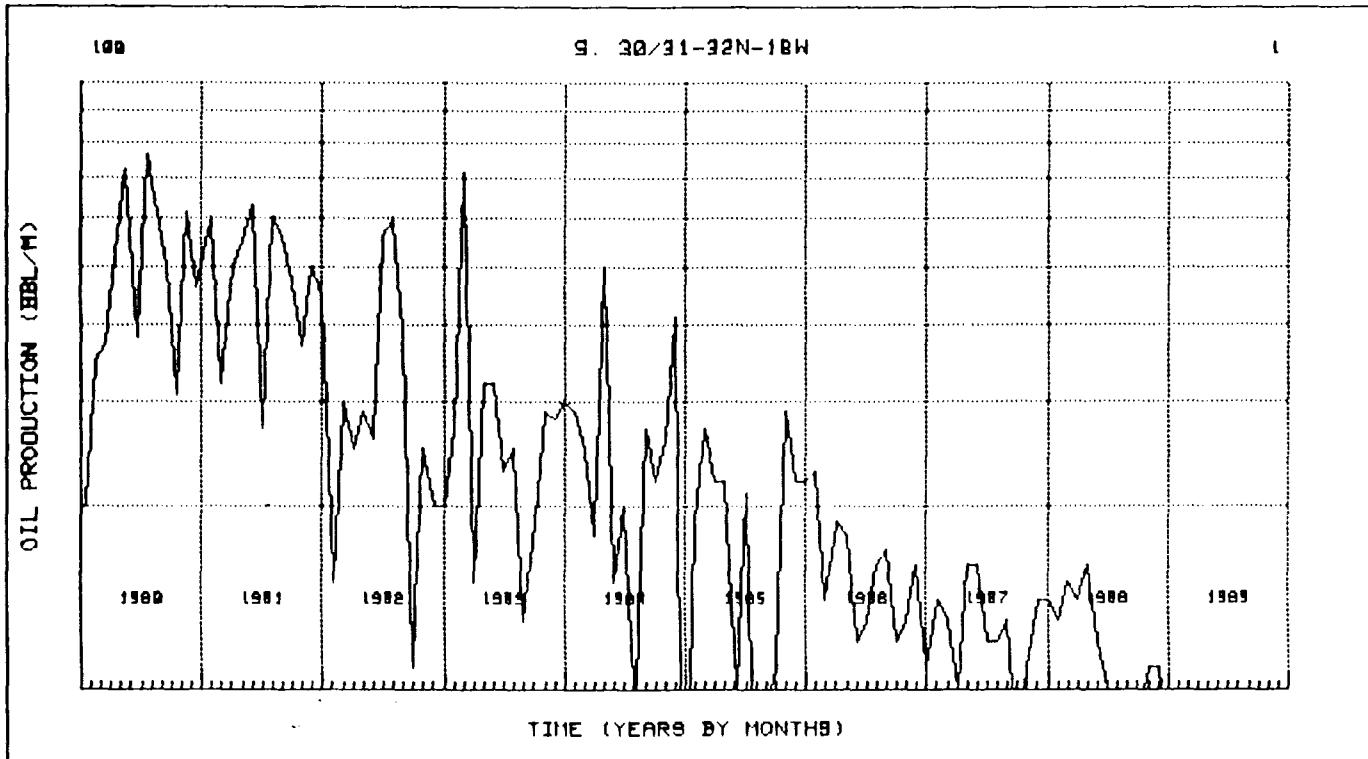
Oper.: DUGAN PROD.
API #: 3004560004.00

SAN JUAN, NM
Record number 53

Cumulative production for period 1-1973 --> 12-1988 OIL: 12,297 BBL WATER: 0 BBL
GAS: 0 MCF Cum GOR: 0.00 MCF/BBL

Last 6 Mos. Prodctn.: JUL. AUG. SEP. OCT. NOV. DEC.
OIL (BBL) 10 10 8 11 11 8
GAS (MCF) 0 0 0 0 0 0
WATER (BBL) 0 0 0 0 0 0

