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NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Beach Exploration
1903

Eddy, Co.

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

WFX-851

notice 2-27-09

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Artesia

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

1000 PSI
Queen formation

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

13 existing well Phase I
5 additional Phase II

- [D] Other: Specify _____

182
1 wells?

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

Eastland Queen Unit waterflood Project.
Phase I only!

WFX-751
WFX-850

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

James Bruce
 P.O. Box 1056
 Santa Fe, New Mexico 87504

James Bruce
 Signature

Attorney for Applicant
 Title Date

2/27/09

jamesbruc@aol.com
 e-mail Address

A-12833

Uden?

NOTICE

To whom it may concern: Beach Exploration, Inc. has filed an application with the New Mexico Oil Conservation Division seeking reinstatement of its authority to inject produced and fresh water into 18 wells in the Eastland Queen Unit, covering parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico. Water will be injected into the Queen formation within portions of the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool and East Turkey Track Queen Pool, with expected maximum injection rates of 200 BWPD and maximum injection pressures of 1250 psi. If you object to the application you must file a written request for hearing with the Division within 15 days of the date this notice is published. The Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Failure to object will preclude you from contesting this matter at a later date. The name and address of the contact party for applicant is Jack Rose, Beach Exploration, Inc., Suite 200, 800 North Mariefeld, Midland, Texas 79701, phone number (432) 683-6226. The Eastland Queen Unit is centered approximately 10 miles south-southwest of Loco Hills, New Mexico.

/
New address

IPI

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING THE:**

**APPLICATION OF BEACH EXPLORATION, INC. FOR STATUTORY
UNITIZATION, EDDY COUNTY, NEW MEXICO**

CASE NO. 13972

**APPLICATION OF BEACH EXPLORATION, INC. FOR APPROVAL OF A
WATERFLOOD PROJECT AND TO QUALIFY THE PROJECT AREA FOR
THE RECOVERED OIL TAX RATE, EDDY COUNTY, NEW MEXICO**

CASE NO. 13973

ORDER NO. R-12833

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on October 12, 2007, at Santa Fe, New Mexico before Examiners William V Jones and David K. Brooks.

NOW, on this 25th day of October, 2007, the Division Director, having considered the testimony, the record and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) In Case No. 13972, Beach Exploration, Inc. ("Beach" or "applicant"), seeks the statutory unitization, pursuant to the Statutory Unitization Act, Sections 70-7-1 through 70-7-21, NMSA 1978, of 1040.1 acres, more or less, being portions of the Turkey Track-Seven Rivers- Queen-Grayburg-San Andres Pool (61020) and the East Turkey Track-Queen Pool (60920), in Eddy County, New Mexico, to be known as the Eastland Queen Unit, (the "Unit Area"). The applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement; which were submitted in evidence as applicant's Exhibits No. 2 and 3, in this case.

(3) In Case No. 13973, Beach seeks approval of a waterflood project for the

injection of water into the Queen formation within portions of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool and the East Turkey Track-Queen Pool, initially through conversion to injection of thirteen existing wells in Phase I, then conversion to injection of up to five additional wells as needed, said 18 proposed injection wells are shown on Exhibit "A" attached to this order. Beach also seeks to qualify the proposed project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5, as amended).

(4) Cases No. 13972 and 13973 were consolidated at the hearing for the purpose of testimony. Because the cases involve the same property and subject matter, a single order is being issued for both cases.

(5) The proposed Unit Area consists solely of State of New Mexico leases on lands specifically described as follows:

Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico

Section 1: N/2, W/2 SW/4, NE/4 SW/4, NW/4 SE/4
Section 2: SE/4 NE/4, SE/4 SW/4, SE/4
Section 11: N/2

(6) The proposed vertical extent of the Unitized Formation is that interval underlying the Unit Area extending from 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand, said Queen Sand interval occurring between 2335 feet and 2408 feet as shown by Schlumberger's Compensated Neutron/Litho-Density open hole log dated 6/18/87, in the Eastland Oil Company PJ State "A" Well No. 5, located 2310 feet from the South line and 2310 feet from the East line of Section 1, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(7) The proposed Unit Area lies wholly within the horizontal extent of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool discovered in 1943, with the exception of that portion of the Unit Area in the S/2 of Section 1, which lands are contained within the East Turkey Track-Queen Pool. All Turkey Track pools, because of low productivity, were included in Commission Order No. R-199, issued November 13, 1952, which did not change well spacing or density but granted exemptions from Gas Oil Ratio ("GOR") reporting requirements and from any GOR based production limitations.

(8) Devon Energy Production Company, L.P. ("Devon"), Myco Industries, Inc. ("Myco"), and Snow Oil & Gas, Inc. ("Snow"), entered appearances in each of these cases. Devon and Myco appeared at the hearing and withdrew any opposition previously stated. Snow presented a statement at the end of the hearing expressing a concern about the effect of injection on its offsetting producing wells and gathered additional information at the hearing.

(9) Beach presented land, geology, and engineering testimony as follows:

(a) Approximately one year ago, Beach purchased some of Eastland Oil Company's ("Eastland") interests in this area. Eastland has agreed to participate with the remainder of its interests. Beach has been in negotiations with Myco since December of 2005 and with Devon since February of 2007. In May of 2007, Beach had a meeting of owners within the proposed unit.

(b) The proposed unit area contains five separate tracts owned by seven different working interest owners and ten royalty or overriding royalty owners. Each tract internally has identical ownership within the proposed Unitized Formation. Eastland is the Division's operator of record of four of these tracts and Myco operates the other tract. Beach now has controlling interests in four of the five total tracts or 880.1 acres of the 1040.1 total acres.

(c) All owners of interests within the proposed unit were notified of this application and of this hearing.

(d) Beach provided notice within the ½ mile area of review ("AOR") surrounding all proposed injection wells as required in Division Rule 701B.(2) to all affected parties of its intent to inject into the proposed unitized formation.

(e) At the date of this hearing, Beach still seeks to unitize interests owned by Myco, Devon, and Sharbro Oil Ltd, although verbal agreements with these parties had been reached.

(f) The New Mexico State Land Office ("SLO"), in August of 2007, granted Beach preliminary approval for unitization.

(g) As of the date of the hearing, the owners of 83.64% of the working interest and 73.36% of the royalty interest (not counting any SLO percentage) had balloted to support the unit.

(h) Beach is proposing a 200% non-participation penalty after the 100% cost recovery, to apply to parties unitized by order who do not elect to participate in subsequent operations.

(i) Within the unit area, the Queen formation trends northeast to southwest and dips to the southeast as shown on top-of-Queen structure maps. The upper Queen Sand formation's "Shattuck" member is being targeted for injection and is contiguous over the unit.

(j) The Shattuck member of the Queen formation is a well-sorted, shoreline sandstone that usually produces oil and gas at porosities above 15 percent. The Shattuck consists of alternating low permeability silts and higher permeability sands with grain size governing the ability to produce. Above and below the Shattuck are lower porosity, tighter anhydritic dolomites which form vertical barriers to injection water.

(k) The unit as proposed is horizontally bounded by a stratigraphic pinchout as shown on isopach maps, except in Section 11 where it seems to thin and transition into another more prolific reservoir pod located to the southwest. Beach mentioned that operators of production from the Queen formation southwest of its proposed unit should be free to drill the necessary wells and form a separate unit for purposes of waterflooding.

(l) From geologic studies performed over this area, the unit area is well suited for secondary recovery operations and all tracts within the unit area should contribute to secondary oil and gas production.

(m) Several wells are producing from the middle Queen and the Seven Rivers formations in addition to the Shattuck within this proposed unit. The value of oil and gas from these non-Shattuck intervals is insignificant compared to the value of secondary oil from the Shattuck member. Beach did say that ownership is identical - prior to formation of the unit - between formations in these wells.

(n) Eight wells produce from the Seven Rivers within the unit area and five of these are slated to become injection wells. Beach is prepared to squeeze off the Seven Rivers and plug back from the middle Queen as needed. There are producing wells outside the unit area completed in both the Shattuck and other formations.

(o) The proposed tract participation formula will be in effect during all future secondary recovery operations, and the formula best allocates unitized substances to the owners on a fair, reasonable and equitable basis. The formula is listed in Section 12 of the unit agreement and consists of only "ultimate primary recovery." Ultimate primary is being used due to the fact that this area has been uniformly drilled. The calculation of each tract's ultimate primary recovery is shown in Exhibit "C" of the Unit Agreement.

(p) Due to the tighter nature of this reservoir, the waterflood project will be initiated with thirteen peripherally placed injection wells to get water in the ground as soon as possible and to contain oil reserves within the sweet spot of the unit. As the project progresses, an additional 5 wells (phase II) will be converted to injectors as they are needed. Beach is asking for Division approval at this time to inject into all eighteen (Phase I and Phase II) wells.

(q) The production within the unit area is at an advanced state of depletion with wells averaging about 1 barrel of oil per day. Cumulative production is approximately 659,000 barrels of oil and remaining primary reserves is estimated at approximately 75,000 barrels of oil. The producing gas oil ratio has almost always been near 1,000. Primary recovery is estimated to be approximately 12.8 percent of the original oil in place.

(r) The estimated total capital costs associated with initiating the project is 2.5 million dollars.

(s) The Shattuck member of the upper Queen formation is also the primary target in several other waterfloods such as Webb Oil Company's Turkey Track Section 3 Unit located directly west and northwest of the proposed unit.

(t) Based on available reservoir parameters and on analogy with other Shattuck waterfloods and using a 1:1 secondary to primary recovery ratio, the projected secondary recovery from the waterflood project is estimated to be approximately 734,000 barrels of oil, with estimated net revenue of 38 million dollars.

(u) Each of the proposed injection wells is expected to initially take an average of 100 to 200 barrels of injection water per day. Additional makeup water will be initially needed, and other produced water sources do not exist in this area. Beach has a permit for two fresh water wells in this area that should supply all needed makeup water, until the reservoir reaches fillup. The fresh water will be treated with oxygen scavenger prior to injection.

(v) Due to the tighter nature of the Queen formation, injection wells are initially expected to require pressured injection operations. Based on analogy of other Queen injection projects, Beach is asking for an initial surface maximum injection pressure of 1250 psi - which is higher than the normally allowed 0.2 psi per foot gradient. In lieu of this, Beach is willing to quickly run step rate tests to verify formation fracturing pressures and apply for an increased maximum surface injection pressure. Due to the lenticular nature of this reservoir and the presence of streaks of higher permeabilities, Beach will be careful to remain below fracturing pressure while attempting to reach reservoir fillup as soon as possible.

(w) The fresh water interval in this area occurs at depths of up to 230 feet deep. Wells in this unit area have surface casing and cement across any fresh water. Primary cement normally only extended to within 50 feet of surface which was above any fresh water. Subsequent cement was normally pumped or placed behind surface casing, from ground level down to this primary cement top.

(x) There are 25 active and 12 plugged and abandoned wells, drilled to this depth, within the Areas of Review.

(y) The proposed injection operation will not pose a threat to protectible underground sources of drinking water.

The Division Concludes That:

(10) Beach already has over 75 percent of the working interest committed and after final approval by the New Mexico State Land Office Beach will have over 75 percent of the royalty interest committed to this proposed unit.

(11) The proposed Unit Agreement and Unit Operating Agreement, Exhibits 2 and 3 respectively, should be incorporated by reference into this order.

(12) Beach has made a good faith effort to secure voluntary unitization within the unit area.

(13) The participation formula contained in the proposed unit agreement allocates costs and revenue to the separately owned tracts in the unit area on a fair, reasonable, and equitable basis.

(14) The proposed unit agreement and unit operating agreement prescribe a plan for unit operation necessary in order to efficiently manage the Queen reservoir within the bounds of this proposed unit.

(15) Statutory unitization and adoption of applicant's proposed unitized method of operation is necessary to effectively carry on secondary recovery operations, to substantially increase the ultimate recovery of oil and gas from the unit area, will benefit the working interest and royalty interest owners within the proposed unit area, and will prevent waste and protect correlative rights of all parties.

(16) Beach Exploration, Inc. is in compliance with the Division's Rule 40 and should be approved as the operator of the proposed Eastland Queen Unit.

(17) The proposed Eastland Queen Unit should be approved for statutory unitization conditional on final approval by the State Land Office.

(18) The applicant proposes to institute a "waterflood project" within the Eastland Queen Unit area. The Queen reservoir has been depleted to "stripper" status by primary operations and it is prudent to apply waterflood operations to extend the life of the reservoir and to maximize the ultimate recovery of crude oil from this reservoir.

(19) The following three plugged wells should be re-entered and re-plugged as specified below in order to ensure high pressure injection is confined to the intended Shattuck Queen interval and prevented from entering other formations or the Salado (Salt) formation.

State B-7717 #1 (30-015-03544), 1980 FSL, 660 FEL, (Unit I) Sec 2, T19S, R29E

Re-enter to 2750 feet and re-plug to surface by perforating, squeezing, placing cement plugs above the Queen (2200 feet), the Seven Rivers (1620 feet), and the base of the Salt (1080 feet). From there place cement plugs across the base of the 8-5/8 casing (425 feet) and at surface.

Leonard State #3 (30-015-03580), 330 FNL, 2310 FWL, (Unit C) Sec 12, T19S, R29E

Re-enter to approximately 2578 feet and re-plug the open hole with verified plugs placed above the Queen (2300 feet), the Seven Rivers (1750 feet), and below the Salt (1187 feet), across the 7-5/8 casing shoe (375 feet), across the top of the 7-5/8 casing (130 feet), and at surface.

Elliot #1 (30-015-04554), 330 FSL, 330 FWL, (Unit M) Sec 31, T18S, R30E

Re-enter to approximately 2450 feet and re-plug the open hole with verified plugs placed above the Queen (2415 feet), the Seven Rivers (1750 feet), and below the Salt (1168 feet), across the 8-5/8 casing shoe (355 feet), across the top of the 8-5/8 casing (160 feet), and at surface.

(20) Beach reported that three producing wells and five injection wells contain completions in both the Shattuck and in the Seven Rivers formations. In addition, there are producing intervals lower than the Shattuck within the proposed unit. However, the bulk of the remaining value in these wells within the unit is secondary oil to be obtained from waterflooding the Shattuck member of the Queen formation. Prior to unitization, interests within the tracts are identical and the majority of the owners of those interests have agreed to unitize the Shattuck and use the existing wells as part of the Shattuck waterflood. After unitization, interests between the Shattuck and other producing intervals will no longer be identical. The unit injection and producing wells should be utilized only on the Shattuck waterflood in order to maximize recovery from the waterflood and to ensure protection of correlative rights.

(21) It is necessary to equip all injection wells in a manner to confine injection to only the Shattuck and provide means to measure mechanical integrity. Within all injection wells, existing perforations below the Shattuck should be plugged off with bridge plugs and cement. In addition in all injection wells, any open perforations above the Shattuck [i.e. Seven Rivers] should be squeezed with cement, drilled out and pressure tested.

(22) All producing wells within this unit should be dedicated only to the Shattuck production during the life of this waterflood. Remaining reserves from any other intervals should be isolated behind pipe with bridge plugs and/or squeeze cementing operations.

(23) The "project area" should comprise the entire area approved for statutory unitization as described in this order.

(24) The proposed waterflood within the project area is feasible and will, with reasonable probability, result in the recovery of substantially more oil and gas than would otherwise be recovered.

(25) The estimated additional costs of the proposed waterflood operations will not exceed the estimated value of the additional oil and gas recovered plus a reasonable profit.

(26) The proposed waterflood project will prevent waste, protect correlative rights, and should be approved.

(27) The project should be governed by Division Rules No. 701 through 708. The eighteen listed wells in the attached Exhibit "A" should be initially approved for

conversion and use as injection wells in the two phases as proposed. The permit to inject should terminate within one year for each of the Phase I wells, if that well is not converted to injection. To prevent premature conversion of the wells listed in Phase II prior to the need for these wells, each of these Phase II wells should be allowed up to five years before the individual well permits expire. Provisions should be made for the operator of the Eastland Queen Unit to apply administratively for additional or different injection wells as needed.

(28) In order to reach fillup of this Shattuck Queen reservoir as soon as possible, but also prevent fracturing and damage of this formation, Beach should be allowed an initial maximum surface injection pressure of 1000 psi to apply to each injection well. Additional injection pressure increases should be approved only after a proper showing that such increase would not fracture the formation and after notice is provided by the operator to offsetting operators of producing wells within the Shattuck formation.

1000 psi

(29) The evidence establishes that the proposed waterflood project meets all the criteria for certification by the Division as a qualified "Enhanced Oil Recovery (EOR) Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5).

(30) To be eligible for the EOR credit, the operator should advise the Division when water injection commences in the project area and at such time request the Division review project performance and recommend certification of the project to the New Mexico Taxation and Revenue Department.

(31) The project area within the waterflood project and/or the producing wells within such area eligible for the recovered oil tax rate may be contracted and reduced dependent upon the evidence presented by the applicant in its demonstration of the occurrence of a positive production response.

IT IS THEREFORE ORDERED:

(1) The application of Beach Exploration, Inc., ("Beach") for the statutory unitization of 1040.1 acres, more or less, being portions of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool (61020) and the East Turkey Track-Queen Pool (60920), in Eddy County, New Mexico, to be known as the Eastland Queen Unit (the "Unit Area"), is hereby approved for statutory unitization pursuant to the Statutory Unitization Act, Sections 70-7-1 through 70-7-21, NMSA 1978.

(2) The Eastland Queen Unit shall be operated by Beach Exploration, Inc. (OGRID 1903) and shall comprise the following described 1040.1 acres, more or less, of State of New Mexico lands, all in Eddy County, New Mexico:

Township 19 South, Range 29 East, NMPM

Section 1: N/2, W/2 SW/4, NE/4 SW/4, NW/4 SE/4

Section 2: SE/4 NE/4, SE/4 SW/4, SE/4
Section 11: N/2

(3) The Unitized Formation shall comprise that interval underlying the Unit Area, the vertical limits of which extend from 100 feet above the top of the Queen Sand and 100 feet below the base of the Queen Sand, said Queen Sand interval occurring between 2335 feet and 2408 feet as shown by Schlumberger's Compensated Neutron/Litho-Density open hole log dated 6/18/87, in the Eastland Oil Company PJ State "A" Well No. 5, located 2310 feet from the South line and 2310 feet from the East line of Section 1, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

(4) The Eastland Queen Unit Agreement and Eastland Queen Unit Operating Agreement submitted to the Division at the time of the hearing as Exhibits No. 2 and 3 are hereby incorporated by reference.

(5) This order shall not become effective unless and until the owners of 75% of the royalty interest in the Unit Area approve the plan for unit operations as required by Section 70-7-8 NMSA 1978. If the persons owning the required percentage of royalty interest in the Unit Area do not approve the plan for unit operations within a period of six months from the date of this order, this order shall cease to be effective, unless the Division shall extend the time for ratification for good cause. When the persons owning the required percentage of royalty interest in the Unit Area have approved the plan for unit operations, the interests of all persons in the unit area are unitized whether or not such persons have approved the plan of unitization in writing.

(6) The applicant, as Unit Operator, shall notify the Division in writing of its removal or the substitution of any other working interest owner within the Unit Area as Unit Operator. In the event an entity other than Beach assumes operation of the unit established hereby, such entity shall comply with all the terms and provisions of this order.

(7) The unit established hereby shall terminate upon the plugging and abandonment of the last well in the unit area completed in the unitized formation.

(8) Beach is hereby authorized to institute waterflood operations within the Eastland Queen Unit area by the injection of water into the unitized formation through the eighteen wells shown on Exhibit "A" attached to this order.

(9) The waterflood project authorized by this order shall be known as the Eastland Queen Unit Waterflood Project. } 1000 PSI

(10) Each well is specifically permitted for injection only within the depth intervals ("permitted injection intervals") specified on Exhibit "A" attached to this order.

(11) As preparation and prior to injection:

(a) In all injection wells, existing perforations below the Shattuck shall be plugged off with bridge plugs and cement. In addition, any open perforations above the Shattuck [i.e. Seven Rivers] shall be squeezed with cement, drilled out and pressure tested.

(b) All producing wells within this unit shall be dedicated only to the Shattuck production during the life of this waterflood. Remaining reserves from any other intervals shall be isolated behind pipe with bridge plugs and/or squeeze cementing operations.

(12) As preparation and prior to injection within any well located within 1/2 mile:

the following three plugged wells shall be re-entered and re-plugged as follows and under supervision of the Division's Artesia district office:

State B-7717 #1 (30-015-03544), 1980 FSL, 660 FEL, (Unit I) Sec 2, T19S, R29E

Re-enter to 2750 feet and re-plug to surface by perforating, squeezing, placing cement plugs above the Queen (2200 feet), the Seven Rivers (1620 feet), and the base of the Salt (1080 feet). From there place cement plugs across the base of the 8-5/8 casing (425 feet) and at surface.

Leonard State #3 (30-015-03580), 330 FNL, 2310 FWL, (Unit C) Sec 12, T19S, R29E

Re-enter to approximately 2578 feet and re-plug the open hole with verified plugs placed above the Queen (2300 feet), the Seven Rivers (1750 feet), and below the Salt (1187 feet), across the 7-5/8 casing shoe (375 feet), across the top of the 7-5/8 casing (130 feet), and at surface.

Elliot #1 (30-015-04554), 330 FSL, 330 FWL, (Unit M) Sec 31, T18S, R30E

Re-enter to approximately 2450 feet and re-plug the open hole with verified plugs placed above the Queen (2415 feet), the Seven Rivers (1750 feet), and below the Salt (1168 feet), across the 8-5/8 casing shoe (355 feet), across the top of the 8-5/8 casing (160 feet), and at surface.

(13) The operator shall provide written verification and completed sundry forms to the Division showing that the required work specified in Paragraphs (11) and (12) has been completed.

(14) Beach shall take all steps necessary to ensure that the injected water enters only the permitted injection intervals and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(15) Injection into each of the wells shown on Exhibit "A" shall be accomplished through lined tubing installed in a packer located within 100 feet of the uppermost injection perforation. The casing-tubing annulus shall be filled with an inert fluid, and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

Has this been done?
Yes

(16) The injection wells or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to 1000 psi.

(17) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata AND after notice is provided of such application to all offsetting operators of producing wells within the Shattuck formation located within ½ mile of the injection well(s) and those operators are given 15 days in which to protest the pressure increase.

(18) The Division Director may administratively authorize additional injection wells within the unit area as provided in Division Rule 701.F(3).

(19) Prior to commencing injection operations, casing shall be installed and cemented if not present in any well, and the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(20) The unit operator shall give 72 hours advance notice to the supervisor of the Division's Artesia District Office of the date and time (i) injection equipment will be installed, and (ii) the mechanical integrity pressure test will be conducted on the proposed injection wells, so that these operations may be witnessed.

(21) The unit operator shall immediately notify the supervisor of the Division's Artesia District office of any failure of the tubing, casing or packer in any of the injection wells or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the project area, and shall promptly take all steps necessary to correct such failure or leakage.

(22) The unit operator shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(23) The injection authority granted herein for each Phase I well shown on Exhibit "A" shall terminate one year after the date of this order if the unit operator has not commenced injection operations into that well; provided, however, the Division, upon written request for that well, may grant an extension for good cause if such request for extension is received prior to the end of that year.

(24) The injection authority granted herein for each of those Phase II wells shown on Exhibit "A" shall terminate five years after the date of this order if the unit operator has not commenced injection operations into that well; provided, however, the Division, upon written request for that well, may grant an extension for good cause if such request for extension is received prior to the end of five years.

(25) The Eastland Queen Unit Waterflood Project is hereby certified as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (NMSA 1978 Sections 7-29A-1 through 7-29A-5). The project area shall comprise the entire Eastland Queen Unit; provided the area and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the unit operator in its demonstration of a positive production response.

(26) To be eligible for the EOR tax rate, the unit operator shall advise the Division of the date and time water injection commences into the project area and at such time, request the Division certify the project to the New Mexico Taxation and Revenue Department.

(27) At such time as a positive production response occurs, and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the unit operator must apply to the Division for certification of a positive production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the EOR tax rate. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

(28) This order does not relieve the operator of responsibility should its operations cause any damage or threat of damage to protectible fresh water, human health or the environment, nor does it relieve the operator of responsibility for complying with applicable Division rules or other federal, state or local laws or regulations.

(29) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated



SEAL
Attachments: Exhibit "A"

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

CASE NO. 13973

EXHIBIT "A"
INJECTION WELLS
EASTLAND QUEEN UNIT
WELL NAMES AND LOCATIONS

Phase I (13 Injection Wells)

WELL NAME	API	N-S	E-W	Unit	Sec	Tsp	Rge	Shattuck Perfs
STATE 004 (P&A)	30-015-03541	1650 FSL	1650 FEL	J	1	19S	29E	Approx 2400
STATE HL 1 002	30-015-24911	660 FNL	1980 FWL	C	1	19S	29E	2328-2370
P.J. A STATE 001	30-015-25655	990 FNL	990 FWL	D	1	19S	29E	2306-2341
P.J. A STATE 007	30-015-25794	330 FNL	990 FEL	A	1	19S	29E	2398-2418
P.J. A STATE 008	30-015-25856	2310 FSL	990 FWL	L	1	19S	29E	2272-2311
P.J. A STATE 011	30-015-25887	990 FSL	990 FWL	M	1	19S	29E	2326-2336
P.J. A STATE 018	30-015-26190	1650 FSL	1650 FEL	J	2	19S	29E	2270-2290
P.J. A STATE 020	30-015-26444	2310 FNL	330 FEL	H	2	19S	29E	2244-2294
P.J. A STATE 022	30-015-03542	2310 FNL	330 FEL	H	1	19S	29E	2414-2452
P.J. B STATE 001	30-015-26095	330 FNL	2310 FWL	C	11	19S	29E	2229-2247
P.J. B STATE 002	30-015-26120	330 FNL	990 FEL	A	11	19S	29E	2268-2301
B B O C STATE 001	30-015-22957	1980 FNL	1980 FEL	G	11	19S	29E	2261-2314
B B O C STATE 003	30-015-26235	990 FNL	990 FWL	D	11	19S	29E	2216-2237

Phase II (5 Injection Wells as Needed)

WELL NAME	API	N-S	E-W	Unit	Sec	Tsp	Rge	Shattuck Perfs
STATE HL 1 003	30-015-24912	660 FNL	1980 FEL	B	1	19S	29E	2351-2415
P.J. A STATE 009	30-015-10235	1470 FSL	2420 FWL	K	1	19S	29E	2360-2388
P.J. A STATE 012	30-015-25888	1650 FNL	990 FEL	H	1	19S	29E	2400-2428
P.J. A STATE 017	30-015-26148	660 FSL	1980 FEL	O	2	19S	29E	2257-2278
P.J. A STATE 021	30-015-30846	2310 FNL	2310 FWL	F	1	19S	29E	2304-2354

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

December 11, 2008

Via fax

William V. Jones
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Beach Exploration, Inc.
Eastland Queen Unit Area

Township 19 South, Range 29 East, N.M.P.M.
Section 1: N $\frac{1}{2}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, and NW $\frac{1}{4}$ SE $\frac{1}{4}$
Section 2: SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$
Section 11: N $\frac{1}{2}$

Dear Mr. Jones:

Division Order No. R-12833, dated October 25, 2007, approved statutory unitization of and a waterflood project for the unit area. The unit area is outlined on Exhibit A. The unit agreement became effective January 1, 2008 and Beach subsequently commenced operations within the unit area. However, injection did not commence within a year, as required by the order. Therefore, Beach requests administrative reinstatement of its authority to inject.

