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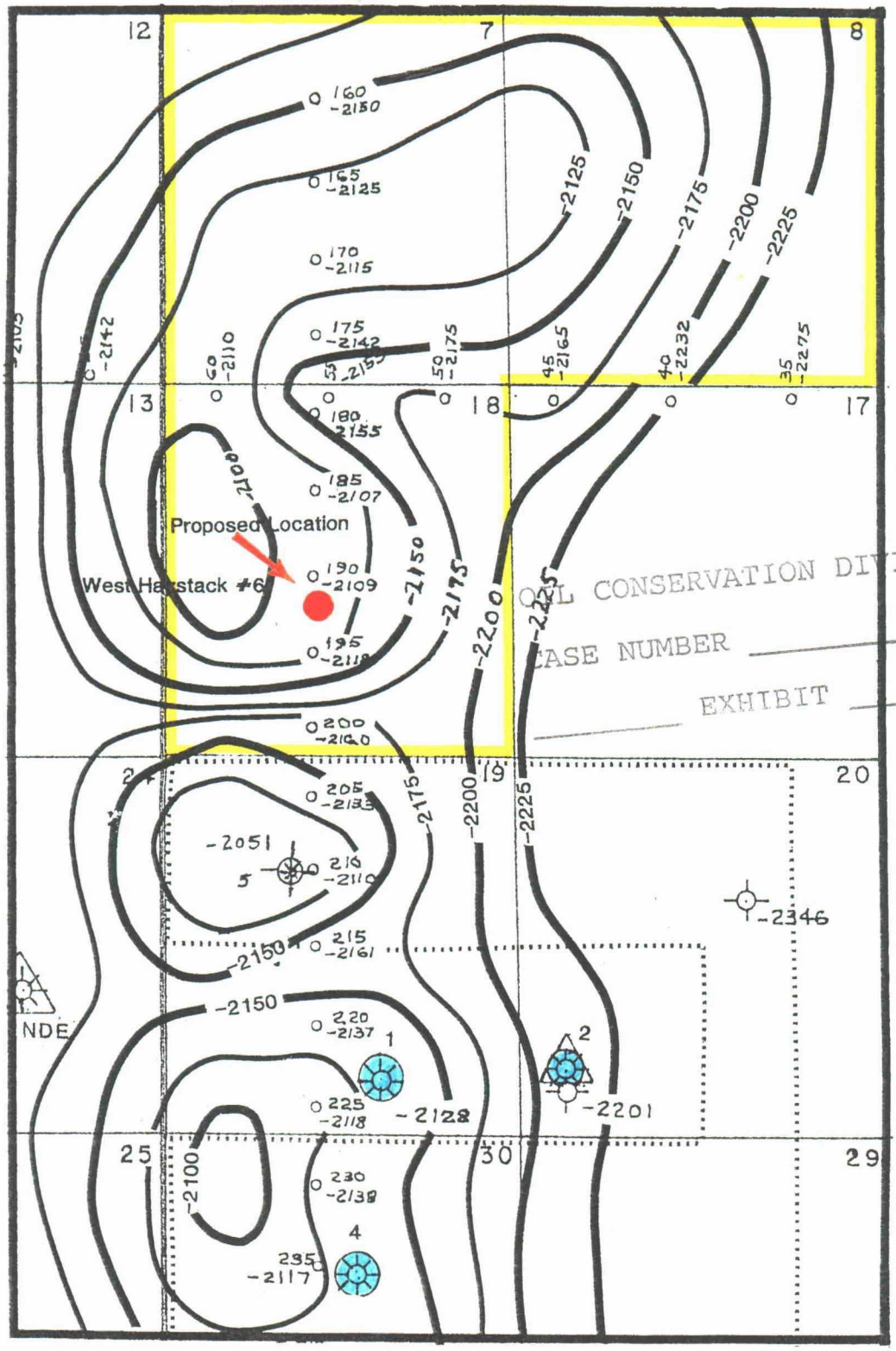
WEST HAYSTACK AREA
CHAVES CO., NEW MEXICO
SEISMIC STRUCTURE MAP
MISSISSIPPIAN FM.
T6S-R27E
PROPOSED FEDERAL UNIT
C.I. 25'

B.Bradshaw/MT 2/2003



OIL CONSERVATION DIVISION
CASE NUMBER
EXHIBIT 1

GEOLOGIC SUMMARY

WEST HAYSTACK UNIT

Read & Stevens, Inc. recommends drilling a well in the SW/4 of Section 18, Township 6 South, Range 27 East, Chaves County, New Mexico. The primary objective is the Cisco formation that produces natural gas at 5,600'. This carbonate reservoir is productive from Cisco limestone pay zones 20-30' in thickness (See attached cross-section for "Typelog"). Read & Stevens drilled four wells in Sections 19, 20, & 30, Township 6 South, Range 27 East. Two of these wells produced gas from the Cisco formation, which is structurally trapped. The enclosed Mississippian seismic map reflects the Cisco structure. The West Haystack #1 & #4 drilled in sections 19 & 30 are commercial wells respectively that produce from the Cisco and are projected to make 1.3 BCFG per well. The down dip limit of the field has been tested in the West Haystack #2 in the SW/4 of Section 20, which tested 2.2 MMCFD before watering out. This well defines the approximate down dip edge of the productive limit of the field. The (-2225) subsea contour on the Miss seismic map illustrates the down dip edge of this gas field. The West Haystack #5 most recently drilled in the W/2 of Section 19 was structurally high but encountered low permeable Cisco reservoir that is non-productive. The better Cisco production appears to be associated with gas wells located along the flanks of this structure. Read & Stevens purchased additional seismic and land to develop their Cisco play to the North/Northeast. The recent increase in gas price is an incentive to drill the untested structures in sections 7, 8, & 18, Township 6 South, Range 27 East.