OIL OR GAS PRODUCTION — COR — % WATER CUT — — BHP OR BHP/Z *



Field Name : MESA GALLUP
Formation : GALLUP
Date of First Production : 1- 73
Oil Purchaser :-

Date of First Recorded Data : 1- 80
Oil Cum as of Above Date : 9459

Operator : DUGAN PROD.
Lease : HORSESHOE #2E
Location : S. 30/31-32N-18W
API/RRC/DTC: 3004560004.00
SAN JUAN CO., NM
Record Number = 53

File Name : P30045:55

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	CUM
80 OIL B/M	28	35	37	52	72	38	76	61	50	31	61	46	579	10038
81 OIL B/M	59	32	50	55	63	27	60	56	47	37	50	45	581	10619
82 OIL B/M	15	30	25	29	26	56	59	39	11	25	20	20	355	10974
83 OIL B/M	27	71	15	32	32	23	25	13	19	29	28	30	344	11318
84 OIL B/M	29	25	18	50	15	20	8	27	22	26	41	4	285	11603
85 OIL B/M	19	27	22	22	10	21	5	9	11	29	22	22	219	11822
86 OIL B/M	23	14	19	18	12	13	16	17	12	13	16	11	184	12006
87 OIL B/M	14	13	10	16	16	12	12	13	8	11	14	14	153	12159
88 OIL B/M	13	15	14	16	12	10	10	10	8	11	11	8	138	12297

APPENDIX 2

WELL DATA

WELL NAME S-T-R	API NO X	OPERATOR Y	FORMATION KH (md-ft)			ELEVATION AUG K (md)
			TOP SAND(SSL)	BASE SAND(SSL)	TOTAL DEPTH POROSITY(PCT)	
SUM OIL(12/88)	IBOPD	BOPM(12/88)	9**	ALL		
HORSESHOE #2-E	-	DUGAN PROD	0	6-17-64	1175	5525
30-32N-17W	330	3210		8	-	-
5525	4467	4475		8	ALL	GAL 150
12.28	10	8	9**			
HORSESHOE #B 1-H-		DUGAN PROD	G	3-29-64	1145	5490
31-32N-17W	4620	3300		8	-	-
5490	4420	4412		9**	ALL	GAL 60
3 . 0	4	0				
NAVAJO #2	30-045-11498	HAYNES & UT DRLLGDH	G	5-11-64	1183	5253
10-32N-18W	350	540		0	-	-
5253	4157	4139		0	ALL	GAL 0
NAVAJO #5-0	30-045-20111	ARI-MEX	G	10-4-67	1873	5810
10-32N-18W	3300	440		14	-	-
5810	4146	4132		0	ALL	GAL 700
NAVAJO #6	-	EXPL DRLG	DH	1-6-62	1372	5424
13-32N-18W	760	365		6	9	8
5424	4024	4018		0	ALL	GAL 49
0	0	0				
NAVAJO 'C' #7-M	-	EXPL DRLG	DH	4-6-9	1327	5338
14-32N-18W	990	990		6	-	-
5338	4064	4050		0	ALL	GAL 60
0	0	0				
NAVAJO TRIBAL C	-	MURPHY OIL CORP	O	4-3-62	1380	5347
14-32N-18W	2970	330		9	13.7	62
5347	4040	4031		4	ALL	GAL 556
25.89	36	36	9**			
NAVAJO TRIBAL C	30-045-20251	EXPL DRLG	O	3-31-68	1762	5724
14-32N-18W	330	2310		23	17	214
5724	4085	4060		90	ALL	GAL 5555
48.66	84	84	9**			