Exhibit A operators in AOR

Attached as Exhibit B is a listing of Phase I and Phase II injection wells. Reinstatement is required for the Phase I wells; Beach has five years under the order to commence injection into the Phase II wells. Attached as Exhibit C is the Form C-108 for the waterflood project, and Exhibit D summarizes the work which has been conducted on the unit wells and in the unit area. Beach has complied with all terms of the order other than the injection commencement date.

The unit plat, Exhibit A, also shows the offset operators. Exhibit F is a copy of the notice letter mailed to offsets. A notice is also being published in the Carlsbad newspaper.

3*

Please contact me if you need any further information.

Very truly yours,


James Bruce

Attorney for Beach Exploration, Inc.

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

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(505) 982-2151 (Fax)

jamesbruc@aol.com

February 27, 2009

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application to reinstate a waterflood project, filed with the New Mexico Oil Conservation Division by Beach Exploration, Inc., regarding parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 15 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter later.

Very truly yours,


James Bruce

Attorney for Beach Exploration, Inc.

EXHIBIT A

Operators of active wells within 1/2 mile of injectors:

MYCO Industries, Inc.
PO Box 840
Artesia, NM 88211

Snow Oil & Gas, Inc.
PO Box 1277
Andrews, TX 79714

Snow Operating Co., Inc.
5719 Airport Frwy.
Fort Worth, TX 76117

JKM Energy, LLC
26 E. Compress Rd.
Artesia, NM 88210

Chisos, Ltd.
670 S.W. Dona Ana Rd.
Deming, NM 88030

H. Dwayne & Rhonda K. Parish
1306 S. Ninth Street
Artesia, NM 88210

Jim Pierce
Suite 859
200 W. First Street
Roswell, NM 88203

Lothian Oil Texas 1, Inc.
Suite 300
405 N. Marienfeld
Midland, TX 79701

Edge Petroleum Operating Company, Inc.
Suite 2000
1301 Travis
Houston, TX 77002

Chi Operating, Inc.
PO Box 1799
Midland, TX 79702

Mewbourne Oil Co.
Suite 1020
500 W. Texas
Midland, TX 79701

Operators of leasehold within 1/2 mile of injectors

Morexco, Inc.
PO Box 1591
Roswell, NM 88202-1591

Dwight A. Tipton
PO Box 1025
Lovington, NM 88260

Chisos, Ltd.
670 S.W. Dona Ana Rd.
Deming, NM 88030

Surface owner

Oil, Gas & Mineral Division
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504

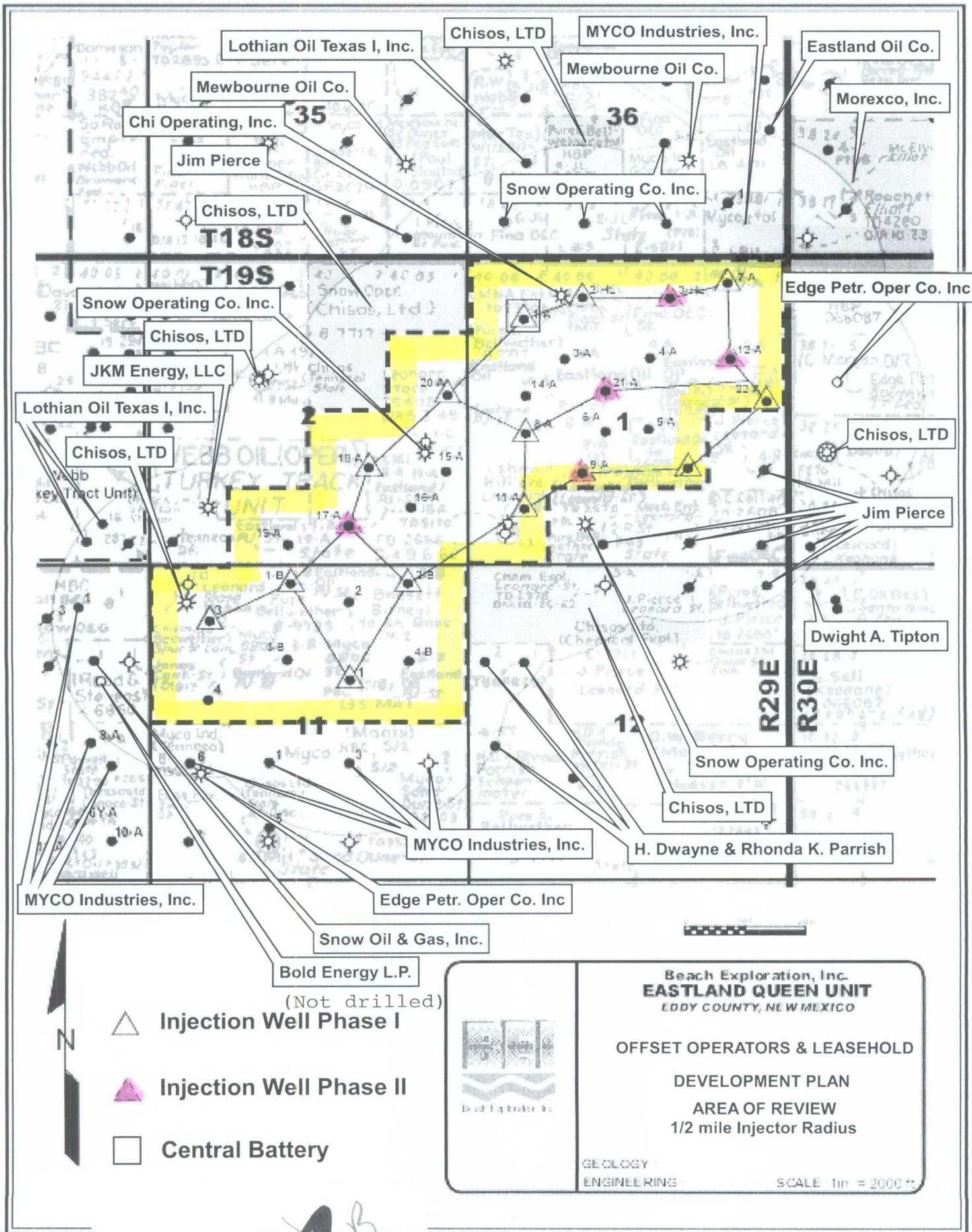


EXHIBIT **A** **B**

 Beach Exploration, Inc.	Beach Exploration, Inc. EASTLAND QUEEN UNIT EDDY COUNTY, NEW MEXICO
	OFFSET OPERATORS & LEASEHOLD DEVELOPMENT PLAN AREA OF REVIEW 1/2 mile Injector Radius
GEOLOGY ENGINEERING	SCALE 1in = 2000ft

TOC Surf
Circ

P.J. State B #1

GL: 3,360
KB: 3,368
TD: 3,170
PBD: 3,130

Status: Active pumping
Perfs: 2229 - 2247

API: 30-015-26095

Fr. Wtr:
Legal: 330 from N
2,310 from W

NM Lse: B-9739-15
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-C
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	362	250	12-1/4"	Surf	10' RM 10 yds
4-1/2"	10.50	J55	3,140	750	7-7/8"	Surf	Circ 60 sx

7-Apr-89 Spud well
Fred Pool - P.J. State B #1

18-Apr-89 Queen Completion
Perf 2229-34, 2242-47 1 SPF 12 holes
acidized w/500 gal 15% HCL
frac w/25Mgal gel wtr, 25M# 20/40, 15M# 12/20
Avg 18bpm 2300psi, ISIP 1680 15min 1360
28-Apr-89 IP: Pumping 50 BO 16 BW 20 MCF 24 hrs 400 GOR

Queen Perfs
2229 - 2247

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
7-Rivers produces in the area approximately 600' shallower
Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower
Well was originally a producer and will be converted to injection.
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
internally plastic coated tubing and set approximately 50' above the
Queen perforations
APPROX PACKER DEPTH: 2175'

8 5/8"
@362'

T Salt
@368'

B Salt
@1040'

Yates
@1388'

7 Rivers
@1668'

Queen
@2197'

Penrose
@2371'

Grayburg
@2550'

San And
@2680'

4-1/2"
@3,140'

TD 3170

TOC Sur
Circ

P.J. State B #2

GL: 3,379 Status: Active pumping
 KB: 3,385 Perfs: 2268 - 2301
 TD: 2,850
 PBD: 2,810 API: 30-015-26120
 Fr. Wtr:
 Legal: 330 from N NM Lse: B-9739-15
 990 from E Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 11-A
 Township: 19S Logs: CNL, LDL, DLL
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		368	250	12-1/4"	Surf	15' RM 8 yds
4-1/2"	10.50	used	2,850	650	7-7/8"	Surf	Circ 10 sx

17-Jun-89 Spud well
Fred Pool - P.J. State B #2

6-Jul-89 Queen Completion
 Perf 2268-2301 21 holes
 acidized w/1500 gal 15% HCL
 frac w/28Mgal 30# x-linked gel, 21.6M# 20/40, 35.6M# 12/20
 Avg 18bpm 300psi, ISIP 1700 15min 1500

11-Jul-89 IP: Pumping 44 BO 12 BW 20 MCF 24 hrs 32 API 455 GOR

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
 7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower
 Well was originally a producer and will be converted to injection.
 A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
 internally plastic coated tubing and set approximately 50' above the
 Queen perforations
APPROX PACKER DEPTH: 2225'

Queen Perfs
2268 - 2301

8 5/8"
@368'

T Salt
@380'

B Salt
@1107'

Yates
@1440'

7 Rivers
@1682'

Queen
@2250'

Penrose
@2428'

Grayburg
@2611'

San And
@2737'

4-1/2"
@2,850'

TD 2850

TOC Surf
Circ

BBOC State #3

GL: 3,360
KB: 3,368
TD: 2,520
PBD: 2,474

Status: Active pumping
Perfs: 2216 - 2237, 2351 - 2353
Queen Middle Queen
API: 30-015-26235

Fr. Wtr:
Legal: 990 from N
990 from W

NM Lse: B-9739
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 11-D
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	ST&C new	350	250	12-1/4"	Surf	Circ RM 8 yds
5-1/2"	14.00	J55 used	2,520	700	7-7/8"	Surf	Circ 100 sx

16-Dec-89 Spud well
Myco - BBOC State #3

2-Jan-90 **Queen and Middle Queen Completion**
Perf 2216,21,23,27,29,31,33,35,37, 2351,53 11 holes 0.42"
acidized 2351-53 w/500 gal 15% HCL swabbed dry
acidized 2216-37 w/2500 gal 15% HCL
frac 2216-37 w/ 34Mgal 30# x-linked gel, 45M# 20/40, 20M# 12/20

13-Jan-90 IP: Pumping 41 BO 0 BW 41 MCF 24 hrs 35 API 1,000 GOR

OPERATOR: Myco Industries, Inc.

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower
Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.
A CIBP will be placed at 2300' above the Middle Queen perforations. A
plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
internally plastic coated tubing and set approximately 50' above the
Queen perforations

APPROX PACKER DEPTH: 2165'

8 5/8"
@350'

T Salt
@370'

B Salt
@1032'

Yates
@1358'

7 Rivers
@1680'

Queen
@2204'

Penrose
@2373'

5-1/2"
@2,520'

TD 2520

Queen Perfs
2216 - 2237

Middle Queen Perfs
2351 - 2353

TOC Sur
Circ

State "HL" 1 #3

GL: 3,423 Status: Active pumping
 KB: 3,432 Perfs: 1860 - 1881, 2351 - 2765
 TD: 2,900 7 Rvrs, Qn, Penrose, Grayburg
 PBD: 2,855 API: 30-015-24912
 Fr. Wtr:
 Legal: 660 from N NM Lse: B-7717
 1,980 from E Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 1-B Logs: CNL, LDL, DLL
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	K55 ST&C	300	250	12-1/4"	Surf	60' - Pea Grav
5-1/2"	15.50	K55 ST&C	2,900	675	7-7/8"	Surf	Circ 100 sx

29-Dec-84 Spud well
Tenneco Oil Co. - State "HL" 1 #3

14-Feb-85 Queen, Penrose and Grayburg Completion
 Perf Queen 2351,56,73,74,79,81-84,89-94,98,99, 2400,09,11,15
 Perf Penrose 2524-27,33,34,70,72,73,75,76, 2608,11,13,15,57,61,64,67
 Perf Grayburg 2739,41,43,60,62,65
 frac w/55.8Mgal gelled fluid
 Separate frac 30Mgal 135M# 20/40 2608-2765, tagged most went to 2608-15
 8-May-85 IP: Pumping 22 BO 86 BW 39 MCF 24 hrs 1772 GOR

10-May-99 7 Rivers Completion
 RBP at 2015'
 Perf 1860-65, 76-81 4 SPF 40 holes with stimgun
 IP: made 0 BO 5 BW and gas TSTM
 Pulled RBP ran tbg and rods

19-May-99 Tagged TD at 2542

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
 7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower
 Well was originally a producer and will be converted to injection.
 The 7 Rivers perforations 1860'-1881' will be squeezed and a CIBP will
 be placed at 2475' above the Penrose perforations. A plastic coated
 Model AD-1 Tension Packer will be run on 2 3/8" internally plastic
 coated tubing and set approximately 50' above the Queen perforations
APPROX PACKER DEPTH: 2300'

8-5/8"
@300'

T Salt
@330'

B Salt
@1150'

Yates
@1456'

7 Rivers
@1760'

7 Rivers + Perfs
1860 - 1881

Queen
@2342'

Queen Perfs
2351 - 2415

Penrose
@2519'

Penrose + Perfs
2524 - 2667

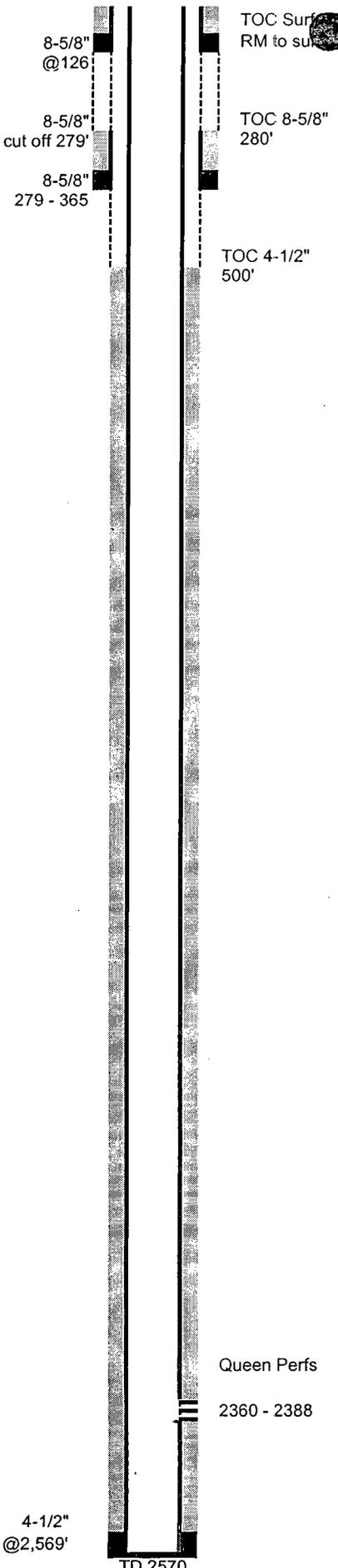
Grayburg
@2701'

Grayburg Perfs
2739 - 2765

San And
@2846'

5-1/2"
@2,900'

TD 2900



P.J. State A #9

GL: 3,412
 KB: 3,418
 TD: 2,570
 PBD: 2,516
 Fr. Wtr:
 Legal: 1,470 from S
 2,420 from W
 Section: 1-K
 Township: 19S
 Range: 29E
 County: Eddy

Status: Active pumping
 Perfs: 2360 - 2388
 API: 30-015-10235-0001
 NM Lse: B-7717
 Field: Turkey Track (Sr-Qn-Gb-Sa)
 Logs: CNL, LDL, DLL
 Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	28.00	used	365	50	10"	280	279' csg pulled
8-5/8"			126	RM10yd	9-7/8"	Surf	filled backside
7"			350	0	7-7/8"	csg run - pulled after 4-1/2	
4-1/2"	10.5		2,569	500	6-1/4"	500'	Temp Surv

- 1-Nov-63 Spud well
Kersey & Co. - Leonard #1
- 29-Dec-63 D&A to 2570 - set 8-5/8" csg at 365', drld to 2570' w/8-1/4" bit
25 sx plug at 2570', 20 sx plug at 1173' Base of salt, 20 sx plug at 365' csg shoe
20sx plug at 365' surf csg shoe plug, mud between plugs
recovered 278.8' surf csg, mudded to surf and set 4" marker at surf
- 28-Jun-89 Reenter P&A well to 2570
Fred Pool - P.J. State A #9
CO to 162' w/ 9-7/8" bit, ran 126' 8-5/8" csg cmted w/10yds of ready mix to surf
CO to 350' w/7-7/8" bit and ran 350' 7" csg as a temporary conductor string
Drilled w/ 6-1/4" bit plugs at 365', 1173' and went to 2570'
CO to 2570' w/6-1/4" bit, ran 4-1/2" csg 2569', pulled 7" csg. cmt'd 4-1/2" csg
- 11-Jul-89 **Queen Completion**
Perf 2360-2388 12 holes 0.38"
acidized w/1500 gal 15% HCL
frac w/28Mgal gel wtr, 21.6M# 20/40, 35.6M# 12/20
- 15-Jul-89 IP: Pumping 22 BO 42 BW 10 MCF 24 hrs 32 API 454 GOR

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
 7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower
 Well was originally a producer and will be converted to injection.
 A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
 internally plastic coated tubing and set approximately 50' above the
 Queen perforations
APPROX PACKER DEPTH: 2310'

TOC Surf
Circ

P.J. State A #12

GL: 3,421
KB: 3,427
TD: 2,850
PBD: 2,809

Status: Active pumping
Perfs: 2400 - 2428

API: 30-015-25888

Fr. Wtr:
Legal: 1,650 from N
990 from E

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-H
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	23.00	J55	362	300	9-7/8"	Surf	55' RM 5 yds
4-1/2"	9.50	J55 used	2,850	570	6-1/4"	Surf	Circ 132 sx

7-Jul-88 Spud well
Fred Pool - P.J. State A #12

26-Jul-88 Queen Completion
Perf 2400-2428 15 holes
acidized w/2000 gal 15% HCL - Avg 3.8bpm 1750psi
frac w/60Mgal gel wtr, 80M# 20/40, 42M# 12/20
Avg 30bpm 2500psi, ISIP 2200 15min 1520

2-Aug-88 IP: Pumping 25 BO 40 BW 13 MCF 24 hrs 36 API 500 GOR

25-Aug-88 CO sand to 2614

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

APPROX PACKER DEPTH: 2350'

T Salt @343' 7" @362'

B Salt @1188'

Yates @1543'

7 Rivers @1834'

Queen @2360'

Queen Perfs
2400 - 2428

Penrose @2547'

Grayburg @2743'

San And @2885'

4-1/2" @2,850'

TD 2850

TOC Surf
Circ

P.J. State A #17

GL: 3,360
 KB: 3,365
 TD: 2,750
 PBD: 2,710
 Fr. Wtr:
 Legal: 660 from S
 1,980 from E
 Section: 2-O
 Township: 19S
 Range: 29E
 County: Eddy

Status: Active pumping
 Perfs: 2257 - 2278
 API: 30-015-26148
 NM Lse: B-7717
 Field: Turkey Track (Sr-Qn-Gb-Sa)
 Logs: CNL, LDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		366	300	12-1/4"	Surf	30' RM 4 yds
4-1/2"	9.50		2,718	850	7-7/8"	Surf	Circ 150 sx

21-Jul-89 Spud well
 Fred Pool - P.J. State A #17
 5-Aug-89 Queen Completion
 Perf 2257-2278 22 holes
 acidized w/1000 gal 15% HCL
 frac w/30Mgal gel wtr, 33M# 20/40, 32M# 12/20
 Avg 11bpm 2650psi, ISIP 1750 15min 1410
 8-Aug-89 IP: Pumping 45 BO 5 BW 20 MCF 24 hrs 36 API 444 GOR

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
 7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower
 Well was originally a producer and will be converted to injection.
 A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
 internally plastic coated tubing and set approximately 50' above the
 Queen perforations
APPROX PACKER DEPTH: 2200'

T Salt @341' 8 5/8" @366'

B Salt @1043'

Yates @1382'

7 Rivers @1650'

Queen @2222'

Penrose @2400'

Grayburg @2575'

San And @2710' 4-1/2" @2,718'

Queen Perfs
2257 - 2278

TD 2750

TOC Surf
Circ

P.J. State A #21

GL: 3,400 Status: Active pumping
 KB: 3,402 Perfs: 2304 - 2354
 TD: 2,818
 PBD: 2,801 2,485 API: 30-015-30846
 Fr. Wtr:
 Legal: 2,310 from N NM Lse: B-7717
 2,310 from W Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 1-F Logs: CNL, LDL, IND
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	356	300	12-1/4"	Surf	25' RM 2 yds
4-1/2"	10.50	K55 ST&C use	2,818	420	6-1/4"	Surf	Circ 107 sx
					8" to 774'		

- 21-Dec-99 Spud well
Eastland Oil - P.J. State A #21
- 19-Jun-00 **Lower Queen Completion**
Perf 2570-78,85-92, 2616-22,26-32,34-40 2 SPF 71 holes 0.41" 3 1/8" csg gun acidized w/3000 gal 15% HCL & BS, Avg 4bpm 1800psi, ISIP 1270 15min 1010 swab load back no oil or gas
- 21-Jun-00 **Queen Completion**
CIBP at 2520' w/35' cmt on top
Perf 2304-10,14-40,46-54 2 SPF 86 holes acidized w/1000 gal 15% HCL & BS, Avg 2.6bpm 1400psi, ISIP 700 15min vac frac w/21Mgal gel wtr, 47M# 16/30, Avg 30bpm 1175psi, ISIP 1360 15min 938
- 13-Jul-00 IP: Pumping 30 BO 5 BW 20 MCF 24 hrs 34.8 API 667 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.
 A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
 internally plastic coated tubing and set approximately 50' above the
 Queen perforations

APPROX PACKER DEPTH: 2250'

8 5/8"
@356'

T Salt
@359'

B Salt
@1139'

Yates
@1455'

7 Rivers
@1764'

Queen
@2303'

Queen Perfs
2304 - 2354

Penrose
@2482'

Bridge Plug
@2520'

Lower Queen Perfs
2570 - 2640

Grayburg
@2666'

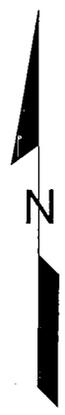
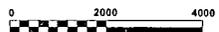
San And
@2812'

4-1/2"
@2818'

