

- NMGSAU #2008 -- 11r F. Sec 6, T20S, R37E: Re-completed this TA'd well to the Grayburg gas cap. The well is producing about 10 MCFD and 50 BWPD; we anticipate that gas rates will increase as this well slowly pumps-off.
- Shell State 'GA' #2 -- 11r M. Sec 16, T20S, R37E: Installed artificial lift after gas rates dropped from about 200 MCFD to 10 MCFD. The workover successfully re-established gas rates of 200 MCFD.

Reference: Federal 'A' #2 API # 3002507239

The Federal 'A' #2 is in the AHC Bronco Field (located in T13S, R38E) with last production in 1992. This wellbore has production potential in the Siluro-Devonian and with current improved oil prices is being evaluated for re-activation. The wellbore is also being re-examined for up-hole re-completion potential. At this time we have not determined if any commercial up-hole pay exists and therefore can not commit to a production test date.

Should the wellbore be determined not to contain adequate production potential, AHC would like to maintain this wellbore for possible future use as a replacement water disposal well in the Bronco Field. The well would be converted to disposal status if one of our current water disposal wells has non-repairable failure.

The estimated cost to replace this well is \$800,000. Since the well is in sound mechanical condition and we anticipate a future potential, AHC prefers not to plug and abandon the well.

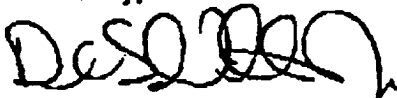
Reference: NMGBSA UNIT #17 API # 3002504174

The North Monument Grayburg/San Andres Unit was unitized January 1, 1992, for the purpose of instituting a pressure maintenance project by waterflooding the Grayburg zone. AHC, operator of the NMGSAU, is developing the waterflood in stages as pertinent data regarding the efficient design and economic implementation of this waterflood becomes available.

The referenced well, known in the 'unit' as NMGSAU 1817, is slated and approved as a future water injection well. AHC feels, while wellbore integrity is good, the well in its pressure depleted state is not currently capable of economic quantities of oil and/or gas and desires to leave this well TA'd until such time it is converted to injection or returned to production as unit operations warrant.

Should you desire additional information please feel free to call our Monument Office. Test schedules as shown on Sundries can be altered to meet BLM witness needs. Your consideration is appreciated.

Sincerely,



Robert L. Williams Jr.
Senior Production Foreman

Jeff Hermann
Senior Professional Petroleum Engineer
AHC Houston Office - U.S. E&P - Reservoir

Ken Sigi
Senior Petroleum Engineer
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Attachments: (6) forms 3160-5, (6) wellbore diagrams

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