WELL NAME	API NO	OPERATOR	WELL CODE			TOTAL DEPTH	ELEVATION	AUG K (md)	FORMATION KH (md-ft)
			COMP DATE	NET FT	POROSITY (PCT)				
S-T-R	X	Y							
TOP SAND(SS)	TOPD		BASE SAND(SS)						
CUM OIL(12/88)			BOPM(12/88)	9**					
NAVAJO #4-J	-		AMALGAMATED PET	CWI					
14-32N-18W	3570		1650	11-20-61		1365	5347	GAL	529
5347	4036		4025	3		12.1	178		
5.7	6		0	9**		ALL			
NAVAJO TRIBAL C	30-045-20430		EXPL DRLG	0					
14-32N-18W	1720		650	3-27-69		1310	5306	GAL	1112
5306	4062		4040	.17		14.5	65		
22.5	77		22	9**		ALL			
NAVAJO C #1-H	30-045-11472		ARI MEX	CWI					
15-32N-18W	4595		3580	5-2-64		1276	5311	GAL	2400
5311	4089		4071	18		-	133		
48.69	32		40	9**		ALL			
NAVAJO #3-A	30-045-11478		ARI MEX	0					
15-32N-18W	4530		4335	5-30-64		1312	5360	GAL	215
5360	4110		4100	10		-			
19.2	19		8	9**		ALL			
NAVAJO #7-C	30-045-20409		AAA FISHING TOOLDH	0					
15-32N-18W	2310		4950	2-24-69		1295	5390	GAL	0
5390	4196		4192	0		0			
0	0		8			ALL			
NAVAJO 'B'	#1-G	30-045-20621	AAA FISHING TOOLDH	12-18-70		1285	5278	GAL	0
15-32N-18W	3780		3660	12		0			
5278	4080		4075	6		ALL			
0	0		8						
NAVAJO #4-J	30-045-20208		AAA FISHING TOOLDH	1-24-68		1414	5422	GAL	40
15-32N-18W	3830		2510	0		0	0		
5422	4167		0			ALL			
0	0		8						
NAVAJO 'B'	#3-B	30-045-20627	ARI MEX	0					
15-32N-18W	3430		4130	3-27-70		1275	5318	GAL	40
5318	4120		4114	6		-			
6.8	62		5	9**		ALL			

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WELL NAME	API NO	OPERATOR	WELL CODE	TOTAL DEPTH	ELEVATION	FORMATION
X	X	Y	COMP DATE	NET FT	Avg K (md)	KH (md-ft)
EL Elevation	TOP SAND(S)	BASE SAND(S)	9**	POROSITY(PCT)		
SUM OIL(12/88)	IBOPD	BOPM(12/88)		ALL		
NAVAJO 'B' #2-1	30-045-20622	ARI MEX	O	8-15-70	1718	GAL 50
15-32N-18W	4950	2310		12	-	
5696	4084	4072		9**	5696	
3.5	-	1		ALL	-	
NAVAJO #6-H	30-045-20271	ARI MEX	O	5-16-68	1360	GAL 400
15-32N-18W	4950	3030		22	-	
5374	4092	4070		9**	5374	
13.0	-	0		ALL	-	
NAVAJO #8-A	-	ARI MEX	O	2-15-62	1445	GAL 36
23-32N-18W	4950	4330		13	10.6	
5421	4043	4031		9**	5421	
31.4	23	0		ALL	2.8	
NAVAJO #5	-	EXPL DRLG	O	2-15-62	1445	GAL 0
23-32N-18W	3345	2135		13	10.6	
5375	-	-		9**	5375	
0	0	0		ALL	-	
NAVAJO #11-B	-	EXPL DRLG	CWI	1-28-62	1436	GAL 202
23-32N-18W	3630	4950		6	11.8	
5416	4042	4026		9**	5416	
56.38	87	14		ALL	34	
NAVAJO TRIBAL C	-	TEX PACIFIC	O	3-22-62	1478	GAL 900
23-32N-18W	4950	3630		10	-	
5461	4054	4044		9**	5461	
47.27	89	0		ALL	-	
NAVAJO #7-E	-	EXPL DRLG	O	1-19-62	1482	GAL 1381
24-32N-18W	330	2970		13	13.7	
5565	4155	4136		9**	5565	
70.38	88	20		ALL	106	
NAVAJO TRIBAL C	-	TEX PACIFIC	O	3-6-62	1300	GAL 1000
24-32N-18W	660	2310		13	-	
5432	4211	4199		9**	5432	
47.20	92	0		ALL	-	