TD 2818

2 Mile Radius

1/2 Mile Radius of Review

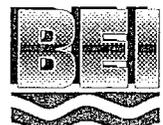


Beach Exploration, Inc.
EASTLAND QUEEN UNIT
EDDY COUNTY, NEW MEXICO

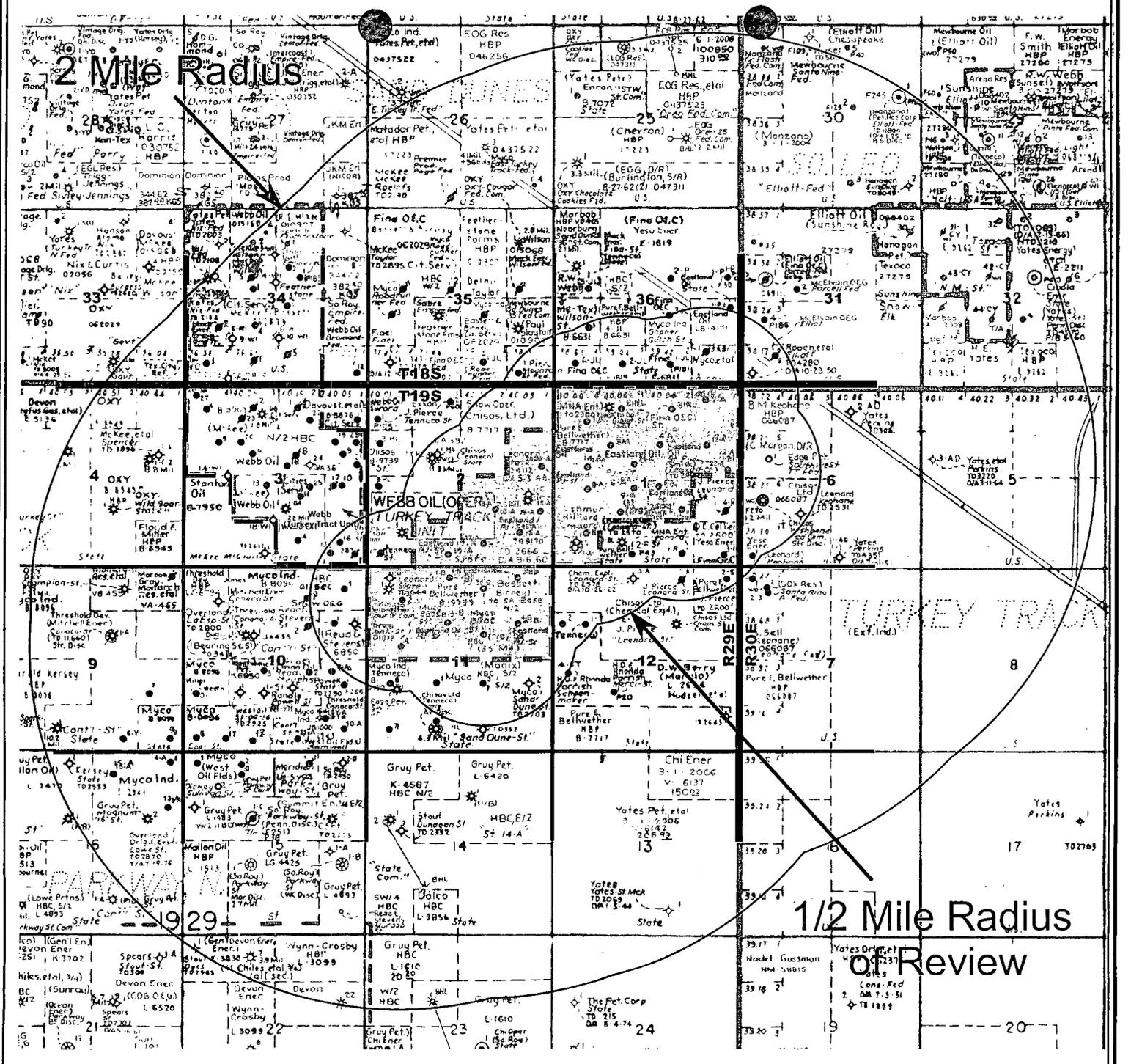
Form C108 Item V

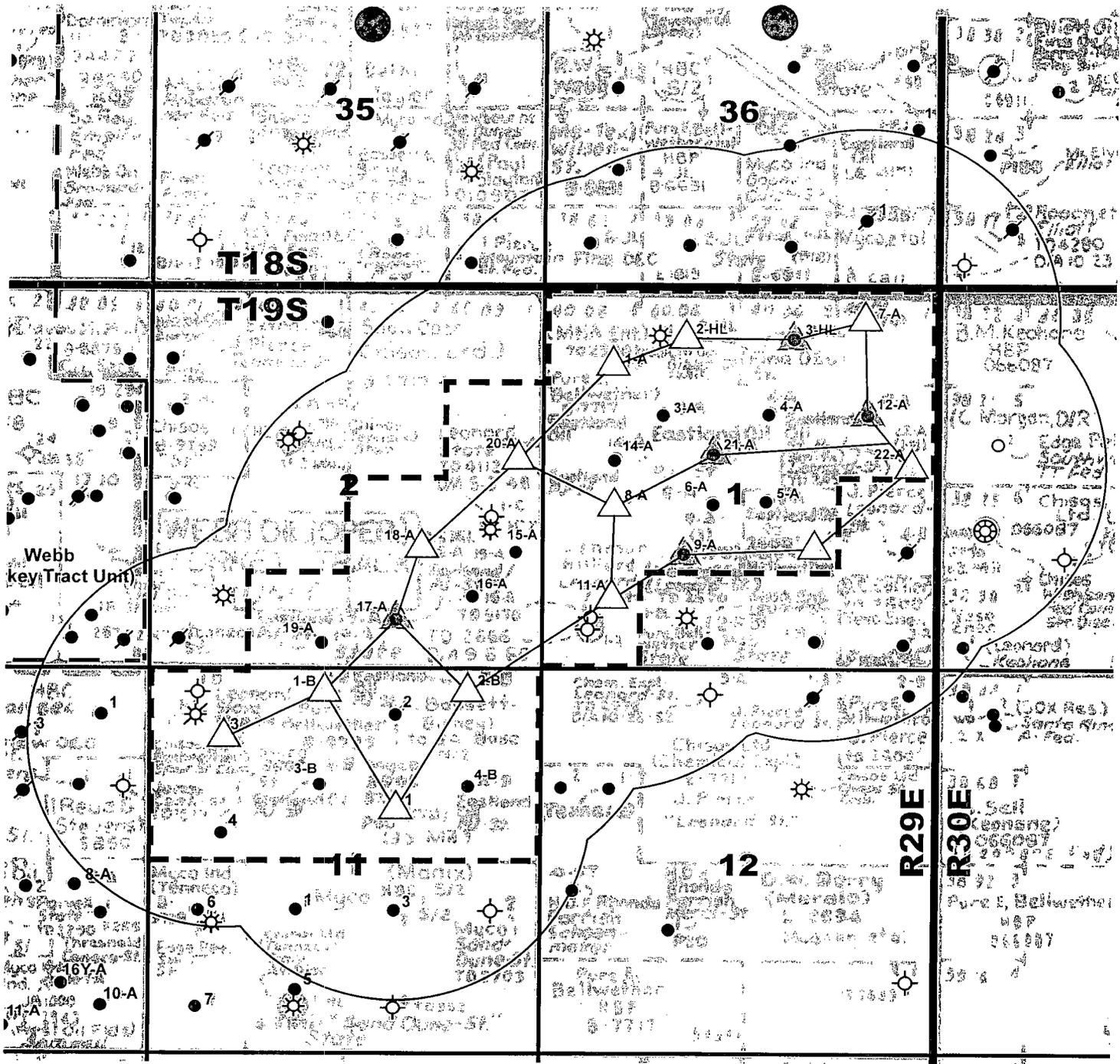
2 Mile Radius and
 AREA OF REVIEW
 1/2 mile Injector Radius

GEOLOGY:
ENGINEERING: SCALE: 1in. = 4000 ft.



Beach Exploration, Inc.





-  Injector Phase I
-  Injector Phase II



Beach Exploration, Inc.

Beach Exploration, Inc.
EASTLAND QUEEN UNIT
 EDDY COUNTY, NEW MEXICO

AREA OF REVIEW
 1/2 mile Injector Radius

GEOLOGY :
 ENGINEERING : SCALE : 1in. = 2000 ft.

Beach Exploration, Inc.
 Proposed Eastland Queen Unit
Unit Producing Wells (wellbore schematics attached)
 Form C-108, Item VI

<u>Operator</u>	<u>Lease & Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<u>PHASE I</u>			
1. Eastland Oil Company	P.J. State A #3	1650' FNL 1650' FWL	1-F, 19S, 29E
2. Eastland Oil Company	P.J. State A #4	1650' FNL 2310' FEL	1-G, 19S, 29E
3. Eastland Oil Company	P.J. State A #5	2310' FSL 2310' FEL	1-J, 19S, 29E
4. Eastland Oil Company	P.J. State A #6	2310' FSL 2310' FWL	1-K, 19S, 29E
5. Eastland Oil Company	P.J. State A #14	2310' FNL 990' FWL	1-E, 19S, 29E
6. Eastland Oil Company	P.J. State A #15	1650' FSL 330' FEL	2-I, 19S, 29E
7. Eastland Oil Company	P.J. State A #16	990' FSL 990' FEL	2-P, 19S, 29E
8. Eastland Oil Company	P.J. State A #19	330' FSL 2310' FWL	2-N, 19S, 29E
9. Eastland Oil Company	P.J. State B #3	1650' FNL 2310' FWL	11-F, 19S, 29E
10. Eastland Oil Company	P.J. State B #4	1650' FNL 990' FEL	11-H, 19S, 29E
11. Myco Industries, Inc.	BBOC State #2	660' FNL 1980' FEL	11-B, 19S, 29E
12. Myco Industries, Inc.	BBOC State #4	2310' FNL 990' FWL	11-E, 19S, 29E

TOC Surf
Circ

P.J. State A #3

GL: 3,401 **Status:** Active pumping
KB: 3,411 **Perfs:** 2300 - 2348
TD: 3,259
PBD: 3,219 **API:** 30-015-25694
Fr. Wtr:
Legal: 1,650 from N **NM Lse:** B-7717
 1,650 from W **Field:** Turkey Track (Sr-Qn-Gb-Sa)
Section: 1-F
Township: 19S **Logs:** CNL, LDT, DLL
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		361	250	12-1/4"	Surf	48' Top RM
5-1/2"	15.50	LT&C	3,259	650	7-7/8"	Surf	Circ 75 sx

27-Dec-86 Spud well
Fred Pool - P.J. State A #3
 28-Jan-87 **Queen Completion**
 Perf 2300-16, 2336-48 20 holes
 acidized w/1,000 gal 15% HCL w/50 BS Avg 3.5bpm 1600psi
 frac 37Mgal gel wtr, 15Mgal CO2, 60M# 20/40, 32M# 12/20 Avg 40bpm 2000psi
 3-Feb-87 IP: Pumping 55 BO 10 BW 70 MCF 24 hrs 1272 GOR

Queen Perfs
2300 - 2348

TUBING STRING (assumed from rod string)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	10.00	0.00	10.00
72	2-3/8 EUE 8rd J-55 4.7# Tbg	2288.00	10.00	2298.00
1	2-3/8 X 1-25/32 SN	1.10	2298.00	2299.10
1	Perf Sub	3.00	2299.10	2302.10
1	2-3/8 Mud Anchor	31.50	2302.10	2333.60

ROD STRING 4/19/01

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w8' liner	16
5	3/4	Pony Rods 4,4,6,6,2	22
90	3/4	Rods	2250
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2298

T Salt
@330'
8-5/8"
@361'

B Salt
@1127'

Yates
@1444'

7 Rivers
@1758'

Queen
@2303'

Penrose
@2467'

Grayburg
@2642'

San And
@2788'

5-1/2"
@3,259'

TD 3259

TOC Sur
Circ

P.J. State A #4

GL: 3,408 **Status:** Active pumping
KB: 3,416 **Perfs:** 2366 - 2384
TD: 2,910
PBD: 2,870 **API:** 30-015-25737
Fr. Wtr: **NM Lse:** B-7717
Legal: 1,650 from N **Field:** Turkey Track (Sr-Qn-Gb-Sa)
 2,310 from E
Section: 1-G **Logs:** CNL, FDC, DLL
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		370	250	12-1/4"	Surf	45' RM 24 yds
4-1/2"	9.50		2,910	850	7-7/8"	Surf	Circ 37 sx

14-Mar-87 Spud well
 Fred Pool - P.J. State A #4

 27-Mar-87 **Queen Completion**
 Perf 2366-84 15 holes
 acidized w/1,000 gal 15% HCL
 frac 30Mgal gel wtr, 10Mgal CO2, 60M# 20/40, 32M# 12/20
 1-Apr-87 IP: Pumping 55 BO 0 BW 60 MCF 24 hrs 1090 GOR

T Salt @320' 8-5/8" @370'

B Salt @1160'

Yates @1470'

7 Rivers @1803'

Queen @2322'

Penrose @2508'

Grayburg @2644'

San And @2845'

4-1/2" @2,910' TD 2910

Queen Perfs
2366 - 2384

TUBING STRING 8/18/93

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
77	2-3/8 EUE 8rd J-55 4.7# Tbg	2396.00	8.00	2404.00
1	2-3/8 X 1-25/32 SN	1.10	2404.00	2405.10
1	Perf Sub	3.00	2405.10	2408.10
1	2-3/8 Mud Anchor	31.00	2408.10	2439.10

ROD STRING 8/18/93

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
4	3/4	Pony Rods 4,4,4,6	18
94	3/4	Rods	2350
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2396

TOC Surf
Circ

P.J. State A #6

GL: 3,398 **Status:** Active pumping
KB: 3,404 **Perfs:** 2358 - 2374
TD: 2,915
PBD: 2,885 **API:** 30-015-25795
Fr. Wtr:
Legal: 2,310 from S
 2,310 from W **NM Lse:** B-7717
Section: 1-K **Field:** Turkey Track (Sr-Qn-Gb-Sa)
Township: 19S **Logs:** CNL, LDL, DLL
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	New	384	300	12-1/4"	Surf	Circ ??
4-1/2"	9.50	ST&C	2,909	1,000	7-7/8"	Surf	Circ 20 sx

5-Sep-87 Spud well
Fred Pool - P.J. State A #6

 18-Sep-87 **Queen Completion**
 Perf 2358-74 17 holes
 acidized w/1000 gal 15% HCL
 frac w/30Mgal gel 2% KCL, 10Mgal CO2, 55M# 20/40, 33M# 12/20
 Avg 26 bpm 2200psi, ISIP 1670 15min 1350
 23-Sep-87 IP: Pumping 40 BO 10 BW 30 MCF 24 hrs 750 GOR

T Salt @320' 8-5/8" @384'

B Salt @1154'

Yates @1478'

7 Rivers @1794'

Queen @2310'

Penrose @2494'

Grayburg @2660'

San And @2828'

Queen Perfs
2358 - 2374

4-1/2" @2,909' TD 2915

TUBING STRING 4/18/01

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	6.00	0.00	6.00
75	2-3/8 EUE 8rd J-55 4.7# Tbg	2388.00	6.00	2394.00
1	2-3/8 X 1-25/32 SN	1.10	2394.00	2395.10
1	Perf Sub	3.00	2395.10	2398.10
1	2-3/8 Mud Anchor	31.50	2398.10	2429.60

ROD STRING 4/18/01

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/6' liner	16
4	3/4	Pony Rods 6,6,4,2	18
94	3/4	Rods	2350
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2394

TOC Surf
Circ

P.J. State A #14

GL: 3,390 log wrong 3,398 **Status:** Active pumping
KB: 3,398 log wrong 3,406 **Perfs:** 2275 - 2328
TD: 3,160
PBD: 3,120 **API:** 30-015-25932
Fr. Wtr:
Legal: 2,310 from N **NM Lse:** B-7717
 990 from W **Field:** Turkey Track (Sr-Qn-Gb-Sa)
Section: 1-E **Logs:** CNL, ZDL, DLL
Township: 19S log elevations are wrong
Range: 29E **Archeological:**
County: Eddy

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		368	300	12-1/4"	Surf	Circ
4-1/2"	9.50	J55	3,143	900	7-7/8"	Surf	Circ 56 sx

17-Oct-88 Spud well
Fred Pool - P.J. State A #14

 1-Nov-88 **Queen Completion**
 Perf 2275-2328 14 holes
 acidized w/2000 gal 15% HCL
 frac w/59Mgal gel wtr, 80M# 20/40, 42M# 12/20
 Avg 30bpm 2250psi, ISIP 1920 15min 1350
 8-Nov-88 IP: Pumping 30 BO 45 BW 20 MCF 24 hrs 36 API 666 GOR

Queen Perfs
2275 - 2328

TUBING STRING (assumed from rod string)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
75	2-3/8 EUE 8rd J-55 4.7# Tbg	2355.00	8.00	2363.00
1	2-3/8 X 1-25/32 SN	1.10	2363.00	2364.10
1	Perf Sub	3.00	2364.10	2367.10
1	2-3/8 Mud Anchor	31.50	2367.10	2398.60

ROD STRING 9/24/96

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
3	3/4	Pony Rods 6,2,2	10
93	3/4	Rods	2325
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2363

8 5/8"
@368'

T Salt
@420'

B Salt
@1107'

Yates
@1423'

7 Rivers
@1730'

Queen
@2267'

Penrose
@2445'

Grayburg
@2623'

San And
@2764'

4-1/2"
@3,143'

TD 3160

TOC Surf
Circ

P.J. State A #16

GL: 3,364 Status: Active pumping
 KB: 3,373 Perfs: 2262 - 2290
 TD: 3,150
 PBD: 3,100 API: 30-015-26104
 Fr. Wtr:
 Legal: 990 from S NM Lse: B-7717
 990 from E Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 2-P
 Township: 19S Logs: CNL, FDC, DLL, RXO
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	360	300	12-1/4"	Surf	did not circ RM?
5-1/2"	15.50	J55 used	3,150	600	7-7/8"	Surf	Circ 109 sx

25-Apr-89 Spud well
Fred Pool - P.J. State A #16

8-May-89 Queen Completion
 Perf 2262-2290 1 SPF 29 holes 0.41"
 acidized w/500 gal 15% HCL
 frac w/40Mgal gel wtr, 30M# 20/40, 54M# 12/20

12-May-89 IP: Pumping 55 BO 15 BW 28 MCF 24 hrs 36 API 509 GOR

T Salt @340' 8 5/8" @360'

B Salt @1082'

Yates @1395'

7 Rivers @1791'

Queen @2244'

Penrose @2420'

Grayburg @2596'

San And @2736'

5-1/2" @3,150'

TD 3150

Queen Perfs
2262 - 2290

TUBING STRING 9/23/96

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	9.00	0.00	9.00
76	2-3/8 EUE 8rd J-55 4.7# Tbg	2375.00	9.00	2384.00
1	2-3/8 X 1-25/32 SN	1.10	2384.00	2385.10
1	Perf Sub	3.00	2385.10	2388.10
1	2-3/8 Mud Anchor	30.00	2388.10	2418.10

ROD STRING 9/23/96

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
5	3/4	Pony Rods 6,6,6,4,2	24
93	3/4	Rods	2325
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2377

TOC Surf
Circ

8 5/8"
@355'

T Salt
@360'

TOC
est 480'
25% excess

B Salt
@1035'

Yates
@1406'

7 Rivers Perfs

1744 - 1764

7 Rivers
@1740'

Queen
@2200'

Queen Perfs

2200 - 2255

Penrose
@2326'

CIBP knocked down to 2389 lose

Grayburg
@2551'

San And
@2682'

5-1/2"
@2,747'

TD 2750

P.J. State A #19

GL: 3,356 Status: Active pumping
KB: 3,364 Perfs: 1744 - 1764, 2200 - 2255
TD: 2,750 7 Rivers, Queen
PBD: 2,707 2,389 API: 30-015-26312
Fr. Wtr: Legal: 330 from S NM Lse: B-7717
 2,310 from W Field: Turkey Track (Sr-Qn-Gb-Sa)
Section: 2-N Logs: CNL, ZDL, DLL
Township: 19S
Range: 29E
County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		355	300	11"	Surf	45' RM 20 yds
5-1/2"	15.50	1492' J55	2,747	375	7-7/8"	est 480'	did not circ
5-1/2"	14.5	1243'					

9-Apr-90 Spud well
Fred Pool - P.J. State A #19

25-Apr-90 **Queen Completion**
Perf 2200-2255 16 holes
acidized w/500 gal 15% HCL
frac w/38.5Mgal x-linked gel, 66M# 12/20
Avg 30bpm 2050psi, ISIP 1510 15min 1380
1-May-90 IP: Pumping 55 BO 10 BW 60 MCF 24 hrs 34 API 1090 GOR

13-Oct-92 **7 Rivers Completion**
Set CIBP at 1850', ran correl log
Perf 1744-46,51-64 1 SPF 17 holes
acidized w/1500 gal 7.5% NEFE w/34 BS, ATP 1250, ISIP 1020 15min 900
frac w/20Mgal x-linked gel, 30M# 20/40, 8M# 12/20
Avg 18.3bpm 1409psi, ISIP 1290 15min 1174
Test 1 BF w/ skim of oil and 2 MCF w/161 BLWTR

12-Dec-92 **Commingle 7 Rivers and Queen**
RIH w/bailer and knocked plug lose at 1850'. Left bailer & wireline in hole
fished 6 days. Got wireline & bailer out - est plug at 2389'

Plug is most likely still at 2389' lose

This will be a Unit producing well. The 7 Rivers perforations 1744'-1764' will be squeezed.

TUBING STRING 12/12/92 Probable string

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
72	2-3/8 EUE 8rd J-55 4.7# Tbg	2269.00	8.00	2277.00
1	2-3/8 X 1-25/32 SN	1.10	2277.00	2278.10
1	Perf Sub	3.00	2278.10	2281.10
1	2-3/8 Mud Anchor	31.00	2281.10	2312.10

ROD STRING 12/12/92 Probable string

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
0	3/4	Pony Rods	0
90	3/4	Rods	2250
1	2X1.5X12	RWTC pump w/1"x6' GA	12
			2278

TOC Surf
Circ

P.J. State B #3

GL: 3,369 **Status:** Active pumping
KB: 3,377 **Perfs:** 2240 - 2260
TD: 2,400
PBD: 2,360 **API:** 30-015-26186
Fr. Wtr:
Legal: 1,650 from N **NM Lse:** B-7939-15
 2,310 from W **Field:** Turkey Track (Sr-Qn-Gb-Sa)
Section: 11-F
Township: 19S **Logs:** CNL, ZDL, DLL
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	377	300	12-1/4"	Surf	71' RM 5.5 yds
4-1/2"	11.60	J55	2,397	720	7-7/8"	Surf	Circ 10 sx

12-Oct-89 Spud well
 Fred Pool - P.J. State B #3

 24-Oct-89 **Queen Completion**
 Perf 2240-2260 11 holes
 acidized w/1000 gal 7.5% HCL & 22 BS, Avg 3bpm 1600psi
 frac w/37.5Mgal YF130, 75.2M# 12/20
 Avg 20bpm 2200psi, ISIP 1950 15min 1480
 31-Jan-90 IP: Pumping 40 BO 2 BW 40 MCF 24 hrs 35 API 1,000 GOR

T Salt @376' 8 5/8" @377'

B Salt @1078'

Yates @1394'

7 Rivers @1618'

Queen @2200'

Queen Perfs
2240 - 2260

Penrose @2378' 4-1/2" @2,397'

TD 2400

TUBING STRING (assumed from orig tbg depth)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
69	2-3/8 EUE 8rd J-55 4.7# Tbg	2167.00	8.00	2175.00
1	2-3/8 X 1-25/32 SN	1.10	2175.00	2176.10
1	Perf Sub	3.00	2176.10	2179.10
1	2-3/8 Mud Anchor	31.50	2179.10	2210.60

ROD STRING (assumed from orig tbg)

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/ liner	16
0	3/4	Pony Rods	0
86	3/4	Rods	2150
1	2X1.25X12	RWTC pump w/1"x6' GA	12
			2178

TOC Surf
Circ

P.J. State B #4

GL: 3,375 **Status:** Active pumping
KB: 3,383 **Perfs:** 2305 - 2323
TD: 2,452
PBD: 2,432 **API:** 30-015-26193
Fr. Wtr:
Legal: 1,650 from N **NM Lse:** B-9735-15
 990 from E **Field:** Turkey Track (Sr-Qn-Gb-Sa)
Section: 11-H
Township: 19S **Logs:** CNL, LDL, DLL
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	26.00		358	200	10"	Surf	55' RM 10 yds
4-1/2"	13.50		2,450	310	6-1/4"	Surf	Circ 11 sx

9-Dec-90 Spud well
 Fred Pool - P.J. State B #4

 29-Jan-90 **Queen Completion**
 Perf 2305-2323 1 SPF 19 holes
 acidized w/1000 gal 15% HCL
 frac w/40Mgal YF130, 72M# 12/20, Avg 25bpm 2200psi, ISIP 2150 15min 1550
 1-Feb-90 IP: Pumping 35 BO 25 BW 15 MCF 24 hrs 35 API 429 GOR

T Salt @309'
7" @358'

B Salt @1146'

Yates @1421'

7 Rivers @1669'

Queen @2274'

Queen Perfs
2305 - 2323

4-1/2"
@2,450'

TD 2452

TUBING STRING (assumed from rods)

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
77	2-3/8 EUE 8rd J-55 4.7# Tbg	2384.00	8.00	2392.00
1	2-3/8 X 1-25/32 SN	1.10	2392.00	2393.10
1	Perf Sub	3.00	2393.10	2396.10
1	2-3/8 Mud Anchor	34.00	2396.10	2430.10

ROD STRING 5/2/01

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod w/8' liner	16
5	3/4	Pony Rods 4,4,4,2,2	16
94	3/4	Rods	2350
1	2X1.25X10	RWTC pump w/1"x6' GA	10
			2392

TOC Surf
Circ

BBOC State #2

GL: 3,374 Status: Active pumping
 KB: 3,382 Perfs: 2222 - 2328, 1656 - 1688
 TD: 2,430 Qn and 7 Rivers commingled
 PBD: 2,372 API: 30-015-26183
 Fr. Wtr:
 Legal: 660 from N NM Lse: B-9739
 1,980 from E Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 11-B Logs: cased CNL, CBL
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55 new	375	300	12-1/4"	Surf	Circ RM 8 yds
5-1/2"	17.00	K55 LT&C new	2,430	900	7-7/8"	Surf	Circ 75 sx

- 5-Oct-89 Spud well
Myco - BBOC State #2
- 31-Oct-89 Queen and Middle Queen Completion
Perf 2222,23,31,32,36,42,44,46,52,56,67,69,75, 2322,24,28 16 holes 0.42"
acidized w/3250 gal 15% HCL
frac w/57Mgal x-linked gel, 59.5M# 20/40, 55M# 12/20
- 8-Nov-89 IP: Pumping 63 BO 0 BW 64 MCF 24 hrs 32 API 1,016 GOR
- 1-Dec-90 7 Rivers Completion
Set RBP at 1800'
Perf 1656,60,64,67,69,72,76,78,84,88 10 holes 0.4"
acidized w/1500 gal 15% HCL
frac w/40Mgal 40# x-linked gel, 44M# 20/40, 31M# 12/20
- 3-Dec-90 IP: Pumping 3 BO 0 BW 125 MCF 24 hrs 41,700 GOR
Pulled RBP at 1800' and put on pump

This will be a Unit producing well. The 7 Rivers perforations 1656'-1688' will be squeezed and a CIBP set at 2300' above the Middle Queen.

TUBING STRING

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
0	2-3/8 EUE 8rd J-55 4.7# Tbg	0.00	8.00	8.00
0	2-3/8 X 1-25/32 SN	1.10	8.00	9.10

ROD STRING

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod	0
0	3/4	Pony Rods	0
0	3/4	Rods	0
0	5/8	Rods	0
0	2X1.25X13	RHBC pump	0
			0

8 5/8"
@375'

T Salt
@370'

B Salt
@1082'

Yates
@1415'

7 Rivers
@1656'

7 Rivers Perfs
1656 - 1688

Queen
@2215'

Queen Perfs
2222 - 2275
Middle Queen Perfs
2322 - 2328

5-1/2"
@2,430'

TD 2430

TOC Surf
Circ

BBOC State #4

GL: 3,380
 KB: 3,388
 TD: 2,854
 PBD: 2,791
 Fr. Wtr:
 Legal: 2,310 from N
 990 from W
 Section: 11-E
 Township: 19S
 Range: 29E
 County: Eddy

Status: Active pumping
 Perfs: 2238 - 2272, 1633 - 1684
 Qn & 7 Rivers together
 API: 30-015-26234
 NM Lse: B-9739
 Field: Turkey Track (Sr-Qn-Gb-Sa)
 Logs: CNL, LDL, DLL, CBL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	ST&C new	357	250	12-1/4"	Surf	45' RM 8 yds
5-1/2"	17.00	K55 LT&C new	2,854	800	7-7/8"	Surf	Circ 90 sx

22-Dec-89 Spud well
 Myco - BBOC State #4

8-Jan-90 Queen Completion
 Perf 2238,39,40,44,45,53,54,60,61,62,71,72 12 holes 0.42"
 acidized w/2500 gal 15% HCL
 frac w/53Mgal 30# x-linked gel, 80M# 20/40, 20M# 12/20

14-Jan-90 IP: Pumping 68 BO 0 BW 68 MCF 24 hrs 35 API 1,000 GOR

Jul-90 7 Rivers Completion
 Set RBP at 1800'.
 Perf 1633,37,40,43,50,68,72,75,77,84 10 holes
 acidized w/1500 gal 15% HCL
 frac w/40Mgal 30# x-linked gel, 50M# 20/40, 28M# 12/20
 Pulled RBP at 1800'
 IP: Commingled Pumping 5 BO 0 BW 200 MCF 24 hrs 40,000 GOR

7 Rivers Perfs
1633 - 1684

This will be a Unit producing well. The 7 Rivers perforations 1633'-1684' will be squeezed.

TUBING STRING

# OF JTS	DESCRIPTION	LENGTH	FROM	TO
	Distance from KB to top of pipe	8.00	0.00	8.00
0	2-3/8 EUE 8rd J-55 4.7# Tbg	0.00	8.00	8.00
0	2-3/8 X 1-25/32 SN	1.10	8.00	9.10

ROD STRING

# OF JTS	SIZE	TYPE OF RODS	LENGTH
1	1-1/4	Polished Rod	0
0	3/4	Pony Rods	0
0	3/4	Rods	0
0	5/8	Rods	0
0	2X1.25X13	RHBC pump	0
			0

Queen Perfs
2238 - 2272

8 5/8"
@357'

T Salt
@363'

B Salt
@1084'

Yates
@1363'

7 Rivers
@1608'

Queen
@2229'

Penrose
@2398'

Graybrg
@2592'

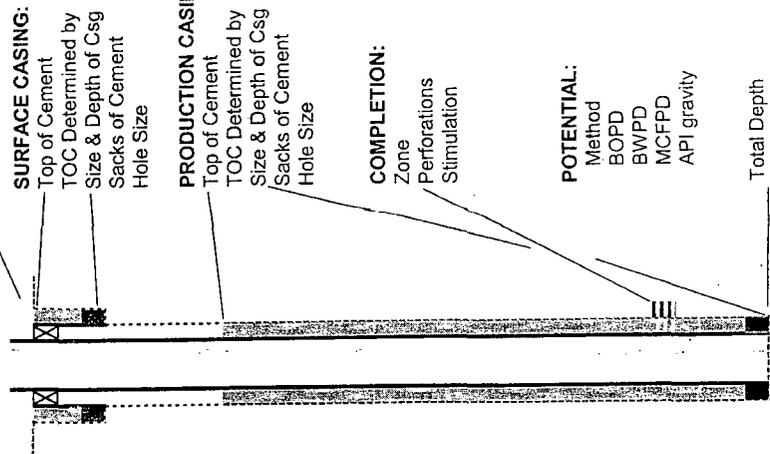
San And
@2710'

5-1/2"
@2,854'

TD 2854

Operator Lease & Well # Location Sec.-Unit, Twp., Rge. API#	Jim Pierce Mountain States Fed #1 330' FSL 990' FEL 35-P, 18S, 29E	Snow Operating Co. Inc. State JL36 #3 1880' FSL 1980' FEL 36-J, 18S, 29E	Metex Pipe & Supply Wilson State #1 1650' FSL 990' FWL 36-L, 18S, 29E	Snow Operating Co. Inc. State JL36 #6 660' FSL 660' FWL 36-M, 18S, 29E	Snow Operating Co. Inc. State JL36 #2 660' FSL 1980' FWL 36-N, 18S, 29E
Date Drilled	Dec-84	Aug-84	Oct-84	Mar-85	Aug-84
G.L. Elev	3424'	3438'	3442'	3436'	3427'
SURFACE CASING:	Surface 2" 20sx, top w/Ready Mix 8 5/8" @ 301'	Surface Top w/Ready Mix 8 5/8" @ 300'	Surface Top w/Ready Mix 8 5/8" @ 351'	Surface Circulated 8 5/8" @ 308'	Surface Top w/Ready Mix 8 5/8" @ 325'
Top of Cement	200	200	275	200	200
TOC Determined by Size & Depth of Csg	12 1/4"	12 1/4"	12 1/4" assumed	12 1/4"	12 1/4"
Sacks of Cement					
Hole Size					
PRODUCTION CASING:	1107'	Surface Calculated 5 1/2" @ 2904'	Surface Calculated 5 1/2" @ 3000'	Surface Circulated 5 1/2" @ 2910'	Surface Circulated 5 1/2" @ 3250'
Top of Cement	543	700	800	875	700
TOC Determined by Size & Depth of Csg	7 7/8"	7 7/8"	7 7/8" assumed	7 7/8"	7 7/8"
Sacks of Cement	(CIBP at 3365' 8/85)				
Hole Size					
COMPLETION:	Qn (Unit)-Qn-GB-SA 2252' - 3451'	Qn (Middle & Penrose)-GB 2469' - 2794'	Qn (Penrose)-GB-SA Pen 2464' - 2491'	Qn (Unit)-7R-Qn-GB-SA 1576' - 2845'	Qn (Middle) 2408' - 2420'
Zone	A 5000 SF 85Mgal 119M#	A 500 SF 40Mgal ??M#	A 1000 SF 30Mgal 50M#	Frc 7R 65Mgal, Qn-Gb 104Mgal, Gb-SA 45Mgal	A 2500 SF 40Mgal 62M#
Perforations					
Stimulation					
POTENTIAL:	Pumping 20	Pumping 39	Pumping 47	Pumping 10	Pumping 29
Method	30	10	7	158	2
BOPD	32	TSTM 33.2	not reported	19	TSTM 36.1
BWPD	38		36.2	not reported	
MCFFPD					
API gravity					
Total Depth	3505'	2904'	3050'	2920'	3250'
Plug Back Depth	3365'	2857'	2990'	2845'	3208'

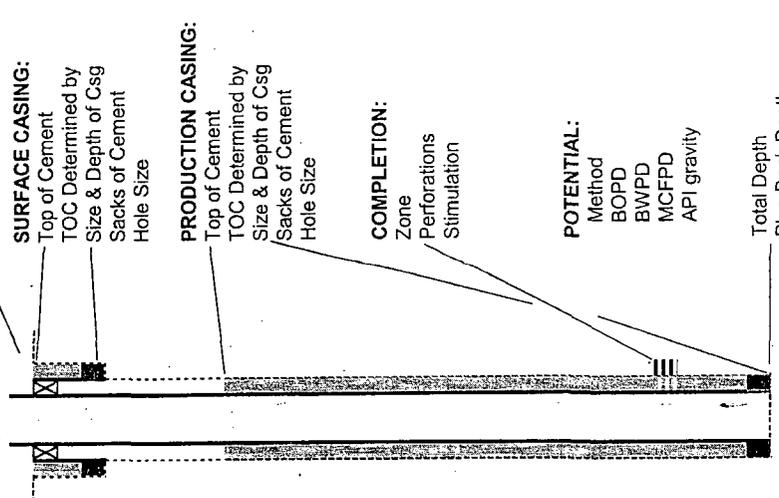
TYPICAL SCHEMATIC



Beach Exploration, Inc.
 Proposed Eastland Queen Unit
 Area of Review - Offset 2 String Wells
 Data Tabulation
 Form C-108, Item VI

Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	API#	Date Drilled G.L. Elev	Surface Casing: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	Production Casing: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	Completion: Zone Perforations Stimulation	Potential: Method BOPD BWPD MCFPD API gravity	Total Depth Plug Back Depth
Snow Operating Co. Inc. State JL36 #1 660' FSL 1980' FEL 36-O, 18S, 29E	30-015-23428	Aug-80 3435'	Surface Top w/Ready Mix 13 3/8" @ 295' 315 17 1/2"	Surface Circulated 8 5/8" @ 2829' 1160 11" (TD 11,696' Morrow compl PB to 2809' cut 5 1/2 7126')	Qn (Middle) 4/28/84 2464' - 2480' A 3000 SF 35Mgal 43M#	Flowing 80 0 TSTM 37.4	11,696' 2809'
Jim Pierce Leonard State #2 330' FSL 2310' FWL 1-N, 19S, 29E	30-015-03543	Jul-62 Reentered 8/10/62 3397'	Surface Circulated 7 5/8" @ 352' 150 9 7/8"	1650' Calculated 50% excess 4 1/2" @ 2600' 150 6 3/4" assumed	Qn (Unit)-Qn (Middle) 2376' - 2471' A 500 SF 26.7Mgal, 30M#	Pumping not reported not reported not reported not reported	2600' 2500'
Jim Pierce Leonard State R #3 330' FSL 330' FEL 1-P, 19S, 29E	30-015-03540	Apr-50 3395'	45' Calculated 50% excess 8 5/8" @ 360' 50 10"	1525' Calculated 50% excess 7" @ 2150' 50 7 7/8" assumed	Lwr 7R 2201-06', 2215-23' Form jet perfs Natural	Pumping 50 not reported 10 not reported	2227' 2227'
Lothian Oil Texas I, Inc. Turkey Track Sec 3 Unit #2 330' FSL 990' FEL 3-P, 19S, 29E	30-015-03549	Oct-49 3392'	220' Calculated 50% excess 8 5/8" @ 315' 15 10"	1250' Calculated 50% excess 5 1/2" @ 1490' 50 8"	7R OH 1490' - 1707' Shot w/220 qts 1680' - 1702'	Pumping 10 not reported not reported not reported	1707' 1707'
Lothian Oil Texas I, Inc. Turkey Track Sec 3 Unit #15 660' FSL 660' FEL 3-P, 19S, 29E	30-015-03560	Mar-43 3395'	No cmt unless 3/79 1" Mud only 3/79 cmt'd w/1" ?? 10 3/4" @ 385' none 12"	1425' and 2225' Calc 1425', Calc 2225' 7" @ Surf-1545' and 1920'-2550' 35 at 1545', orig 100 at 2550' 10" Orig 7" pulled 1920' to surf and PB to 1770'	7R OH 1545' - 1770' Shot w/440 qts 1569' - 1730'	Pumping 24 not reported not reported not reported	2815' 1770'

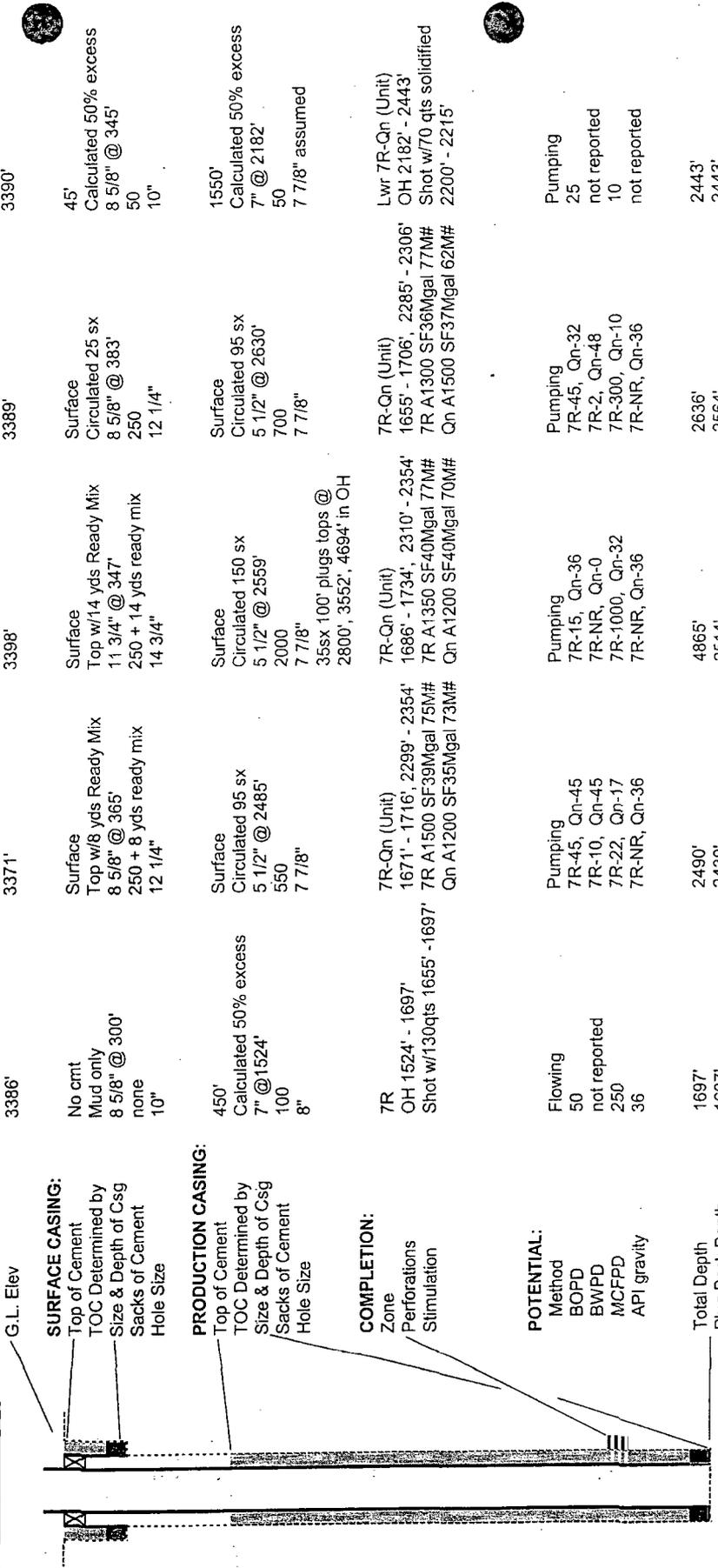
TYPICAL SCHEMATIC



Beach Exploration, Inc.
Proposed Eastland Queen Unit
Area of Review - Offset 2 String Wells
Data Tabulation
Form C-108, Item VI

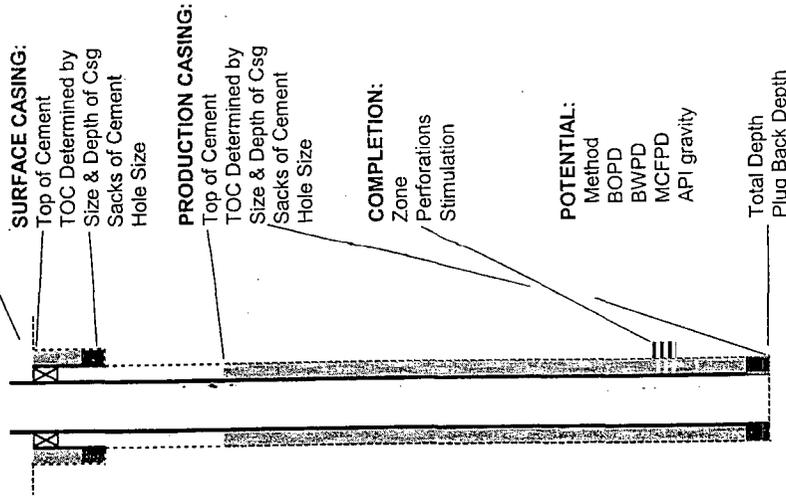
Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	API#	Date Drilled	G.L. Elev	Surface casing: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	Production casing: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	Completion: Zone Perforations Stimulation	Potential: Method BOPD BWPD MCFPD API gravity	Total Depth Plug Back Depth
MYCO Industries, Inc. Continental State #1 740' FNL 1205' FEL 10-A, 19S, 29E	30-015-03572	Jul-49	3386'	No crmt Mud only 8 5/8" @ 300' none 10"	450' Calculated 50% excess 7" @ 1524' 100 8"	7R OH 1524' - 1697' Shot w/130qts 1655' - 1697'	Flowing 50 not reported 250 36	1697' 1697'
MYCO Industries, Inc. Sand Dune State #3 1980' FSL 1980' FEL 11-J, 19S, 29E	30-015-26311	Mar-90	3371'	Surface Top w/8 yds Ready Mix 8 5/8" @ 365' 250 + 8 yds ready mix 12 1/4"	Surface Circulated 95 sx 5 1/2" @ 2485' 550 7 7/8"	7R-Qn (Unit) 1671' - 1716', 2299' - 2354' 7R A1500 SF39Mgal 75M# Qn A1200 SF35Mgal 73M#	Pumping 7R-45, Qn-45 7R-10, Qn-45 7R-22, Qn-17 7R-NR, Qn-36	2490' 2430'
MYCO Industries, Inc. Sand Dune State #1 1980' FSL 1980' FWL 11-K, 19S, 29E	30-015-26272	Jan-90	3398'	Surface Top w/14 yds Ready Mix 11 3/4" @ 347' 250 + 14 yds ready mix 14 3/4"	Surface Circulated 150 sx 5 1/2" @ 2559' 2000 7 7/8" 35sx 100' plugs tops @ 2800', 3552', 4694' in OH	7R-Qn (Unit) 1686' - 1734', 2310' - 2354' 7R A1350 SF40Mgal 77M# Qn A1200 SF40Mgal 70M#	Pumping 7R-15, Qn-36 7R-NR, Qn-0 7R-1000, Qn-32 7R-NR, Qn-36	4865' 2514'
MYCO Industries, Inc. Sand Dune State #6 1980' FSL 660' FWL 11-L, 19S, 29E	30-015-26476	Oct-90	3389'	Surface Circulated 25 sx 8 5/8" @ 383' 250 12 1/4"	Surface Circulated 95 sx 5 1/2" @ 2630' 700 7 7/8"	7R-Qn (Unit) 1655' - 1706', 2285' - 2306' 7R A1300 SF36Mgal 77M# Qn A1500 SF37Mgal 62M#	Pumping 7R-45, Qn-32 7R-2, Qn-48 7R-300, Qn-10 7R-NR, Qn-36	2636' 2564'
Jim Pierce State S #2 330' FNL 330' FEL 12-A, 19S, 29E	30-015-03582	Feb-51	3390'	45' Calculated 50% excess 8 5/8" @ 345' 50 10"	1550' Calculated 50% excess 7" @ 2182' 50 7 7/8" assumed	Lwr 7R-Qn (Unit) OH 2182' - 2443' Shot w/70 qts solidified 2200' - 2215'	Pumping 25 not reported 10 not reported	2443' 2443'

TYPICAL SCHEMATIC



Operator Lease & Well # Location Sec.-Unit, Twp., Rge.	Parrish, H Dwayne & Rhondak State T #1 1650' FNL 990' FWL 12-E, 19S, 29E	Parrish, H Dwayne & Rhondak State T #2 1650' FNL 330' FWL 12-E, 19S, 29E	Jim Pierce Keohane Fed #1 330' FSL 330' FWL 6-M, 19S, 30E
API#	30-015-03581	30-015-26378	30-015-04591
Date Drilled	Sep-56	Jun-90	Mar-50
G.L. Elev	3393'	3388'	3390'
SURFACE CASING: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	45' Calculated 50% excess 8 5/8" @ 356' 50 10 3/4"	Surface Circulated 8 5/8" @ 343' 250 10 3/4"	200' Calculated 50% excess 8 5/8" @ 362' 75 12 1/4" assumed
PRODUCTION CASING: Top of Cement TOC Determined by Size & Depth of Csg Sacks of Cement Hole Size	2083 Calculated 50% excess 5 1/2" @ 2585' 50 6"	Surface Circulated 5 1/2" @ 2609' 650 7 7/8"	1560' Calculated 50% excess 7" @ 2175' 50 7 7/8" assumed
COMPLETION: Zone Perforations Stimulation	Qn (Penrose) 2520' - 2528' A 500 SF 40Mgal 36M#	Qn (Unit) 2329' - 2347' A 1200 SF 40Mgal 68M#	Qn (Unit)-Qn Open hole 2170' - 2244' Natural Oil pay rptd 2230' - 2244' Show water at 2248'
POTENTIAL: Method BOPD BWPD MCFPD API gravity	Pumping 30 25 not reported 24.5	Pumping 16 0 not reported not reported	Pumping 30 not reported 10 not reported
Total Depth Plug Back Depth	4064' 2555'	2620' 2613'	2250' 2244'

TYPICAL SCHEMATIC



Operator
Lease & Well #
Location
Sec.-Unit, Twp., Rge.

Mewbourne Oil Co.
Bradley 36 State Com #1
1650' FSL 1650' FEL
36-J, 18S, 29E

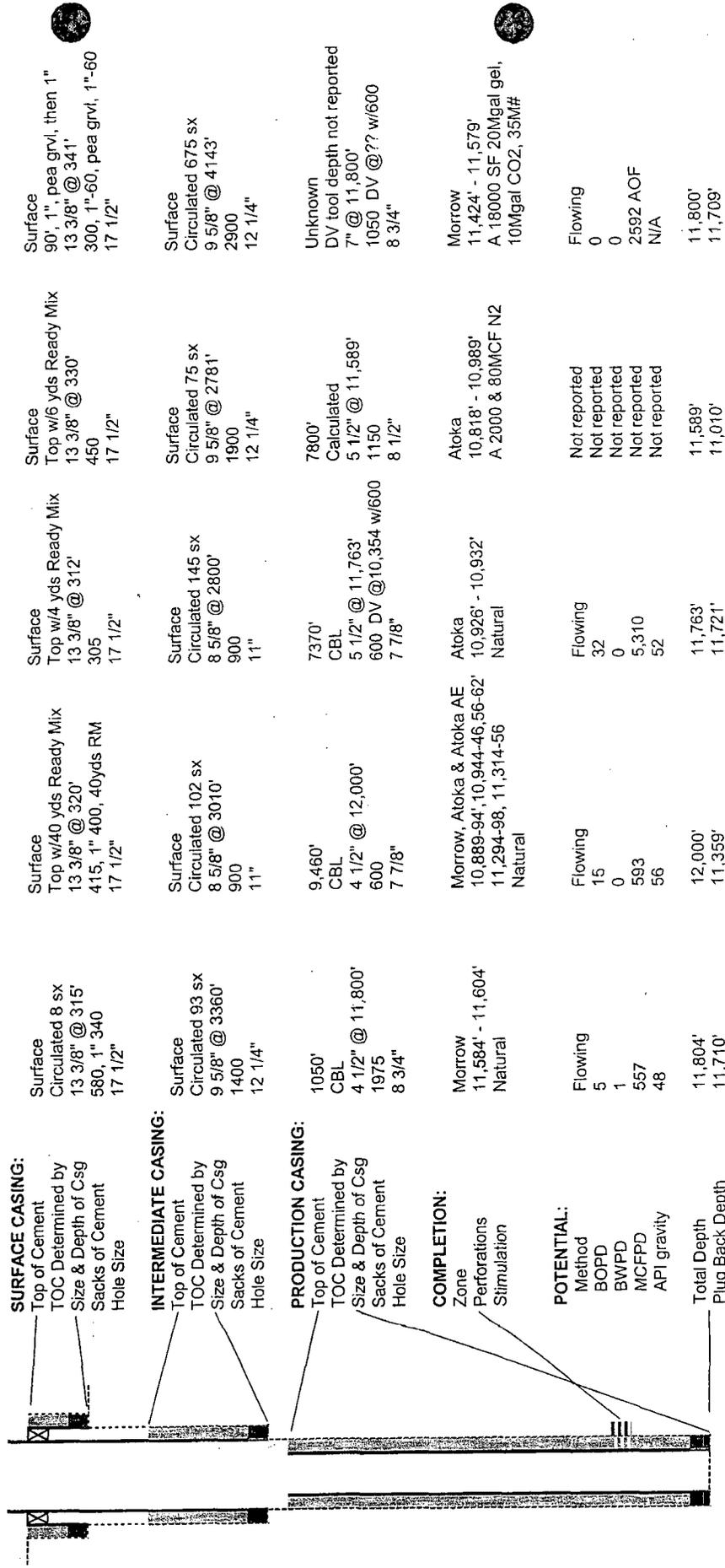
Chi Operating, Inc.
State HL 1 #1
660' FSL 1980' FWL
1-N, 19S, 29E

Chisos, LTD
State HL 2 #1Y
2090' FNL 1870' FWL
2-F, 19S, 29E

Snow Operating Co. Inc.
New Mexico CZ State #1
1980' FSL 810' FEL
2-I, 19S, 29E

API# 30-015-34893
Date Drilled Dec-06
G.L. Elev 3437'

TYPICAL SCHEMATIC



30-015-23065
Feb-80
3403'

30-015-23062
Oct-81
3392'

30-015-30513
Dec-98
3420'

30-015-34893
Dec-06
3437'

30-015-30513
Dec-98
3420'

30-015-23065
Feb-80
3403'

30-015-23625
Nov-81
3364'

Surface
Top w/4 yds Ready Mix
13 3/8" @ 312'
305
17 1/2"

Surface
Top w/6 yds Ready Mix
13 3/8" @ 330'
450
17 1/2"

Surface
Top w/40 yds Ready Mix
13 3/8" @ 320'
415, 1" 400, 40yds RM
17 1/2"

Surface
Circulated 8 sx
13 3/8" @ 315'
580, 1" 340
17 1/2"

Surface
Circulated 102 sx
8 5/8" @ 3010'
900
11"

Surface
Circulated 145 sx
9 5/8" @ 2800'
900
11"

Surface
Circulated 75 sx
9 5/8" @ 2781'
1900
12 1/4"

Surface
Circulated 675 sx
9 5/8" @ 4143'
2900
12 1/4"

Surface
Circulated 75 sx
9 5/8" @ 2781'
1900
12 1/4"

Surface
Circulated 102 sx
8 5/8" @ 3010'
900
11"

Surface
Circulated 93 sx
9 5/8" @ 3360'
1400
12 1/4"

Surface
Circulated 145 sx
9 5/8" @ 2800'
900
11"

Surface
Circulated 75 sx
9 5/8" @ 2781'
1900
12 1/4"

Surface
Circulated 675 sx
9 5/8" @ 4143'
2900
12 1/4"

Unknown
DV tool depth not reported
7" @ 11,800'
1050 DV @ ?? w/600
8 3/4"

7800'
Calculated
5 1/2" @ 11,589'
1150
8 1/2"

9,460'
CBL
4 1/2" @ 12,000'
600
7 7/8"

1050'
CBL
4 1/2" @ 11,800'
1975
8 3/4"

7370'
CBL
5 1/2" @ 11,763'
600 DV @ 10,354 w/600
7 7/8"

7800'
Calculated
5 1/2" @ 11,589'
1150
8 1/2"

7800'
Calculated
5 1/2" @ 11,589'
1150
8 1/2"

Morrow
11,424' - 11,579'
A 18000 SF 20Mgal gel,
10Mgal CO₂, 35M#

Atoka
10,818' - 10,989'
A 2000 & 80MCF N2

Morrow, Atoka & Atoka AE
10,889-94', 10,944-46,56-62'
11,294-98, 11,314-56
Natural

Morrow
11,584' - 11,604'
Natural

Morrow, Atoka & Atoka AE
10,889-94', 10,944-46,56-62'
11,294-98, 11,314-56
Natural

Atoka
10,818' - 10,989'
A 2000 & 80MCF N2

Atoka
10,818' - 10,989'
A 2000 & 80MCF N2

Flowing
0
0
N/A

Flowing
32
0
5.310
52

Flowing
15
0
593
56

Flowing
5
1
557
48

Flowing
32
0
5.310
52

Flowing
0
0
N/A

Flowing
0
0
N/A

11,800'
11,709'

11,589'
11,010'

12,000'
11,359'

11,804'
11,710'

11,800'
11,709'

11,800'
11,709'

11,800'
11,709'

Operator
Lease & Well #
Location
Sec.-Unit, Twp., Rge.