WELL NAME	API NO	OPERATOR	WELL CODE	FORMATION KH (nd-ft)		
				TOP SAND(SS)	BASE SAND(SS)	TOTAL DEPTH POROSITY(PCT)
X-36-T-R ELEVATION OIL(12/88)	1BOPD	BOPM(12/88)	9***	NET FT	9***	ALL
NAVAJO TRIBAL C 24-32N-18W	1680	MURPHY OIL	0	4-15-62	1510	GAL 1214
55702 21, 24	4255 28			10	14, 2	
				9**	ALL	
NAVAJO #12-F 24-32N-18W	-	EXPL DRLG	0	3-25-62	-	5685 23
5685 11, 51	1780 4164 8			4	15, 6	
				9**	ALL	
NAVAJO #3-N 24-32N-18W	1980	AMALGAMATED	CWI	8-15-61	1163	GAL 500
5451 56, 55	4347 49			19	-	
				9**	ALL	
AZTEC NAVAJO 'A' 25-32N-18W	3300	EXPL DRLG(TEXACOO	11-11-61	1120	5451	
5468 25, 56	4387 8			12	-	
				9**	ALL	
TRACY #1 25-32N-18W	1610	WILBUR STEVENS	DH	1-10-79	5468	
5471 0	4540 0			0	-	
				61	ALL	
NAVAJO #6 25-32N-18W	3300	R.L. BAYLESS	DH	1610	5471	
5449 0	-			7-2-64	-	
				0	ALL	
S. BLUE HILLS #1-	-	ZOLLER & DANNEBEDH	DH	1093	GAL 0	
5449 0	3300			0		
				61	ALL	
TEXAS NAVAJO 'A'- 25-32N-18W	4745	AZTEC O & G	DH	1573	5449	
5498 0	-			0	-	
				1616	ALL	

WELL NAME	API NO	OPERATOR	WELL CODE	TOTAL DEPTH	ELEVATION	FORMATION
S-T-R	X	Y	COMP DATE	POROSITY(PCT)	Avg K (md-ft)	KH (md-ft)
ELEVATION	TOP SAND (SS)	BASE SAND (SS)	NET FT	ALL		
CUM OIL(12/88)	BOPD	BOPM(12/88)	9**			
AZTEC NAVAJO 'A' -			EXPL DRLG (TEXACO)			
25-32N-18W	1980	4670	2-1-62	1062	5426	GAL
5426	4381	4387	7	-	-	70
9.7	5	0	9**	ALL		
AZTEC & NAVAJO	'30-045-11151	TEXACO INC	G	8150	5364	GAL
36-32N-18W	660	660	5-8-62	-	-	-
5364	-	-	-	ALL		
TRIBAL #1-30	-	BAUNGARTNER	DH	-	-	GAL
30-32N-17W	3300	3300	-	-	-	-
-	-	-	0	-	ALL	
NAVAJO C #1 LOC	-	GRAND RSC	DH	-	-	GAL
14-32N-18W	1900	1900	-	-	-	-
-	-	-	0	-	ALL	
AZTEC NAVAJO A #-		GRAND RSC	L	-	-	GAL
25-32N-18W	4400	4400	-	-	-	-
-	-	-	17	-	ALL	
NAVAJO C #3 LOC	-	GRAND RSC	L	-	-	GAL
23-32N-18W	4800	2150	-	-	-	-
-	-	-	4	-	ALL	
NAVAJO C #4 LOC	-	GRAND RSC	L	-	-	GAL
14-32N-18W	400	3050	-	-	-	-
-	-	-	19	-	ALL	
			9**			