JKM Energy, LLC
Stetson 2 State Com #1
990' FSL 990' FWL
2-M, 19S, 29E

Snow Oil & Gas, Inc.
Read and Stevens State #1
1650' FNL 990' FEL
10-H, 19S, 29E

Chisos, LTD
Spur 11 State Com #1
660' FNL 660' FWL
11-D, 19S, 29E

Edge Petr. Oper Co., Inc.
Southwest TT 11 State #1
1830' FSL 860' FWL
11-L, 19S, 29E

Parrish, H Dwayne & Rhondak
Schoonmaker State #4
2310' FSL 440' FWL
12-L, 19S, 29E

30-015-31012

30-015-32804

30-015-30996

30-015-22122

30-015-31012

Date Drilled

Dec-03

Apr-00

Apr-77

Jun-00

TYPICAL SCHEMATIC

G.L. Elev

3375'

3388'

3364'

3381'

3368'

SURFACE CASING:

Top of Cement
TOC Determined by
Size & Depth of Csg
Sacks of Cement
Hole Size

Surface
Circulated
13 3/8" @ 258'
480
17 1/2"

Surface
Top w/15yds Ready Mix
11 3/4" @ 357'
260, 1"-75, 15yd Ready Mix
14 3/4"

Surface
Top w/7 yds Ready Mix
14" @ 77'
7 yds Ready Mix
17 1/2"

Surface
Top w/15yds Ready Mix
11 3/4" @ 370'
600, 1"-50, 15yd Ready Mix
14 3/4"

INTERMEDIATE CASING:

Top of Cement
TOC Determined by
Size & Depth of Csg
Sacks of Cement
Hole Size

Surface
Circulated
9 5/8" @ 3068'
1250
12 1/4"

Surface
Circulated 198 sx
8 5/8" @ 2996'
1300
11"

Surface
Top w/ Ready Mix
8 5/8" @ 342'
100
11"

Surface
Circulated 325 sx
8 5/8" @ 3000'
1200
11"

PRODUCTION CASING:

Top of Cement
TOC Determined by
Size & Depth of Csg
Sacks of Cement
Hole Size

Unknown
Cmt not circ, Calc Surface
5 1/2" @ 11,635'
900 DV @ 9016 w/1750
8 1/2"
Cmt circ to DV 1st stage

8000'
Calculated
5 1/2" @ 11,650'
658
7 7/8"

990'
CBL
4 1/2" @ 3307'
675
7 7/8"

7765'
CBL
5 1/2" @ 11,629'
745
7 7/8"

COMPLETION:

Zone
Perforations
Stimulation

Morrow
11,430' - 11,471'
Natural

Atoka
10,756' - 10,820'
Natural

GB
2633' - 2635'
A 500, SF 30Mgal 35M#

Atoka
10,810' - 10,819'
A 1000 1.5MCF N2

7R-Qn (Unit)-Qn (Penrose)
2305' - 2418'
SF 30Mgal 34.5M#
2555' - 2571'
A 750 SF 15Mgal ??M#

POTENTIAL:

Method
BOPD
BWPD
MCFPD
API gravity

Flowing
68
Not reported
2247
49

Not reported
Not reported
Not reported
Not reported

Pumping
20
5
TSTM
35

Flowing
0
0
147
N/A

Total Depth
Plug Back Depth

2624'
2584' assumed

11,650'
11,000'

3320'
2750'

11,630'
11,180'

Beach Exploration, Inc.
 Proposed Eastland Queen Unit
 Area of Review - Offset 3 String Wells
 Data Tabulation
 Form C-108, Item VI

Operator
 Lease & Well #
 Location
 Sec.-Unit, Twp., Rge.

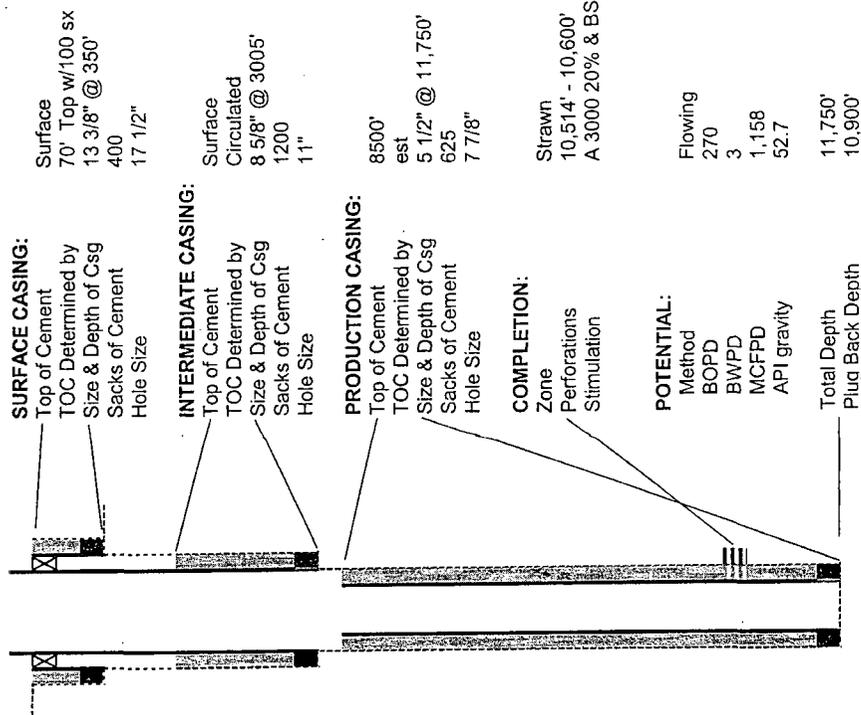
Chisos, LTD
 Wishbone Fed Com #1
 2000' FSL 680' FWL
 6-L, 19S, 30E

API#
 30-015-30640

Date Drilled
 G.L. Elev

Jul-00
 3414'

TYPICAL SCHEMATIC



Surface
 70' Top w/100 sx
 13 3/8" @ 350'
 400
 17 1/2"

Surface
 Circulated
 8 5/8" @ 3005'
 1200
 11"

8500'
 est
 5 1/2" @ 11,750'
 625
 7 7/8"

Strawn
 10,514' - 10,600'
 A 3000 20% & BS

Flowing
 270
 3
 1,158
 52.7

11,750'
 10,900'

Beach Exploration, Inc.
Proposed Eastland Queen Unit
Area of Review - Plugged Wells (wellbore schematics attached)
Form C-108, Item VI

<u>Operator</u>	<u>Lease & Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
1. Myco Industries, Inc.	Gopher Gulch State #1	990' FSL 990' FEL	36-P, 18S, 29E
2. Elliott Oil Company	E.M. Elliott #5	990' FSL 990' FWL	31-M, 18S, 30E
3. Roach & Shepard Drlg Co.	Elliott #1	330' FSL 330' FWL	31-M, 18S, 30E
4. Leonard Oil Company	Keohane #2	1650' FSL 1650' FWL	6-K, 19S, 30E
5. Jim Pierce	Leonard State #4	1650' FSL 330 FEL	1-I, 19S, 29E
6. Ashman & Hilliard No. 3 Ltd.	Leonard State #1-1	660' FSL 660' FWL	1-M, 19S, 29E
7. Ashman & Hilliard No. 3 Ltd.	Leonard State #1A-1	610' FSL 660' FWL	1-M, 19S, 29E
8. Herman J. Ledbetter	Leonard State #1	330' FSL 1650' FEL	1-O, 19S, 29E
9. Jim Pierce	Leonard A State #1	330' FNL 1650 FEL	12-B, 19S, 29E
10. Chemical Express	Leonard State #3	330' FNL 2310' FWL	12-C, 19S, 29E
11. Tenneco	State HL2 #1	1980' FNL 1980' FWL	2-F, 19S, 29E
12. Leonard Oil Company	State B7717 #1	1980' FSL 660' FEL	2-I, 19S, 29E
13. Tenneco	State B7717 #2	330' FSL 330' FWL	2-M, 19S, 29E
14. Marbob Energy Corp.	Turkey Track Sec 3 Unit #28	330' FSL 330' FEL	3-P, 19S, 29E
15. Stanley L. Jones	Powell #1	1650' FNL 330' FEL	10-H, 19S, 29E
16. Leonard Oil Company	State B-9739 #1-D	330' FNL 990' FWL	11-D, 19S, 29E
17. Myco Industries, Inc.	Sand Dune State #2	1980' FSL 660' FEL	11-I, 19S, 29E

10sx surf
 TOC Surf
 Circ
 Perf at 365'
 Sqz w/35sx

T Salt
 @369'

10-3/4"
 @368'

B Salt
 @1160'

Yates
 @1376'

7 Rivers
 @1654'

Queen
 @2378'

Penrose
 @2552'

Grayburg
 @2730'

San And
 @2874'

5-1/2"
 @3,508'

TD 3512

TOC
 1024' by CBL

15sx cmt on top
 CIBP at 1150'

15sx cmt on top
 CIBP at 1650'
 7 Rivers Perfs
 1662 - 1829

Queen Perfs
 2484 - 2496

Penrose Perfs
 2559 - 2587

Grayburg Perfs
 2813 - 2823

Gopher Gulch State #1

GL: 3,034
 KB: 3,042
 TD: 3,512
 PBD: 3,482
 Fr. Wtr:
 Legal: 990 from S
 990 from E
 Section: 36-P
 Township: 29E
 Range: 29E
 County: Eddy

Status: P&A
 Perfs:
 API: 30-015-24909
 NM Lse: B-6811
 Field:
 Logs: CNL, LDT, DLL
 Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
10-3/4"	40.50	K55	368	325	14-3/4"	Surf	50' RM 4 yds
5-1/2"	15.50	J55 LT&C	3,508	525	7-7/8"	1024'	CBL

- 4-Jul-84 Spud well
 Myco Industries, Inc. - Gopher Gulch State #1
- 20-Sep-84 Queen and Grayburg Completion
 Perf 2484-96 10 holes 0.42" - acidized w/2000 gal 15% NEFE
 frac w/20.7Mgal 70 qual foam, 25M# 20/40, 3325 gal Methanol, 295 SCF N2
 Perf 2813 - 2823 10 holes 0.42" - acidized w/1000 gal 15% NEFE
 frac w/20Mgal gelled KCL, 26.75M# 20/40
 IP: Pumping 30 BO 3 BW TSTM MCF 24 hrs 30 API
- 25-Sep-84 Penrose Completion
 Perf 2559 - 2587 10 holes 0.42" - acidized w/2000 gal 15% NEFE
 frac w/20Mgal 2% KCL, 33.25M# 20/40
 IP: Pumping - no separate test
- 30-Nov-84 7 Rivers Completion
 Perf 1662 - 1829 32 holes 0.41" - acidized w/4000 gal 15%
 frac w/80Mgal gel 2% KCL, 180m# 12/20
- 21-May-91 P&A - MYCO
 CIBP at 1650' w/15sx on top
 CIBP at 1150' w/15sx on top
 Perf 5 1/2 at 365' and sqz w/35sx
 set 10sx surf plug and installed reg marker

10sx surf

25sx plug
204 - 450

8-5/8"
@390'

T Salt
@396'

25sx plug
1004 - 1250

B Salt
@1173'

Yates
@1460'

7 Rivers
@1710'

25sx plug
2171 - 2417

Queen
@2405'

CIBP at 2417'

Penrose
@2590'

Grayburg
@2784'

San And
@2932'

5-1/2"
@3,065'

TD 3065

TOC Surf
Circ



Middle Queen Perfs

2517 - 2521

Penrose Perfs

2601 - 2608

Lwr Queen Perfs

2644 - 2782

Grayburg Perfs

2826 - 2912

E.M. Elliott #5

GL: 3,423

KB: 3,431

TD: 3,065

PBD: 2,991

Fr. Wtr:

Legal: 990 from S
990 from W

Section: 31-M

Township: 18S

Range: 30E

County: Eddy

Status: P&A

Perfs:

API: 30-015-25396

NM Lse: NM-27279

Field:

Logs: CNL,FDC,DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		390	350	12-1/4"	Surf	Circ 2sx
5-1/2"	15.50	J55	3,065	1,700	7-7/8"	Surf	Circ 60sx

11-Sep-85 Spud well
Elliott Oil Company - E.M. Elliot #5

19-Oct-85 Middle Queen, Penrose, Lwr Queen, Grayburg Completion

Middle Qn - Perf 2517-2521

Penrose - Perf 2601-2608

Lwr Queen - Perf 2644-2698

acidize above w/1500 gal 15% NEFE

Lwr Queen - Perf 2749-2782

Grayburg - Perf 2826-2912

acidize Lwr Qn & Grayburg w/2000 gal 15% NEFE

28-Oct-85 IP: Pumping 10 BO 25 BW TSTM MCF 24 hrs

5-Jan-00 P&A - Elliott Oil Co

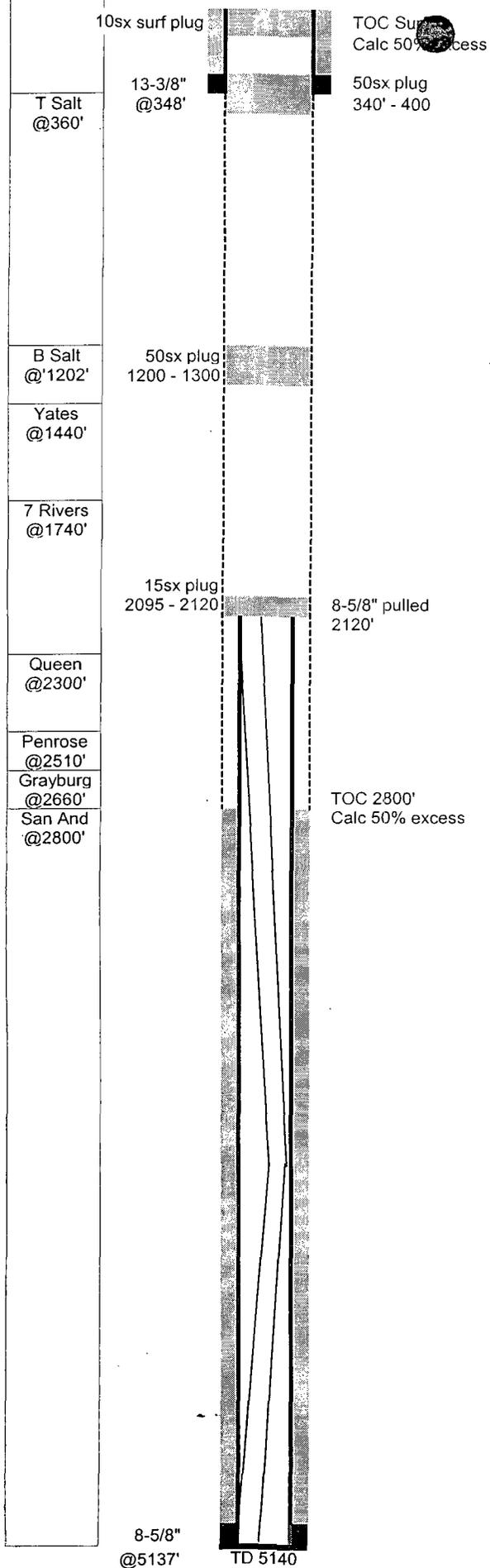
CIBP at 2417' w/25sx 2171 - 2417'

25sx plug 1004' - 1250'

25sx plug 204 - 450

10sx surface plug at 60', install marker

Unitized Queen not Perforated



TOC Sur
Calc 50% excess

50sx plug
340' - 400'

8-5/8" pulled
2120'

TOC 2800'
Calc 50% excess

8-5/8"
@5137' TD 5140'

Leonard State #1-1

GL: 3,379 Status: P&A
 KB: Perfs:
 TD: 5,140 API: 30-015-03536
 PBD:
 Fr. Wtr:
 Legal: 660 from S NM Lse: B-7717
 660 from W Field:
 Section: 1-M Logs: Radioactivity log
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
13-3/8"	48.00		348	350	17-1/2"	Surf	Calc 50% exc
8-5/8"	32 & 36		5,137	675	11"	2800'	Calc 50% exc

2-Jun-60 Spud well
Ashman & Hilliard No. 3 Ltd. - Leonard State #1-1

27-Jun-60 **Well Junked and Abandoned at 5140' - Ashman & Hilliard**
 Unable to get below 2120' because of junked drill pipe and drill collars
 Cut recovered 8-5/8" at 2120'
 15sx plug 2095 - 2120
 50sx plug 1200 - 1300
 50sx plug 340-400
 10sx surf plug and installed marker

TOC Sur
Circ

Leonard A State #1

GL: 3,399 **Status:** P&A
KB: 3,409 **Perfs:**
TD: 2,287
PBD: **API:** 30-015-03603
Fr. Wtr: **NM Lse:**
Legal: 330 from N **Field:**
 1,650 from E
Section: 12-B **Logs:** Radioactivity log
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00	J55	386	150	10"	Surf	Circulated
4-1/2"	9.50	J55	2,287	100	8"	1900'	Calc 50% ex

- 25-Jun-62 Spud well
Chemical Express, Inc. - Leonard A State #1
- 4-Jul-62 **Lwr 7 Rivers Completion**
Perf 2210 - 2230
- Jul-62 IP: Pumping 44 BO 0 BW NR MCF 24hrs 35 API
- 1-Aug-74 **Well SI**
- 23-Jun-03 **P&A Intent C103 Jim Pierce**
CIBP at 2121' w/10sx on top
Perf & Sqz 1270' w/100 sx w/CR at 1170
Perf & Sqz 437' w/100 sx w/CR at 300
21sx plug 100 - 300 tag
60' cmt outside of 4 1/2" csg 0 - 60
- 2-Oct-03 Cut off wellhead, latched onto 4 1/2" csg backed off at 252', ready mix to surface w 2 yds, inspected by Mike Bratcher, set dry hole marker
- 21-Nov-05 OCD inspection - bullet hole in dry hole marker spraying oil & water ???
- 20-Jan-06 Last correspondence from Jim Pierce saying plugged properly and to talk

7-5/8"
@386'

T Salt
@400'

B Salt
@1220'

Yates
@1450'

7 Rivers
@1820'

TOC 1900'
Calc 50% excess

Lwr 7 Rivers Perfs
2210 - 2230

4-1/2"
@2287'

TD 2287

Queen Unitized Interval not
Penetrated
No Plugging Confirmation -
Unresolved on State Website

50sx plug
Surface

7 5/8" csg
cut off 130'

7-5/8"
@375'

T Salt
@400'

B Salt
@'1187'

Yates
@'1505'

7 Rivers
@1770'

Queen
@2342'

Penrose
@2538'

25sx plug
2578'

TD 2578

TOC 131'
Csg pulled 130'

25sx plug
400'

Leonard State #3

GL: 3,399 Status: P&A
 KB: Perfs:
 TD: 2,578
 PBD: API: 30-015-03580
 Fr. Wtr: NM Lse: B-7717
 Legal: 330 from N Field:
 2,310 from W
 Section: 12-C Logs: Radioactivity log
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7-5/8"	20.00		375	50	9-7/8" 6-3/4"	130'	130' csg pulled

10-Sep-62 Spud well
 Chemical Express, Inc. - Leonard State #3

 28-Oct-62 Drilled to 2578' and Abandoned - Chemical Express
 Well was dry
 25sx plug at 2578
 25sx plug at 400
 8-5/8" csg cut and pulled at 130'
 50sx plug at surface w/steel marker



150 yds ready mix
at surface

State HL2 #1

GL: 3,392 **Status:** P&A
KB: **Perfs:**
TD: 390 **API:** 30-015-23727
PBD:
Fr. Wtr:
Legal: 1,980 from N **NM Lse:** B-9739-15
 1,980 from W **Field:**
Section: 2-F **Logs:**
Township: 19S
Range: 29E **Archeological:**
County: Eddy

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
					150 yds ready mix	17-1/2"	Surf

31-Oct-81 Spud well
Tenneco Oil Company - State HL2 #1

28-Oct-62 Drilled to 390' and Abandoned - Tenneco
 attempted to run 13 3/8" csg to 390', discovered sink hole under substructure 25-30' deep and 20' in diameter. RD MO. Filled cavern w/150 yds ready mix put 10yds topsoil over cmt plug and filled conductor to surf w/6 yds ready mix ready mixed rat and mouse hole to surf

Queen Unitized Interval not
Penetrated

T Salt @340'

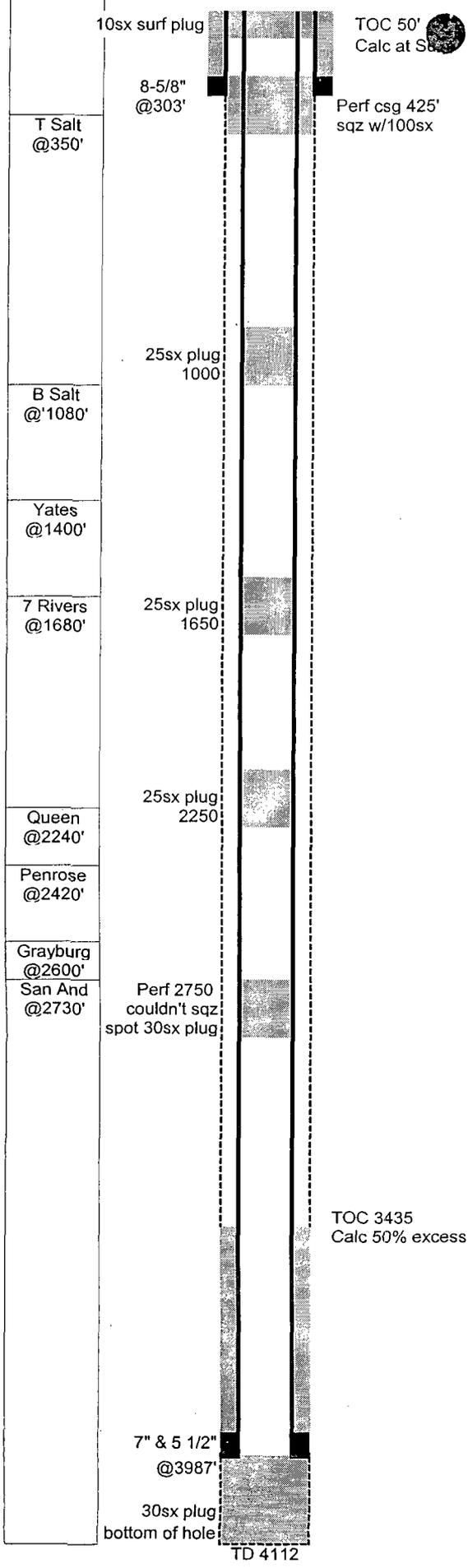
B Salt @'

Yates @

7 Rivers @

Queen @

Penrose @



State 7717 #1

GL: 3,367 **Status:** P&A
KB: **Perfs:**
TD: 4,112
PBD: **API:** 30-015-03544
Fr. Wtr: **NM Lse:** B-7717
Legal: 1,980 from S **Field:**
 660 from E
Section: 2-1 **Logs:** No logs
Township: 19S
Range: 29E **Archeological:**
County: Eddy

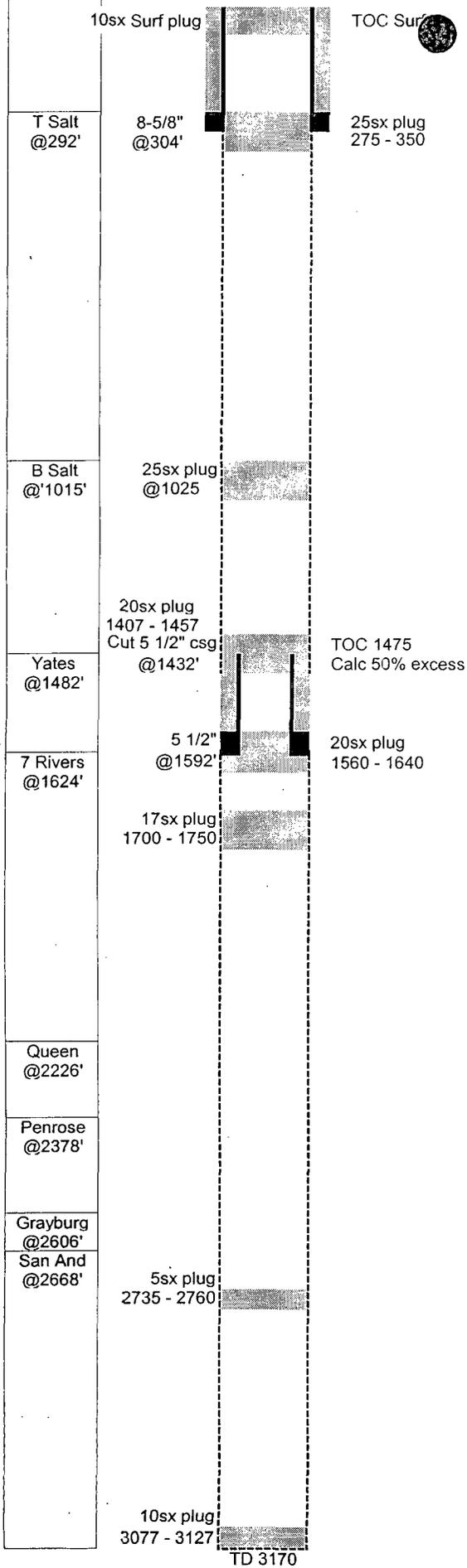
Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		303	50	10"	Prob 50'	Calc Surface
7" & 5- 1/2"	20 & 17	7-3147-840	3,987	130	8"	3435'	Calc 50% ex

17-Feb-48 Spud well
Leonard Oil Company - State B7717 #1

27-May-52 Completion
 OH 3987 - 4112
 Chem treat shot OH

26-May-53 P&A - Leonard Oil Co
 30sx plug in bottom of hole
 mudded to surface and put a marker at surface

3-Feb-96 P&A again NM State
 P&A marker was leaking fluids
 RIH to 2809 without tagging any plugs
 Perf at 2750 to sqz couldn't sqz and spotted 30sx plug across perf
 25sx plug at 2250
 25sx plug at 1650
 25sx plug 1000
 Perf csg at 425' and sqz w/100sx
 set 10sx surface plug and set marker



State 7717 #2

GL: 3,380 **Status:** P&A
KB: **Perfs:**
TD: 3,170
PBD: 1,700 **API:** 30-015-03545
Fr. Wtr: **NM Lse:** B-7717
Legal: 330 from S **Field:**
 330 from W
Section: 2-M **Logs:** No logs
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			304	50	10"	Surf	1" 55sx
5-1/2"			1,592	25	8"	1475'	Calc 50% ex

- 10-May-48 Spud well
Leonard Oil Company - State B7717 #2
- 2-Jul-48 Well drilled to 3170 plugged back to 1692
10sx plug 3077 - 3127
5sx plug 2735 - 2760
17sx plug 1700 - 1750
- 8-Jul-48 7 Rivers Completion
OH 1592 - 1700 - shot 1649-85 w/140qts
IP: 25 BOPD
- 8-Sep-64 Well SI, TA'd since July 48
- 9-Jan-68 P&A - Tenneco
20sx plug 1560 - 1640
5 1/2" csg was cut at 1432'
20sx plug 1407 - 1457
25sx plug 1025
25sx plug 275 - 350
10sx surf plug wmarker

filled to surf
top tag 28'

TOC Surf

T Salt
@290'

8-5/8"
@350'

Perf csg 320'
sqz w/150sx

TOC est 360'

B Salt
@'1015'

25 sx plug
@ 1025

Yates
@1482'

35 sx plug
1475-1690

7 Rivers
@1624'

Queen
@2214'

25sx on top
CIBP 2150

Penrose
@2380'

75 sx plug
@ 2711

Queen Perfs
2229 - 2264
Middle Qn Perfs
2311 - 2365
Penrose Perfs
2383 - 2416

Lwr Queen Perfs
2430 - 2603
Grayburg Perfs
2607 - 2661
San Andres Pers
2670 - 2711

Grayburg
@2606'

San And
@2670'

5 1/2"
@3016'

TD 3035

Turkey Track Sec 3 Unit #28

GL: 3,380

Status: P&A

KB:

Perfs:

TD: 3,035

PBD: 2,994

API: 30-015-24020

Fr. Wtr:

NM Lse: B-9739

Legal: 330 from S
330 from E

Field:

Section: 3-P

Logs: DSN

Township: 19S

Range: 29E

County: Eddy

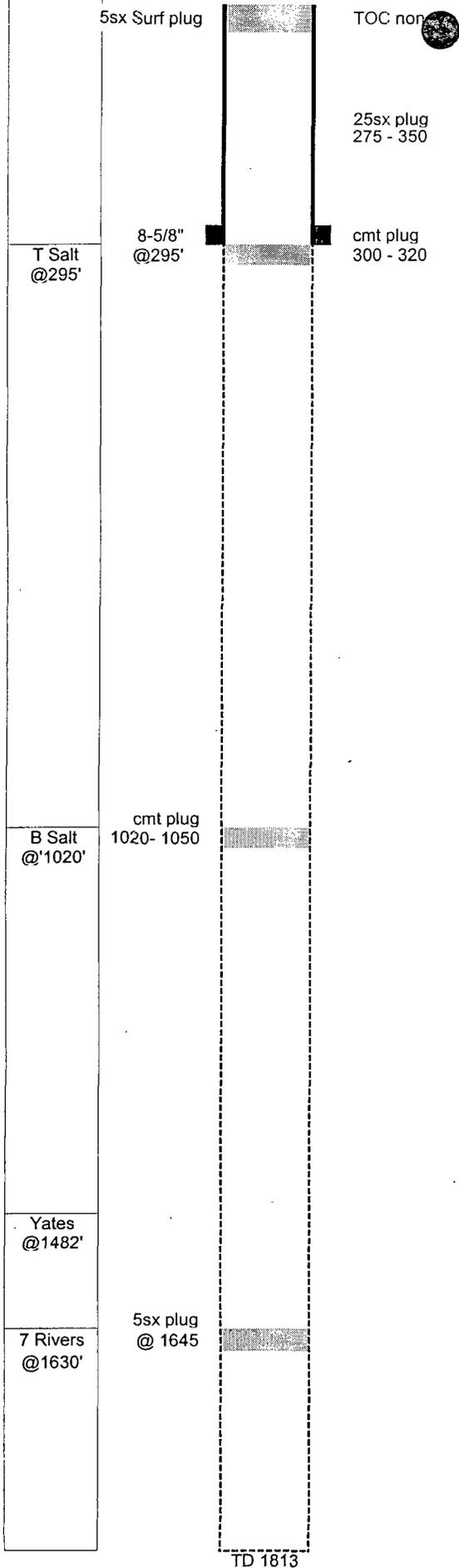
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	new	350	250	12-1/4"	Surf	12yds ready mix
5-1/2"	15.50	new	3,016	850	7-7/8"	360'	estimate

31-Dec-84 Spud well
Marbob Energy Corp - Turkey Track Sec 3 Ut. #28

28-Jan-85 Completion
Perf 2229 - 2711
acidized w/4000
frac w/252Mgal gel wtr, 150M# 20/40, 150M# 12/20, 60M# 8/16
IP: Pumping 40 BO 53 BW NR MCF
Perf Detail:
Qn (Unit) 2229 -2264
Qn (Middle) 2311 - 2365
Penrose 2383 - 2416
Lwr Qn 2430 - 2603
Grayburg 2607 - 2661
San Andres 2670 - 2711

26-Jul-89 P&A - Marbob Energy
75sx plug 2711
CIBP at 2150 w/25sx on top
35sx plug at 1695, tagged at 1475
25sx plug at 1025
perf csg 320' sqz w/150sx tagged at 28'
filled csg 28' to surf w/cmt



Powell #1

GL: 3,375 **Status:** P&A
KB: **Perfs:**
TD: 1,813
PBD: **API:** 30-015-03570
Fr. Wtr: **NM Lse:** B-8096
Legal: 1,650 from N **Field:**
 330 from E
Section: 10-H **Logs:** No logs
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"			295	50	10" 8	none	mudded

13-Oct-49 Spud well
 Stanley L. Jones - Powell #1

 10-Dec-49 7 Rivers Completion
 OH nitro 160 qts 1635 - 1703

 2-Feb-50 P&A - Stanley L. Jones
 5sx plug 1645
 cmt plug 1020 - 1050
 cmt plug 300 - 320
 5sx plug at surf w/marker

Queen Unitized Interval not Penetrated

TD 1813

10sx Surf plug

TOC Surf

25sx plug
250 - 450

T Salt
@320'

8-5/8"
@356'

B Salt
@1196'

Yates
@1487'

7 Rivers
@1720'

25sx plug
1635 - 1835

7 Rivers Perfs
1748 - 1773

Queen
@2330'

25sx plug
2200 - 2400

Queen Perfs
2348 - 2381

Penrose
@2540'

5 1/2"
@2703'

TD 2703

Sand Dune State #2

GL: 3,364 **Status:** P&A
KB: 3,372 **Perfs:**
TD: 2,703
PBD: 2,662 **API:** 30-015-26305
Fr. Wtr:
Legal: 1,980 from S **NM Lse:** B-9739-19
 660 from E **Field:**
Section: 11-I **Logs:** CNL,LDL,DLL
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	23.00	new ST&C	356	250	12-1/4"	Surf	8 yds ready mix
5-1/2"	15.50	new LT&C	2,703	650	7-7/8"	Surf	Circ 125 sx

- 4-May-90 Spud well
MYCO Industries, inc. - Sand Dune State #2
- 8-Jun-90 7 Rivers and Queen Completion attempt
Qn Perf 2348 - 2381, acidized w/1200gal 15% NEFE, swabbed dry
7 Rvrs Perf 1748 -1773, acidized w/1000gal 15% NEFE, swabbed dry
- 17-Sep-90 P&A - MYCO
25sx plug at 2400
25sx plug at 1835
25sx plug at 450
10sx plug at surface w/marker

T. SCOTT HICKMAN & ASSOCIATES, INC.
P E T R O L E U M C O N S U L T A N T S

March 27, 2007

KNG America, Inc.
2-1-1 Nihonbashi Muromachi, Chuo-Ku
Tokyo 103-0022 Japan

FAX 81-3-3270-0857

Attention Sakae Horisawa

Gentlemen:

Re: Oil and Gas Reserve Evaluation
Proposed Eastland Queen Unit
Turkey Track Field
Eddy County, New Mexico

In accordance with Mr. Horisawa's request, we have estimated the extent and net income to be generated by Proved Developed Producing and Probable crude oil and natural gas reserves for the proposed Eastland Queen Unit in Eddy County, New Mexico as of April 1, 2007 based on an audit of Beach Exploration, Inc. (BEI) Turkey Track analogy and volumetric calculations prepared by BEI for the proposed Unit area. In our opinion, the analogy and data provided by BEI are reasonable and were developed based on good engineering practices. These data, in addition to those developed independently by TSH&A, were used in the formulation of the reserve and economics forecast included in this report. A summary of our evaluation is as follows:

	Net Reserves		Future Net Income	
	Liquid (MBSL)	Gas (MMCF)	Undis- Counted (M\$)	Disc. @10% (M\$)
Effective Date:	----- April 1, 2007 -----			
Evaluated Interests	100% WI; 77.42% NRI			
Proved Developed Producing-Primary	90.5	135.7	2,804.5	1,682.2
Probable Secondary	548.8	74.8	21,767.2	10,582.9

Table 1 is the cash flow summary for Proved Developed Producing Primary reserves for the proposed Unit. Table 2 is the cash flow summary for Probable Secondary reserves.

I:\06047\kng.wpd

Table 3 is the comparison of project data for the analogy area and proposed Unit. Fig. 1 is the production history for the proposed Unit along with the remaining primary and primary plus secondary reserve estimates. Fig. 2, provided by BEI, shows the proposed unit outline and injection pattern. Fig. 3, provided by BEI, is a type log comparison for the Turkey Track analogy and the proposed Unit.

Net hydrocarbon reserves are estimated quantities of crude oil, natural gas and natural gas liquid attributable to the composite revenue interests being evaluated after the deduction of all royalty and/or overriding royalty interests burdening any working interest. In the aggregate, our reserve classifications conform to the 1997 SPE/WPC Petroleum Reserve Definitions. Future net income was adjusted for applicable capital expenditures, operating costs, ad valorem taxes and wellhead taxes, but no consideration was given to Federal income taxes or any encumbrances that might exist against the evaluated interests. Present worth future net income shows the time value of money at certain discount rates, but does not represent our estimate of fair market value.

We are qualified to perform engineering evaluations and do not claim any expertise in accounting or legal matters. As is customary in the profession, no field inspection was made of the properties nor have we verified that all operations are in compliance with state and/or federal conservation, pricing and environmental regulations that may apply.

Attachment A is the NYMEX average five-year strip futures prices utilized in this evaluation. Prices were adjusted for differentials based on comparable production in the area. Operating and capital cost estimates provided by BEI appear to be reasonable based on our experience with other Queen waterflood projects. Refinement of the cost estimates will be required at a later date..

This study was performed using industry-accepted principles of engineering and evaluation that are predicated on established scientific concepts. However, the application of such principles involves extensive judgment and assumptions and is subject to changes in performance data, existing technical knowledge, economic conditions and/or statutory provisions. Consequently, our reserve estimates are furnished with the understanding that some revisions will probably be required in the future, particularly for reserve categories other than Proved Developed Producing. The restriction of production by mechanical, regulatory or market conditions also introduces uncertainty into reserve estimates and projections.

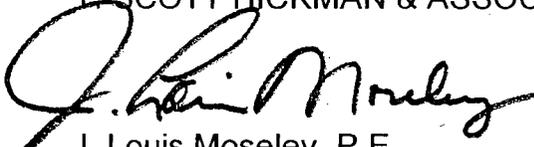
This report is solely for the information of and the assistance to KNG America, Inc. And Beach Exploration, Inc. in their evaluation of this project and is not to be used, circulated, quoted or otherwise referred to for any other purpose without the express written consent of the undersigned except as required by law. Persons other than those

KNG America, Inc.
March 27, 2007
Page 3

to whom this report is addressed or those authorized by the addressee shall not be entitled to rely upon the report unless it is accompanied by such consent. Data utilized in this report will be maintained in our files and are available for your use.

Yours very truly,

T. SCOTT HICKMAN & ASSOCIATES, INC.



J. Louis Moseley, P.E.

sm

ATTACHMENT A

Schedule of NYMEX Futures Prices
(for KNG Report effective April 1, 2007)

<u>Year</u>	<u>Oil (\$/Bbl) Cushing Light Sweet</u>	<u>Gas (\$/MMBTU) HH</u>
2007	64.64	7.95
2008	67.36	8.49
2009	67.71	8.19
2010	67.31	7.88
2011 & Thaf	66.82	7.64

TABLE 1

PROP. EASTLAND QUEEN UNIT (PDP-PRI.)
 TURKEY TRACK FIELD
 EDDY COUNTY, NM

DATE: 03/26/07
 TIME: 15:27:14
 FILE: 06047
 PROP: 30
 STID: BASE
 .CMD: KNG
 .OUT: KNG

R E S E R V E S A N D E C O N O M I C S

KNG - TURKEY TRACK

AS OF APRIL 1, 2007

-END- MO-YR	---GROSS PRODUCTION---		----NET PRODUCTION----		---PRICES---		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$	
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES				
12-07	7.156	10.734	5.540	8.310	62.89	3.98	381.443	34.330	121.365	.000	225.748	217.868	
12-08	9.102	13.653	7.047	10.570	65.61	4.25	507.224	45.650	161.820	.000	299.754	484.056	
12-09	8.645	12.967	6.693	10.039	65.96	4.10	482.580	43.432	161.820	.000	277.328	707.941	
12-10	8.213	12.319	6.359	9.537	65.56	3.94	454.472	40.903	161.820	.000	251.749	892.700	
12-11	7.801	11.702	6.040	9.060	65.07	3.82	427.632	38.487	161.820	.000	227.325	1044.368	
12-12	7.412	11.118	5.738	8.608	65.07	3.82	406.255	36.562	161.820	.000	207.873	1170.449	
12-13	7.041	10.562	5.451	8.177	65.07	3.82	385.933	34.734	161.820	.000	189.379	1274.871	
12-14	6.689	10.033	5.179	7.768	65.07	3.82	366.672	33.001	161.820	.000	171.851	1361.014	
12-15	6.355	9.532	4.920	7.380	65.07	3.82	348.336	31.350	161.820	.000	155.166	1431.722	
2-16	6.037	9.056	4.674	7.011	65.07	3.82	330.919	29.782	161.820	.000	139.317	1489.437	
2-17	5.735	8.602	4.440	6.660	65.07	3.82	314.352	28.292	161.820	.000	124.240	1536.227	
2-18	5.448	8.173	4.218	6.328	65.07	3.82	298.638	26.878	161.820	.000	109.940	1573.867	
2-19	5.176	7.763	4.007	6.010	65.07	3.82	283.693	25.532	161.820	.000	96.341	1603.853	
2-20	4.917	7.376	3.807	5.710	65.07	3.82	269.533	24.258	161.820	.000	83.455	1627.467	
2-21	4.671	7.007	3.616	5.425	65.07	3.82	256.017	23.041	161.820	.000	71.156	1645.770	
TOT	100.398	150.597	77.729	116.593	65.08	3.90	5513.699	496.232	2386.845	.000	2630.622	1645.770	
EM.	16.463	24.695	12.746	19.118	65.07	3.82	902.413	81.217	647.280	.000	173.916	1682.245	
OTAL	116.861	175.292	90.475	135.711	65.08	3.89	6416.112	577.449	3034.125	.000	2804.538	1682.245	
UM.	720.879	984.919					NET OIL REVENUES (M\$)	5888.009		-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	528.103		DISC	PW OF NET	DISC	PW OF NET
LT.	837.740	1160.211					TOTAL REVENUES (M\$)	6416.112		RATE	BTAX, M\$	RATE	BTAX, M\$
TAX RATE OF RETURN (PCT)			100.00				PROJECT LIFE (YEARS)	18.750	.0	2804.538	30.0	928.158	
TAX PAYOUT			03/31/2007				DISCOUNT RATE (PCT)	10.000	2.0	2486.586	35.0	839.171	
TAX PAYOUT (DISC)			03/31/2007				GROSS OIL WELLS	29.000	5.0	2114.708	40.0	767.647	
TAX NET INCOME/INVEST			.00				GROSS GAS WELLS	.000	8.0	1833.315	45.0	708.957	
TAX NET INCOME/INVEST (DISC)			.00				GROSS WELLS	29.000	10.0	1682.245	50.0	659.957	
									12.0	1553.620	60.0	582.802	
INITIAL W.I. FRACTION			1.000000				INITIAL NET OIL FRACTION	.774200	15.0	1393.643	70.0	524.796	
FINAL W.I. FRACTION			1.000000				FINAL NET OIL FRACTION	.774200	18.0	1264.022	80.0	479.562	
REDUCTION START DATE			12/01/06				INITIAL NET GAS FRACTION	.774200	20.0	1190.691	90.0	443.268	
MONTHS IN FIRST LINE			9.00				FINAL NET GAS FRACTION	.774200	25.0	1041.634	100.0	413.471	

TABLE 2

DATE: 03/26/07
 TIME: 15:27:14
 FILE: 06047
 PROP: -1
 STID: BASE
 .CMD: KNG
 .OUT: KNG

RESERVES AND ECONOMICS

PROPOSED EASTLAND QN UT PROB

KNG - TURKEY TRACK

AS OF APRIL 1, 2007

10-YR	---GROSS PRODUCTION---		----NET PRODUCTION----		--PRICES--		-----OPERATIONS, M\$-----			CAPITAL COSTS, M\$	CASH FLOW BTAX, M\$	10.00 PCT CUM. DISC BTAX, M\$
	OIL, MMBL	GAS, MMCF	OIL, MMBL	GAS, MMCF	OIL \$/B	GAS \$/M	NET OPER REVENUES	SEV+ADV TAXES	NET OPER EXPENSES			
12-07	.000	.000	.000	.000	.00	.00	.000	.000	.135	.000	-.135	-.130
12-08	-4.953	-8.460	-3.835	-6.550	65.61	4.25	-279.420	-25.147	480.180	2500.000	-3234.453	-2979.871
12-09	7.736	-.596	5.989	-.461	65.96	4.10	393.147	35.383	480.180	.000	-122.416	-3078.697
12-10	88.342	20.809	68.394	16.111	65.56	3.94	4547.388	409.265	480.180	.000	3657.943	-394.125
12-11	103.028	21.547	79.764	16.681	65.07	3.82	5253.965	472.857	480.180	.000	4300.928	2475.384
12-12	88.752	17.731	68.712	13.727	65.07	3.82	4523.526	407.118	480.180	.000	3636.228	4680.868
12-13	75.229	14.119	58.242	10.931	65.07	3.82	3831.564	344.840	480.180	.000	3006.544	6338.651
12-14	63.694	11.082	49.312	8.579	65.07	3.82	3241.503	291.735	480.180	.000	2469.588	7576.569
12-15	53.860	8.532	41.698	6.605	65.07	3.82	2738.520	246.467	480.180	.000	2011.873	8493.371
12-16	45.477	6.399	35.208	4.954	65.07	3.82	2309.909	207.893	480.180	.000	1621.836	9165.246
2-17	38.336	4.619	29.680	3.576	65.07	3.82	1944.938	175.044	480.180	.000	1289.714	9650.962
2-18	32.256	3.138	24.972	2.429	65.07	3.82	1634.207	147.078	480.180	.000	1006.949	9995.712
2-19	27.081	1.914	20.966	1.482	65.07	3.82	1369.919	123.293	480.180	.000	766.446	10234.265
2-20	22.679	.903	17.558	.700	65.07	3.82	1145.174	103.066	480.180	.000	561.928	10393.263
2-21	18.937	.075	14.661	.058	65.07	3.81	954.212	85.880	480.180	.000	388.152	10493.107
TOT	660.454	101.812	511.321	78.822	65.14	3.81	33608.552	3024.772	6722.655	2500.000	21361.125	10493.107
EM.	48.445	-5.222	37.505	-4.042	65.07	3.82	2425.009	218.252	1800.720	.000	406.037	10582.875
OTAL	708.899	96.590	548.826	74.780	65.14	3.81	36033.561	3243.024	8523.375	2500.000	21767.162	10582.875
UM.	.000	.000					NET OIL REVENUES (M\$)	35748.879	-----PRESENT WORTH PROFILE-----			
							NET GAS REVENUES (M\$)	284.682	DISC RATE	PW OF NET BTAX, M\$	DISC RATE	PW OF NET BTAX, M\$
LT.	708.899	96.590					TOTAL REVENUES (M\$)	36033.561				
TAX RATE OF RETURN (PCT)			56.72	PROJECT LIFE (YEARS)			18.750		.0	21767.162	30.0	2780.295
TAX PAYOUT			11/30/2010	DISCOUNT RATE (PCT)			10.000		2.0	18700.739	35.0	1928.434
TAX PAYOUT (DISC)			02/20/2011	GROSS OIL WELLS			1.000		5.0	15011.197	40.0	1277.185
TAX NET INCOME/INVEST			9.71	GROSS GAS WELLS			.000		8.0	12145.338	45.0	772.660
TAX NET INCOME/INVEST (DISC)			5.55	GROSS WELLS			1.000		10.0	10582.875	50.0	377.405
									12.0	9242.103	60.0	-184.256
									15.0	7566.363	70.0	-545.117
									18.0	6208.939	80.0	-781.216
									20.0	5444.754	90.0	-936.980
									25.0	3912.238	100.0	-1039.520

Table 3

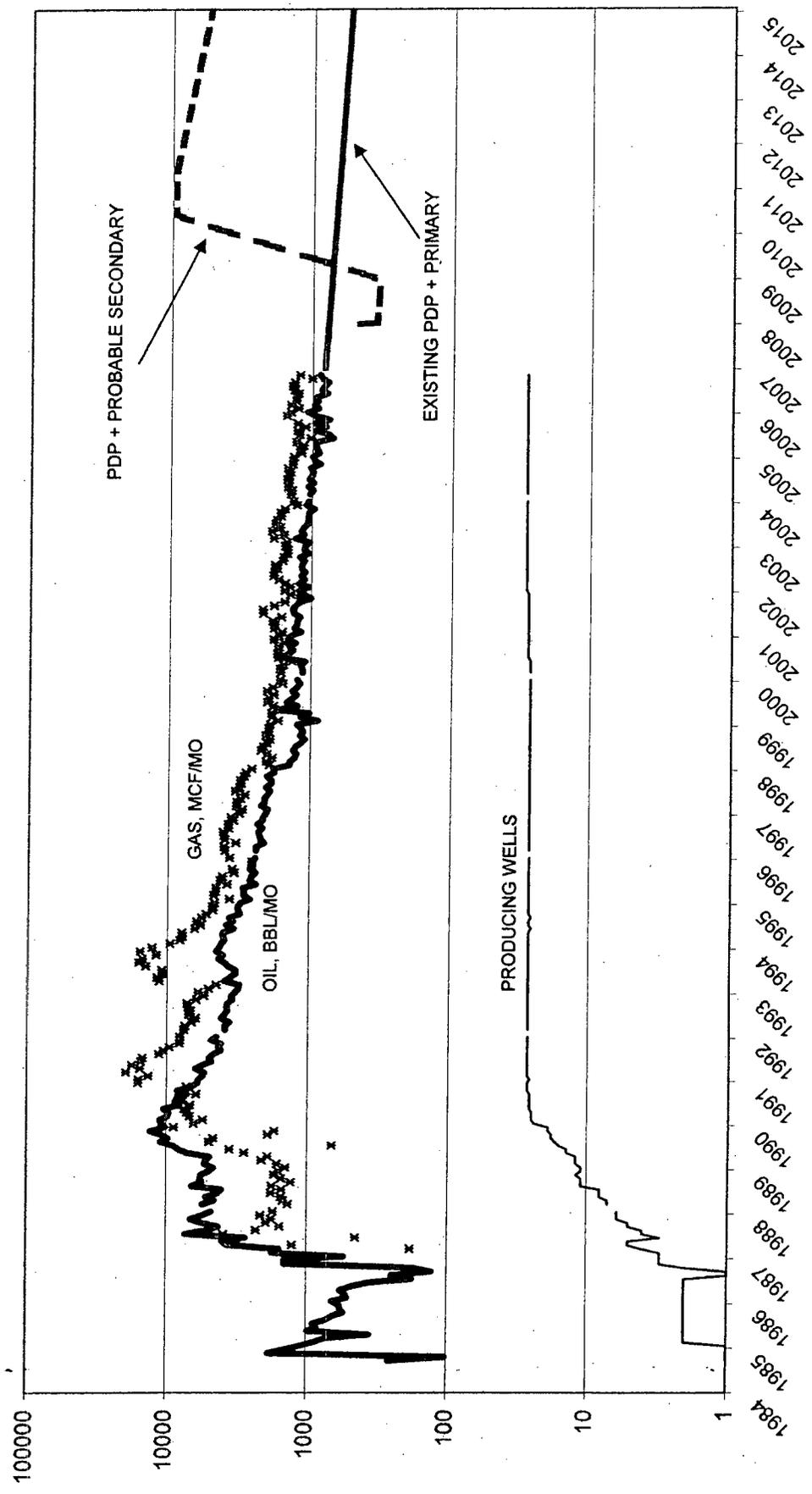
Turkey Track Queen Field
Eddy, New Mexico
Analogy Comparison

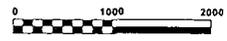
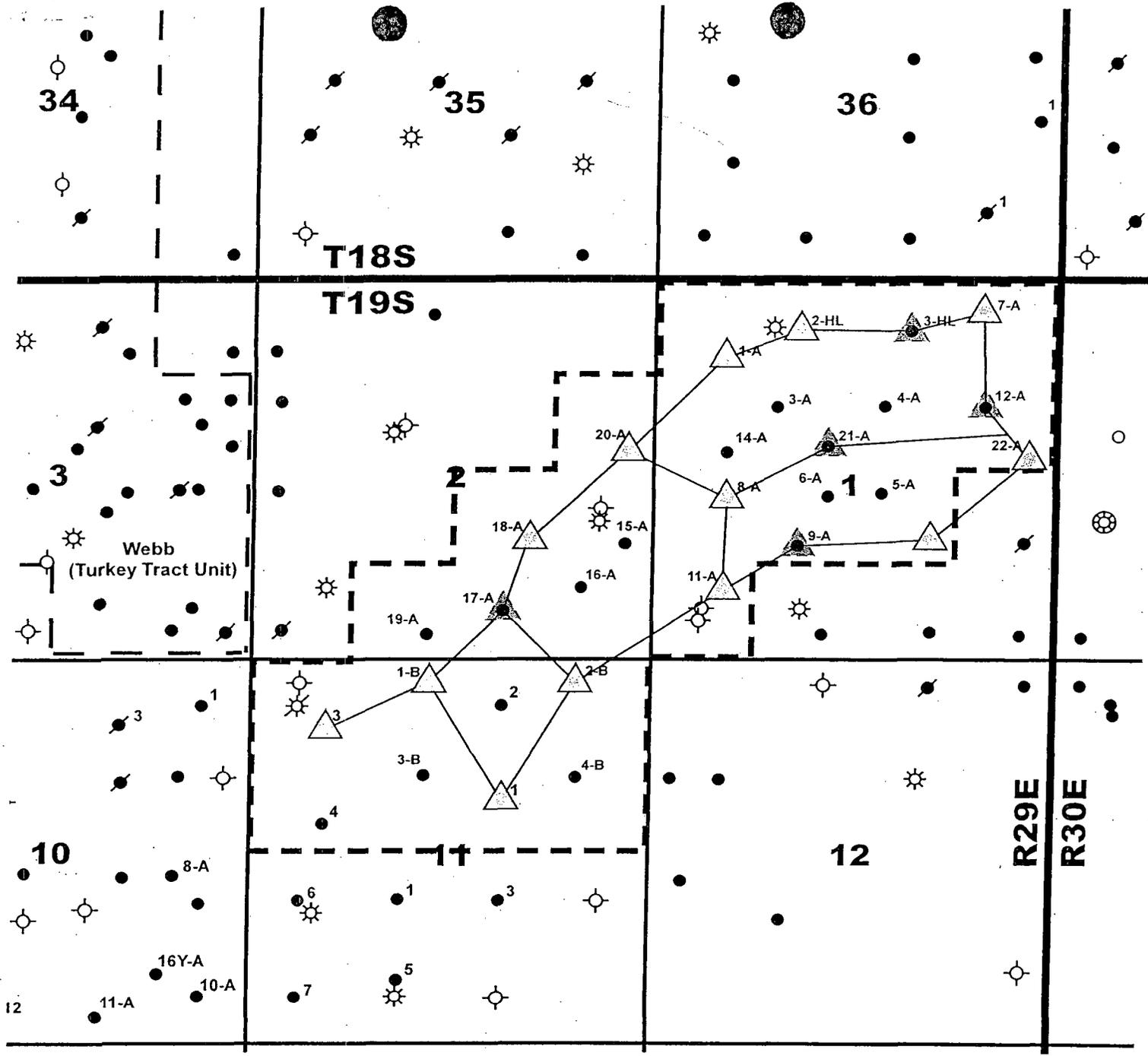
	Proposed Eastland Queen Unit	Analogy Turkey Track Queen Field
Location	Part Sec 1 & 2, N/2 Sec 11-T19S-R29E	Sec 34-T18S-R29E, Sec 3-T19S-R29E
Type of Trap	Stratigraphic	Stratigraphic
Discovery Data	Sep-84	Mar-44
Reservoir Characteristics		
Formation, Depth ft.	Upper Queen Sand, 2250	Upper Queen Sand, 2150
Primary Drive Mechanism	Solution Gas	Solution Gas
Net Average Thickness, ft	9 est (15% ϕ cutoff)	21 Gross (11.3 Net)
Area, ac	860	720
Average Porosity, %	17	19.5
Initial Water Saturation, %	35 est	35
Fluid Characteristics		
Oil Gravity, °API @ 60°F	34	34
Initial BHP, psig	NA	NA
Reservoir Temperature, °F	87	86 est
Original Solution GOR, Scf/Bbl	350 est	NA
Oil FVF, RB/STB	1.13 est	NA
Reserves		
OOIP, MSTB (Vol)	5729	NA
Primary EUR, MSTB (RF%)	734 (13%)	367 (NA)
Per Well	25	20
Secondary EUR, MSTB	734 (13%)	367 (NA)
S/P Ratio	1.0	1.0
Make-up Water Source	To be determined	Rustler (brackish)
Well Count		
Producers	12 Ph I & II	20
Injectors	18 Ph I & II	27
Production Profile		
Peak Oil Rate - Primary, BOPD/Well	14 (25w)	10 (17w)
Peak Oil Rate - Secondary, BOPD/Well	26 (12w) est	9 (18w)*
Average Maximum Injection Rate, BWPD/Well	75 est	100-125

Note: *Phased Injection

FIG. 1

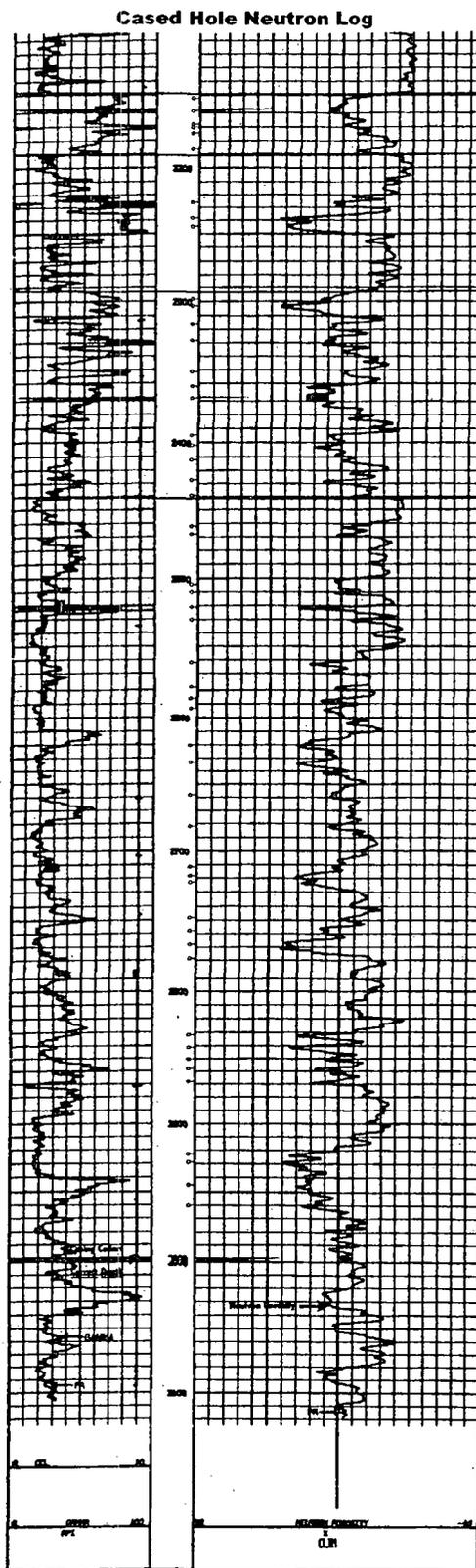
PROPOSED EASTLAND QUEEN UNIT
TURKEY TRACK FIELD
EDDY COUNTY, NEW MEXICO





 Beach Exploration, Inc.	Beach Exploration, Inc. EASTLAND QUEEN UNIT EDDY COUNTY, NEW MEXICO
	INJECTION PHASE I & II 18 Inj - 12 Prd
GEOLGY : ENGINEERING :	SCALE : 1in. = 2000 ft.

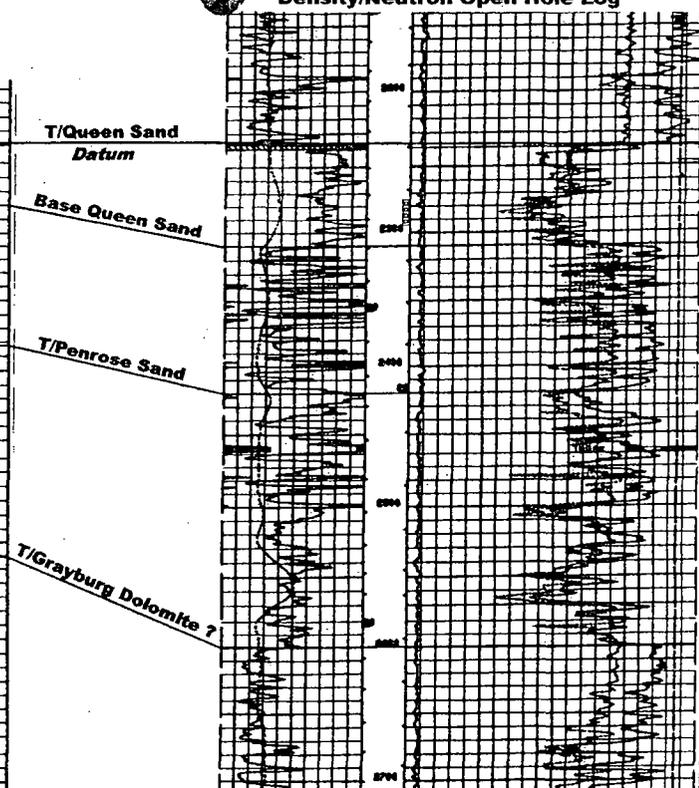
FIG. 2



T198 R29E Sec. 3
1650' FNL & 330' FWL of sec.

Perf. : 2152 - 2530' Queen; 2562 - 2960' Grayburg
Frac. - 3500 gals acid, 120,000# 20/40 sd,
120,000# 12/20 sd, 40,000# 8/16 sd

IPP: 43 BO, 60 BW, 2/85

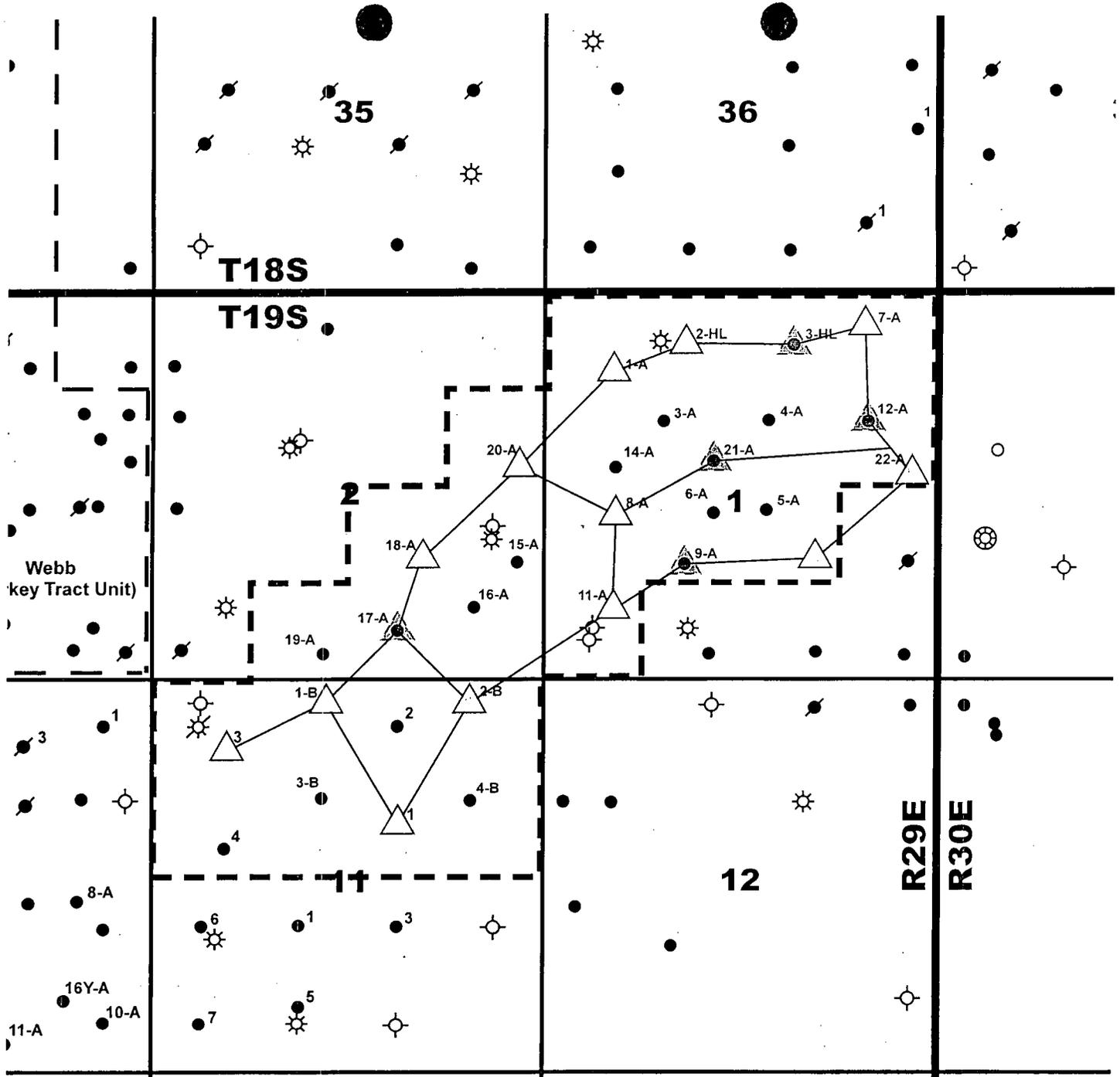


T195 R29E Sec. 2
1650' FSL & 330' FEL of sec.

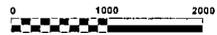
Perf. : 2275 - 2294'
Frac. - 500 gals 15% NEFE, 45,000# 20/40 sd,
20,000# 12/20 sd, 37,380 gals gel. wtr.

IPP: 40 BO, 20 MCF, 22 BW, 2/89

Log Comparison
Turkey Track Unit to Potential
Queen Waterflood Interval in
Eastland Oil Wells



Webb
key Tract Unit)



-  Injector Phase I
-  Injector Phase II



Beach Exploration, Inc.

Beach Exploration, Inc.
EASTLAND QUEEN UNIT
 EDDY COUNTY, NEW MEXICO

Form C108 Item VII.

DEVELOPMENT PLAT

GEOLOGY :
 ENGINEERING :
 SCALE :1in. = 2000 ft.



Martin Water Laboratories, Inc.

Analysts & Consultants since 1953
Bacterial & Chemical Analysis

TO: Mr. Jack Rose
800 N. Marienfeld, Suite 200
Midland, TX 79701

Laboratory No. 707-91
Sample Received 6-29-07
Results Reported 7-11-07

COMPANY: Beach Exploration

LEASE: Rock House Ranch

SUBJECT: To make microscopic examination of suspended solids for particle sizing.

<u>Source of Sample and Date Taken</u>	<u>Microscopic Examination of Suspended Solids for Particle Sizing</u>
Submitted water sample - taken from water well on 6-27-07	10% - <5 μ 40% - 5-10 μ 40% - 10-30 μ 8% - 30-60 μ 2% - 60-100 μ

Remarks: Please feel free to contact us for any details or discussions concerning the above results.

Greg Ogden, B.S.



Martin Water Laboratories, Inc.

Analysts & Consultants since 1953
Bacterial & Chemical Analysis

To: Mr. Jack Rose
800 N. Marienfeld, Suite 200
Midland, TX 79701

Laboratory No. TB707-83
Sample Received 6-29-07
Sample Reported 7-10-07

Company: Beach Exploration
County: Eddy, NM
Field:
Lease: Rock House Ranch

Source of sample and date taken:

1. Submitted water sample - taken from water well on 6-27-07.

	#1
Iron bacteria	Not detected
Sulfur bacteria	Not detected
Sulfate-reducing bacteria	Not detected
Other aerobes	342000
Other anaerobes	Not detected
Fungi (& aciduric bacteria)	Not detected
Algae	Not detected
Protozoa	Not detected
Total Count	342,000

Note: All numerical results are reported as the number of cells per milliliter of the sample as determined by plate counts; except iron, algae, and protozoa, which are determined microscopically.

Remarks: These results show aerobic bacterial activity to be present, but no sulfate-reducers at this time.

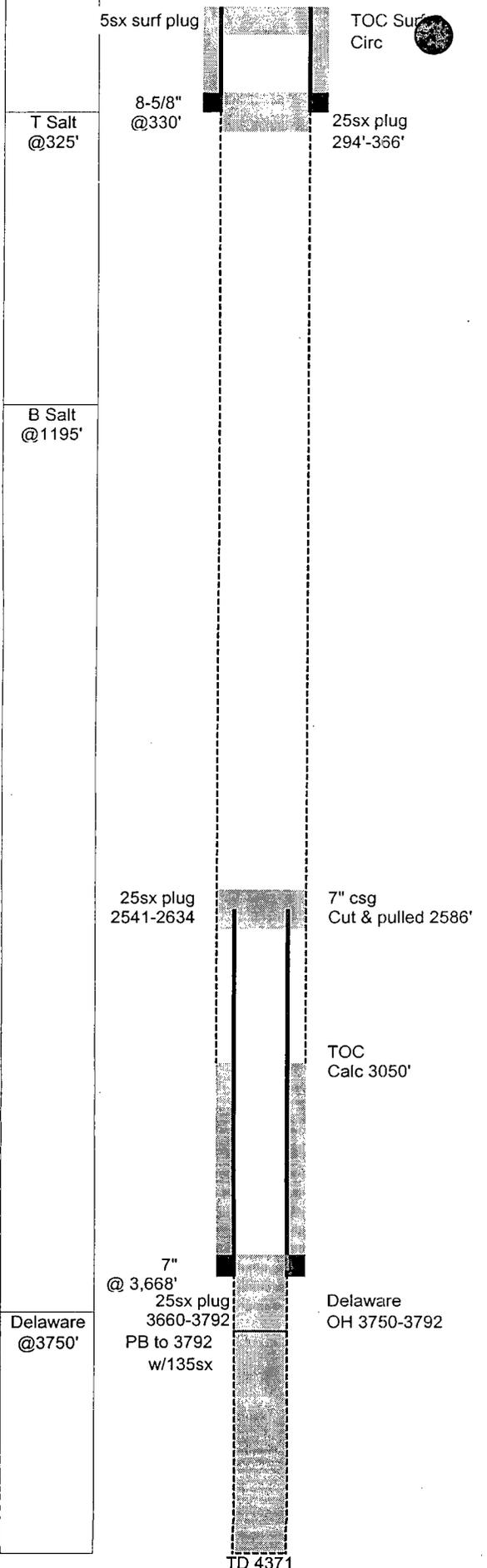
Greg Ogden, B.S.

Beach Exploration, Inc.
Proposed Eastland Queen Unit
Injection Well Data Sheet (wellbore schematics attached)
Form C-108, Item III

<u>Operator</u>	<u>Lease & Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<u>PHASE I</u>			
1. Re-enter P&A well	State B-7717 #4	1650' FSL 1650' FEL	1-J, 19S, 29E
2. Eastland Oil Company	State HL-1 #2	660' FNL 1980' FWL	1-C, 19S, 29E
3. Eastland Oil Company	P.J. State A #1	990' FNL 990' FWL	1-D, 19S, 29E
4. Eastland Oil Company	P.J. State A #7	330' FNL 990' FEL	1-A, 19S, 29E
5. Eastland Oil Company	P.J. State A #8	2310' FSL 990' FWL	1-L, 19S, 29E
6. Eastland Oil Company	P.J. State A #11	990' FSL 990' FWL	1-M, 19S, 29E
7. Eastland Oil Company	P.J. State A #18	1650' FSL 1650' FEL	2-J, 19S, 29E
8. Eastland Oil Company	P.J. State A #20	2310' FNL 330' FEL	2-H, 19S, 29E
9. Eastland Oil Company	P.J. State A #22	2310' FNL 330' FEL	1-H, 19S, 29E
10. Eastland Oil Company	P.J. State B #1	330' FNL 2310' FWL	11-C, 19S, 29E
11. Eastland Oil Company	P.J. State B #2	330' FNL 990' FEL	11-A, 19S, 29E
12. Myco Industries, Inc.	BBOC State #1	1980' FNL 1980' FEL	11-G, 19S, 29E
13. Myco Industries, Inc.	BBOC State #3	990' FNL 990' FWL	11-D, 19S, 29E
<u>PHASE II</u>			
14. Eastland Oil Company	State HL-1 #3	660' FNL 1980' FEL	1-B, 19S, 29E
15. Eastland Oil Company	P.J. State A #9	1470' FSL 2420' FWL	1-K, 19S, 29E
16. Eastland Oil Company	P.J. State A #12	1650' FNL 990' FEL	1-H, 19S, 29E
17. Eastland Oil Company	P.J. State A #17	660' FSL 1980' FEL	2-O, 19S, 29E
18. Eastland Oil Company	P.J. State A #21	2310' FNL 2310' FWL	1-F, 19S, 29E

EXHIBIT

BC



State 7717 #4

GL:
KB: 3,403
TD: 4,371
PBD: 3,792
Fr. Wtr:
Legal: 1,650 from S
 1,650 from E
Section: 1-J
Township: 19S
Range: 29E
County: Eddy

Status: P&A
Perfs: OH Delaware 3750 - 3792
API: 30-015-03541
NM Lse:
Field: East Turkey Track
Logs: Cable tool no logs
Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	28.00	H-40	330	80	10"	Surf	Circulated
7"	20.00		3,668	50	8"	3050'	Calc 1/3 excess
				OH	6-1/4"		

28-Jan-52 Spud well
Leonard Oil Company - State B-7717 #4
 31-Mar-52 Set 7" csg at 3668
 18-Apr-52 TD 4371 making 45 gal wtr and 2 gal oil per hour, PB to 3792' w/135 sx cmt
Delaware - Completion
 22-Apr-52 Sand frac 1500 gal Hydrafrac under Lynes pkr from 3700' - 3792',
 7 gal wtr and 33 gal oil per hr, tested 19 BOPD 4 BWPD
 7-May-53 TA'd well. Pumped 25sx cmt at 3792' filled hole w/mud to surf, placed a 7"
 swedge on csg and installed a marker (est cmt to csg at 3668')
 10-Dec-59 **P&A well.** Shot 7" off and recovered 2586' 7" csg. Ran tbg, mudded up hole,
 placed 25sx cmt plug 2541-2634 and 25sx plug from 294-366', set regulation
 4" marker and poored 5sx cmt around marker

OPERATOR: Leonard Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
 7-Rivers produces in the area approximately 600' shallower
 Middle Queen, Penrose, Grayburg and San Andres produce in the area
 anywhere from 50' to 500' lower
 Well was P&A and will be reentered and converted to injection.
 The surface plugs will be drilled out and the well will be cleaned out to
 2540'. Casing will be run to 2540' and cemented to surface. The Queen
 will be perforated at approximately 2400' and sand and water frac'd. A
 plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
 internally plastic coated tubing and set approximately 50' above the
 Queen perforations. **APPROX PACKER DEPTH: 2350'**

TOC Surf
Circ

State "HL" 1 #2

GL: 3,415 **Status:** Active pumping
KB: 3,423 **Perfs:** 1723 - 1806
TD: 2,880
PBD: 2,836 2,249 **API:** 30-015-24911
Fr. Wtr:
Legal: 660 from N
 1,980 from W **NM Lse:** B-7717
 Field: Turkey Track (Sr-Qn-Gb-Sa)
Section: 1-C **Logs:** CNL, LDL, DLL
Township: 19S
Range: 29E
County: Eddy **Archeological:**

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24 & 32	K55 ST&C	300	200	12-1/4"	Surf	50' RM 12 yds
5-1/2"	15.50	K55 LT&C	2,880	615	7-7/8"	Surf	circ 50 sx

1-Aug-84 Spud well
Tenneco Oil Co. - State "HL" 1 #2

 16-Aug-84 **Queen Completion**
 Perf 2328,34,48,58,60,62,70, 2406,22,32,98, 2502,06,08,24,30,32,45,78,83,84
 21 holes 0.34" - acidized w/4,000 gal 15% HCL, frac w/4,000 gal 70 qual foam,
 and 62.5M# 10/20 sand - last set of perfs frac w/10Mgal and tagged w/radium
 21-Sep-84 IP: Pumping 14 BO 9 BW TSTM MCF 24 hrs 34.4 API

 12-Nov-84 **7 Rivers Completion**
 set CIBP at 2278 w/35' cmt
 Perf 1723-40, 1792-95, 1806 1-4-1 SPF total 27 holes 0.34"
 acidized w/1,000 gal 10% Acetic acid
 frac w/51.1Mgal minimax III 30W, 30% N2, and 155M# 12/20 sand
 25-Nov-84 IP: Pumping 95 BO 0 BW Gas TSTM 24 hrs 35.4 API

7 Rvrs Perfs

1723-1740
1792-1795
1806

35' cmt
CIBP 2,278

Queen Perfs
2328-2370

Middle Queen Perfs
2406-2498

Penrose Perfs
2502-2584

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

The 7 Rivers perforations 1723'-1806' will be squeezed, the CIBP at 2278
will be drilled out and a CIBP will be placed at 2400' above the Middle
Queen perforations. A plastic coated Model AD-1 Tension Packer will
be run on 2 3/8" internally plastic coated tubing and set approximately
50' above the Queen perforations

APPROX PACKER DEPTH: 2278'

8-5/8"
@300'

T Salt
@350'

B Salt
@1124'

Yates
@1423'

7 Rivers
@1721'

Queen
@2318'

Penrose
@2491'

Grayburg
@2667'

San And
@2806'

5-1/2"
@2,880'

TD 2880

TOC Surf
Circ

P.J. State A #1

GL: 3,420
KB: 3,428
TD: 3,340
PBD: 3,300

Status: Active pumping
Perfs: 1760-1774, 2306-2341
7 Rvrs & Qn
API: 30-015-25655

Fr. Wtr:
Legal: 990 from N
990 from W

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-D
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, LDT, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		385	300	12-1/4"	Surf	54' RM 3 yds
5-1/2"	17.00	J55	3,340	675	7-7/8"	Surf	Circ 34 sx

29-Sep-86 Spud well
Fred Pool - P.J. State A #1

17-Oct-86 **7 Rivers Completion**
Perf 1760-1774 20 holes 0.4"
acidized w/1,500 gal 15% HCL Avg 3bpm 1700psi, ISIP 1100, 15min 780
frac 25Mgal gel KCL, 20M# 20/40, 15M# 12/20 Avg 25bpm 1500psi
ISIP 1340 15min 1020

30-Oct-86 IP: Pumping 25 BO 0 BW 70 MCF 24 hrs 39 API 2800 GOR

29-Jul-99 **Queen Completion**
Perf 2306-14, 31-33, 36-41 4 SPF 60 holes treated w/stim gun propellant
IP: Pumping - no separate test

14-Jun-00 **Frac Queen Perfs**
frac Queen down tbg w/pkr at 2200'
acidized w/630 gal 15% HCL
frac w/20Mgal gel wtr, 44.6M# 16/30
Avg 9.4bpm 2691psi ISIP 1382 15min 1305
Bailed out 57' of sand to 2427' - 86' below perfs

7 Rivers Perfs

1760 - 1774

Queen Perfs

2306 - 2341

OPERATOR: Eastland Oil Company
INJECTION FORMATION: Queen Sand (Unitized Interval)
FIELD: Turkey Track (Sr-Qn-Gb-Sa)
7-Rivers produces in the area approximately 600' shallower
Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower
Well was originally a producer and will be converted to injection.
The 7 Rivers perforations 1760'-1774' will be squeezed. A plastic
coated Model AD-1 Tension Packer will be run on 2 3/8" internally
plastic coated tubing and set approximately 50' above the Queen
perforations

APPROX PACKER DEPTH: 2250'

T Salt
@320'
8-5/8"
@385'

B Salt
@1117'

Yates
@1439'

7 Rivers
@1754'

Queen
@2302'

Penrose
@2470'

Grayburg
@2638'

San And
@2769'

5-1/2"
@3,340'

TD 3340

TOC Surf
Circ

P.J. State A #7

GL: 3,428
KB: 3,434
TD: 2,960
PBD: 2,918

Status: Active pumping
Perfs: 2398 - 2418

API: 30-015-25794

Fr. Wtr:
Legal: 330 from N
990 from E

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-A
Township: 19S
Range: 29E
County: Eddy

Logs: Cased Hole CNL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00		385	300	12-1/4"	Surf	60' RM to surf
5-1/2"	15.50	ST&C	2,960	1,100	7-7/8"	Surf	Circ 128 sx

24-Oct-87 Spud well
Fred Pool - P.J. State A #7

6-Nov-87 Queen Completion
Perf 2398-2418 21 holes
frac w/40Mgal gel wtr, 55M# 20/40, 35M# 12/20 Avg 29bpm 2100psi

15-Nov-87 IP: Pumping 80 BO 0 BW 40 MCF 24 hrs 500 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower
Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.
A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
internally plastic coated tubing and set approximately 50' above the
Queen perforations

APPROX PACKER DEPTH: 2350'

Queen Perfs
2398 - 2418

T Salt
@350'

8-5/8"
@385'

B Salt
@1190'

Yates
@1477'

7 Rivers
@1720'

Queen
@2366'

Penrose
@2550'

Grayburg
@2732'

San And
@2888'

5-1/2"
@2,960'

TD 2960

TOC Sur
Circ

P.J. State A #8

GL: 3,388
KB: 3,394
TD: 3,250
PBD: 3,210

Status: Active pumping
Perfs: 2272 - 2311

API: 30-015-25856

Fr. Wtr:
Legal: 2,310 from S
990 from W

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-L
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, LDT, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	373	300	12-1/4"	Surf	20' RM 2 yds
5-1/2"	15.50	J55 used	3,249	900	7-7/8"	Surf	Circ 105 sx

1-Feb-88 Spud well
Fred Pool - P.J. State A #8

16-Feb-88 Queen Completion
Perf 2272,74,75,79,81,86,88,90 2300,02,04,07,09,11 14 holes
acidized w/500 gal 15% HCL
frac w/38Mgal 30# gel wtr, 60M# 20/40, 32M# 12/20
Avg 35bpm 2400psi ISIP 1620 15min 1370

25-Feb-88 IP: Pumping 65 BO 30 BW 40 MCF 24 hrs 615 GOR

Queen Perfs
2272 - 2311

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area
anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8"
internally plastic coated tubing and set approximately 50' above the
Queen perforations

APPROX PACKER DEPTH: 2225'

T Salt
@345'

8-5/8"
@373'

B Salt
@1106'

Yates
@1430'

7 Rivers
@1740'

Queen
@2269'

Penrose
@2448'

Grayburg
@2622'

San And
2771'

5-1/2"
@3,249'

TD 3250

TOC Surf
Circ

P.J. State A #11

GL: 3,381
KB: 3,386
TD: 3,200
PBD: 3,160

Status: Active pumping
Perfs: 2326 - 2336

API: 30-015-25887

Fr. Wtr:
Legal: 990 from S
990 from W

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 1-M
Township: 19S
Range: 29E
County: Eddy

Logs: CNL, ZDL, DLL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"	23.00		359	300	9-7/8"	Surf	55' RM 4.5 yds
4-1/2"	9.50	J55 ST&C	3,200	400	6-1/8"	Surf	Circ 60 sx

11-Apr-88 Spud well
Fred Pool - P.J. State A #11

28-Apr-88 Queen Completion
Perf 2326-2336 11 holes 0.4"
acidized w/750 gal 15% HCL
frac w/20Mgal gel wtr, 23M# 20/40, 12M# 12/20
Avg 15bpm 2030psi ISIP 1640 15min 1270

1-May-88 IP: Pumping 45 BO 20 BW 20 MCF 24 hrs 37 API 445 GOR

Queen Perfs

2326 - 2336

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

APPROX PACKER DEPTH: 2275'

T Salt
@360'

7"
@359'

B Salt
@1127'

Yates
@1443'

7 Rivers
@1740'

Queen
@2297'

Penrose
@2509'

Grayburg
@2659'

San And
@2797'

4-1/2"
@3,200'

TD 3200

TOC Surf
Circ

P.J. State A #18

GL: 3,360
KB: 3,369
TD: 2,734
PBD: 2,694

Status: Active pumping
Perfs: 2270 - 2290

API: 30-015-26190

Fr. Wtr:
Legal: 1,650 from S
1,650 from E

NM Lse: B-7717
Field: Turkey Track (Sr-Qn-Gb-Sa)

Section: 2-J
Township: 19S
Range: 29E
County: Eddy

Logs: cased hole CNL

Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
7"			355	200	10-1/4"	Surf	80' RM 4 yds
4-1/2"	9.50	K55	2,734	475	6-1/4"	Surf	Circ 160 sx

1-Dec-89 Spud well
Fred Pool - P.J. State A #18

28-Dec-89 Queen Completion
Perf 2270-2290 20 holes
acidized w/1000 gal 15% HCL
frac w/ 40Mgal x-linked gel, 79M# 12/20

9-Jan-90 IP: Pumping 44 BO 8 BW 25 MCF 24 hrs 34 API 568 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

APPROX PACKER DEPTH: 2225'

T Salt @300' 7" @355'

B Salt @1050'

Yates @1373'

7 Rivers @1651'

Queen @2222'

Queen Perfs
2270 - 2290

Penrose @2401'

Grayburg @2577'

San And @2710' 4-1/2" @2,734'

TD 2734

TOC Surf
Circ

P.J. State A #20

GL: 3,381 Status: Active pumping
 KB: 3,389 Perfs: 1626 - 1736
 TD: 3,100
 PBD: 3,037 1,800 API: 30-015-26444
 Fr. Wtr:
 Legal: 2,310 from N NM Lse: B-7717
 330 from E Field: Turkey Track (Sr-Qn-Gb-Sa)
 Section: 2-H Logs: CNL, LDL, DLL
 Township: 19S
 Range: 29E
 County: Eddy Archeological:

Casing	Wt	Type	Set	Cmt	Hole	TOC	Method
8-5/8"	24.00	J55	357	350	12-1/4"	Surf	?? RM 10 yds
5-1/2"	15.50	779' J55	3,096	675	7-7/8"	Surf	Circ 25 sx
5-1/2"	14.00	2309'					

- 19-Aug-90 Spud well
Eastland Oil - P.J. State A #20
- 9-Oct-90 CO w/pulling unit to 3100' and run 5-1/2" csg
- 11-Oct-90 **Grayburg San Andres Completion**
Perf 2605,91,93, 2700,03,11,21,28 2 SPF 16 holes 4" csg gun acidized w/1000 gal 15% HCL 30 BS, Avg 3.9bpm 1650psi ISIP 1000 15min 940 frac w/20Mgal gel wtr 40M# 20/40, Avg 20bpm 1400psi, ISIP 1250 15min 1090
- 31-Oct-90 Tst: Pumping 28 BO 4 BW 40 MCF 24 hrs 35.2 API 1,454 GOR
- 6-Nov-90 Tst: Pumping 9 BO 7 BW ?? MCF 35.2 API 24 hrs
- 13-Dec-90 **Penrose & Lower-Queen Completion**
Bridge plug at 2580'
Perf 2407,12,18,32,40,55,86,90, 2513,31,39,43 24 holes 0.4" acidized w/1000 gal 15% HCL
frac w/25Mgal x-linked gel, 35M# 20/40, 15M# 12/20
Avg 20bpm 1550psi, ISIP 1510 15min 1360
swabbed and flowed SW with no show, no oil after 28 day test pumping
- 9-Jan-91 **Queen Completion**
Bridge plug at 2350'
Perf 2244,46,49,50,55,56,57,58,60,65,71,80,87,89,92,94 2 SPF 32 holes acidized w/1000 gal 15% HCL
frac w/25Mgal gel wtr, 35M# 20/40, 15M# 12/20
Tst: Pump 5 BOPD
- 28-Jan-91 **7 Rivers + Completion**
Bridge plug at 1800'
Perf 1626,29,64,68,70,73,78,80,82,83, 1733,36 2 SPF 24 holes acidized w/1000 gal 15% HCL
frac w/25Mgal x-linked gel, 35M# 20/40, 15M# 12/20 Avg 21bpm
- 1-Feb-91 IP: Pumping 6 BO 7 BW 165 MCF 24 hrs 27,500 GOR

OPERATOR: Eastland Oil Company

INJECTION FORMATION: Queen Sand (Unitized Interval)

FIELD: Turkey Track (Sr-Qn-Gb-Sa)

7-Rivers produces in the area approximately 600' shallower

Middle Queen, Penrose, Grayburg and San Andres produce in the area anywhere from 50' to 500' lower

Well was originally a producer and will be converted to injection.

The 7 Rivers perforations 1626'-1736' will be squeezed and the CIBP at 1800' will be drilled out. A plastic coated Model AD-1 Tension Packer will be run on 2 3/8" internally plastic coated tubing and set approximately 50' above the Queen perforations

APPROX PACKER DEPTH: 2200'

T Salt @360'

8 5/8" @357'

B Salt @1060'

Yates @1385'

7 Rivers @1664'

Bridge Plug @1800'

7 Rivers ++ Perfs 1626 - 1736

Queen @2239'

Queen Perfs 2244 - 2294

Bridge Plug @2350'

Penrose and Lower Qn Perfs 2407 - 2543

Penrose @2403'

Bridge Plug @2580'

Grayburg and San Andres Perfs 2605 - 2728

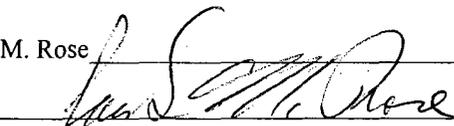
Grayburg @2572'

San And @2704'

5-1/2" @3,096'

TD 3100

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance Disposal Storage
Application qualifies for administrative approval? Yes No
- II. OPERATOR: Beach Exploration, Inc.
ADDRESS: 800 N. Marienfeld, Suite 200, Midland, Texas 79701
CONTACT PARTY: Jack Rose PHONE: 432-683-6226
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
- Proposed average and maximum daily rate and volume of fluids to be injected;
 - Whether the system is open or closed;
 - Proposed average and maximum injection pressure;
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 - If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- EXHIBIT C
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Jack M. Rose TITLE: Engineer
SIGNATURE:  DATE: Jun 19, 2007
E-MAIL ADDRESS: jrose@beachexp.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Beach Exploration, Inc.
C-108 Application
Proposed Eastland Queen Unit
Eddy County, New Mexico

- Form C108 – Item I.** Purpose - Secondary Recovery
- Form C108 – Item II.** Operator - Beach Exploration, Inc.
Address - 800 N. Marienfeld, Suite 200
Midland, Texas 79701-3382
Contact - Jack M. Rose (432) 683-6226
- Form C108 – Item III.** Injection Well Data Sheets (attached 1 list, 18 schematics)
- Form C108 – Item IV.** Expansion of existing project? **NO**
- Form C108 – Item V.** Large area map and Area of Review Detail map (attached)
- Form C108 – Item VI.** Area of Review – Well data tabulation & schematics
Unit Producing Wells – (attached 1 list, 12 schematics)
Offset Wells – (attached 7 legal sheets)
Plugged Wells – (attached 1 list, 17 schematics)
- Form C108 – Item VII.** Feasibility Study – (attached 10 pages)
Development Plat – (attached map)
Water Analysis – (attached 3 pages)

A feasibility study of the proposed unit was prepared by T. Scott Hickman & Associates. This study is the basis for our proposed operation and it indicates that additional reserves of 734,000 barrels can reasonably be expected to be recovered as a result of waterflooding. The engineering study is included for your review.

The proposed development of the waterflood is as shown on the attached plat. It consists of conversion of thirteen existing wells to Phase I water injectors, installation of a (closed system) waterflood plant and distribution system and consolidation of four tank batteries to a central battery. A subsequent conversion of five existing unit producing wells to Phase II water injectors is planned when water breakthrough occurs in these wells.

Make-up water volume requirements have been recalculated based on current cumulative production and is estimated to be 1.75 million barrels. Total make-up water requirements will be at least 1.75 million barrels and could range up to 2.75 million barrels depending on injection efficiency (67% estimated previously). The maximum monthly requirement would be 80,000 barrels initially and should decrease uniformly to little or no usage in a 5 to 6 year period with re-injection of produced water. On a daily basis, the targeted injection rate will be 150 BWPD for each well. Initially with thirteen injectors this would be 1,950 BWPD and after Phase II water injectors have been converted (5 additional) the daily requirement would be 2,700 BWPD.

The maximum injection pressure is anticipated to be 1250 psi. Experience in other Queen floods show that frac pressures in the Queen approach 1 psi/ft. The pay quality in the area of the proposed flood is expected to be on the tighter side and higher injection pressures are anticipated.

A four-township area surrounding the proposed flood was investigated for potential sources of makeup water. Disposal wells are sparse and only dispose of approximately 12,000 barrels a month. There are approximately five SWD wells that are spread in different directions from 3.5 to 5 miles from the proposed flood. This quantity of water would not facilitate a flood. There are two Capitan Basin fresh water wells in the northwest quarter of Section 3, 19S, 29E. These wells are less than two miles from our proposed central battery. The State Engineer's office confirmed that 98 acre-ft of water per year (760,000 bbl/yr, 63,300 bbl/mo) from these two wells are dedicated to "Oil and Gas Exploration and Development". Rock House Ranch indicated that they can supply water from these two wells at the rate of 2500 barrels of water per day and that they will bring this water to the flood.

Beach Exploration is requesting the use of these Capitan Basin fresh water wells as make-up water for the Eastland Queen Unit. The Queen floods that Beach has been involved with have had very good success with fresh water. Other water sources would be cost prohibitive and could also pose long-term risk to the success of the flood.

Attached is a water analysis from the subject well (CP-626). The analysis is very favorable from a chemical and solids standpoint. The water might require some treatment for bacteria. The compatibility of this water source with the Queen produced water is not included with this application but will be forwarded as soon as available. No compatibility problems are anticipated.

Form C108 – Item VIII.

The injection zone in the proposed unit is locally referred to as the Shattuck member of the Queen Formation. This is the uppermost sandstone member of the Queen Formation. The reservoir consists of very fine grained, well sorted, sub-angular, buff-gray quartz sandstone. The sandstone ranges from 46 to 78 feet in gross thickness in the proposed unit area, and ranges in depth from 2,196 feet to 2,470 feet depending upon regional dip and surface elevation.

The office of the State Engineer has confirmed that the Capitan Basin water sands exist at approximately 200 ft in the area of the flood and that there are no fresh water sands deeper. They have also confirmed that there are no fresh water wells within one mile of any of the proposed injection wells.

Form C108 – Item IX.

There is no stimulation program planned for this unit initially other than routine acid treatments for potential calcium carbonate scaling.

Form C108 – Item X.

All wells in the proposed flood are of public record and logs have been filed with the
OCD.

Form C108 – Item XI. No fresh water wells exist within one mile of the proposed
flood.

Form C108 – Item XII. Not applicable

Form C108 – Item XIII. “Proof of Notice” to be supplied later

Beach Exploration, Inc.
 Proposed Eastland Queen Unit
Injection Well Data Sheet (wellbore schematics attached)
 Form C-108, Item III

<u>Operator</u>	<u>Lease & Well #</u>	<u>Location</u>	<u>Sec.-Unit, Twp., Rge.</u>
<u>PHASE I</u>			
1. Re-enter P&A well	State B-7717 #4	1650' FSL 1650' FEL	1-J, 19S, 29E
2. Eastland Oil Company	State HL-1 #2	660' FNL 1980' FWL	1-C, 19S, 29E
3. Eastland Oil Company	P.J. State A #1	990' FNL 990' FWL	1-D, 19S, 29E
4. Eastland Oil Company	P.J. State A #7	330' FNL 990' FEL	1-A, 19S, 29E
5. Eastland Oil Company	P.J. State A #8	2310' FSL 990' FWL	1-L, 19S, 29E
6. Eastland Oil Company	P.J. State A #11	990' FSL 990' FWL	1-M, 19S, 29E
7. Eastland Oil Company	P.J. State A #18	1650' FSL 1650' FEL	2-J, 19S, 29E
8. Eastland Oil Company	P.J. State A #20	2310' FNL 330' FEL	2-H, 19S, 29E
9. Eastland Oil Company	P.J. State A #22	2310' FNL 330' FEL	1-H, 19S, 29E
10. Eastland Oil Company	P.J. State B #1	330' FNL 2310' FWL	11-C, 19S, 29E
11. Eastland Oil Company	P.J. State B #2	330' FNL 990' FEL	11-A, 19S, 29E
12. Myco Industries, Inc.	BBOC State #1	1980' FNL 1980' FEL	11-G, 19S, 29E
13. Myco Industries, Inc.	BBOC State #3	990' FNL 990' FWL	11-D, 19S, 29E
<u>PHASE II</u>			
14. Eastland Oil Company	State HL-1 #3	660' FNL 1980' FEL	1-B, 19S, 29E
15. Eastland Oil Company	P.J. State A #9	1470' FSL 2420' FWL	1-K, 19S, 29E
16. Eastland Oil Company	P.J. State A #12	1650' FNL 990' FEL	1-H, 19S, 29E
17. Eastland Oil Company	P.J. State A #17	660' FSL 1980' FEL	2-O, 19S, 29E
18. Eastland Oil Company	P.J. State A #21	2310' FNL 2310' FWL	1-F, 19S, 29E

Beach Exploration
Eastland Queen Unit
Portions of Sec 1, 2 and 11, T-19-S R-29-E
Eddy County, New Mexico

Installation Chronology

<u>Start</u>	<u>Complete</u>	<u>Months</u>	
01/15/08	12/30/08	12.0	Triplex pump and building (ordered Jan 2008 took delivery 12/30/08)
08/13/08	09/12/08	1.0	Squeeze 7 Rvrs perms and plug back to Queen operations on 9 unit wells
09/16/08	11/17/08	2.0	Re-plug 3 wells (Elliot #1, State B7717 #1 and Leonard State #3)
09/18/08	11/12/08	1.0	Glassbore line (CLS Odessa) 26,500 ft of 2 3/8" 4.7# J55 tubing for injection wells
10/07/08	10/13/08	0.2	Break out 4 unit area tank batteries
10/09/08	12/01/08	1.0	Clear ROW, ditch, install, back-fill and test 29,000 ft of Centron fiberglass injection pipe
10/09/08	10/27/08	0.6	Construct unit central battery facility at EQU #1 loc (P. J. State A Btry loc)
10/28/08	11/10/08	0.5	Revamp approximately 66,000 ft and add 2,000 ft of poly flowlines
11/17/08	Pending	1.0	Re-enter P&A well and complete as an injection well (State B7717 #4) EQU #18
01/15/09	02/02/09	0.6	Plumb triplex to inj system, upgrade CVE electrical, line out pump controls & water supply
08/13/08	02/02/09	5.7	Actual installation work time

Note: Unit was scheduled to start installation in May 2008. Squeeze and plug back work was scheduled w/ Triple N. Triple N sold out to Basic and work was delayed until August. If installation had started in May 2008, the unit would have been ready in October 2008. The Triplex pump was promised for July 2008. The pump was not delivered until December 30, 2008.

Installation cost to date is between \$2,500,000 and \$2,600,000

Remaining work consists of bringing the Re-entry (EQU #18) to an injection status or plug.

Individual Well Work Detail

Elliot # 1 - RE-PLUG

API 30-015-04554

09/16/08	Removed dry hole marker - no surface plug present
09/17/08	RU rat hole machine. Drilled 20" hole to 40', ran 14" conductor pipe and cmt'd w/2.5 yds of ready mix
09/18/08	Welded wellhead on 14" conductor pipe.
10/10/08	Notified Mike Bratcher (NM OCD) would start plugging operations 10/14/08
10/16/08	RU. NU BOP and ran 9 7/8" bit. No surface cmt plug. Rotated down and tagged cutoff 8 5/8" csg at 244'
10/16/08	Got inside 8 5/8" csg w/ 7 7/8" bit. No cmt at base of 8 5/8" csg. Drld cmt 918' to 1156'
10/20/08	Came out of 8 5/8" csg and couldn't get back in. Milled 8 5/8" csg to 249' and cleaned w/tapered mill
10/22/08	Got back in 8 5/8" csg w/ 6 1/8" bit. Drld cmt from 1156' to 1219'. Cleaned out open hole to 2497'
	Notified Mike Bratcher (NM OCD) would be setting plugs 10/23/08
10/23/08	Loaded hole w/9ppg salt gel
	Pumped 50sx Class C cmt plug from 2428' and tagged at 2248' (180' open hole plug)
	Pumped 50sx Class C cmt plug from 1767' and tagged at 1585' (182' open hole plug)
10/24/08	Pumped 50sx Class C cmt plug from 1283' and tagged at 1147' (137' open hole plug)
	Pumped 150sx Class C cmt plug from 417' and tagged at 143' (274' - 8 5/8" shoe and stub plug combined)
	Pumped 30sx Class C cmt plug from 60' to surf.
10/27/08	Notified Mike Bratcher (NM OCD) of all cmt plugs
	Removed anchors. Cutoff wellhead. Set regulation dry hole maker

State B7717 # 1 - RE-PLUG

API 30-015-03544

09/16/09	Removed dry hole marker. Tied 8 5/8" csg back to surf. Installed wellhead.
10/27/08	Notified Mike Bratcher (NM OCD) would start plugging operations
	RU. NU BOP and ran 6 1/4" bit. No surface cmt plug. Drilled cmt from 139' to 253' inside 7" csg
10/28/09	Drld cmt from 253' to 378'. Tagged next cmt plug at 882'. Started drilling metal to 914' inside 7" csg
10/31/08	Spent 3 days drilling and fishing 2 3/8" joint inside 7" csg (metal was a weight joint for nitro cutoff charge)
11/03/08	Drld cmt inside 7" csg w/6 1/4" bit to 1052', from 1570' to 1675' and from 2170' to 2280'. Tagged cmt plug at 2577'.
11/04/08	Loaded hole w/9ppg salt gel. Perf'd 7" csg at 2200' w/4 holes. Perfs would not take fluid. Press to 800 psi.
	Permission from Mike Bratcher (OCD NM) to pump a 100' plug inside 7" csg. Pumped 25sx Class C plug at 2209'
11/05/08	Tagged plug at 2085' (124' cmt plug). Perf'd 7" csg at 1680' w/4 holes. Perfs would not take fluid. Press to 725 psi
	Permission from Mike Bratcher (OCD NM) to pump a 25sx plug at 1680' inside 7" csg.
	Pumped 25sx Class C cmt plug at 1693'. WOC. Tagged plug at 1549' (144' cmt plug)
	Permission from Mike Bratcher (OCD NM) to not perf 7" csg at 1180'. Lost circ at 914' where old nitro tool was drld.
	Spotted 85sx Class C cmt plug at 1075' and squeezed under a packer to 1,000 psi.
11/06/08	Tagged cmt plug at 615' (460' plug inside 7" and 109' of cmt behind pipe). Reloaded hole w/9ppg salt gel.
	Pumped 45sx Class C cmt plug at 446' inside 7" csg. WOC. Tagged plug at 185' (261' cmt plug)
	Pumped 15sx Class C cmt plug from 60' to surf.
11/07/08	Notified Mike Bratcher (NM OCD) of all cmt plugs. Removed anchors. Cutoff wellhead. Set regulation dry hole make

EXHIBIT



Leonard State # 3 - RE-PLUG

API 30-015-03580

- 10/30/08 Removed dry hole marker - no surface plug present. RU rat hole machine. Drilled 20" hole to 40'.
- 10/31/08 Ran 40' of 14" conductor pipe and cmt'd w/3.5 yds of ready mix
- 11/03/08 Welded wellhead on 14" conductor pipe.
- 11/07/08 Notified Mike Bratcher (NM OCD) would start plugging operations
RU. NU BOP and ran 9 7/8" bit. No surface cmt plug. Rotated down and tagged cutoff 8 5/8" csg at 144'
- 11/10/08 Got back in 8 5/8" csg w/7 7/8" tapered mill. Tagged cmt at 420'. POOH. Dropped 6 1/4" bit and collars
- 11/11/08 Recovered fish. Drld hard cmt w/6 1/4" bit from 420' to 490'
- 11/12/08 Drld hard cmt from 2212' to 2280'. Tagged bottom cmt plug at 2450'. Phil Hawkins (OCD NM) on site.
- 11/13/08 Loaded hole w/9ppg salt gel. Pumped 50sx Class C cmt plug from 2308' and tagged at 2115' (193' open hole plug)
Pumped 50sx Class C cmt plug from 1757' and tagged at 1575' (182' open hole plug).
Pumped 50sx Class C cmt plug from 1312'. Tagged plug (next morning) at 1167' (145' open hole plug)
- 11/14/08 Pumped 50sx Class C cmt plug from 452'. Tagged at 330' (122' shoe plug)
Pumped 75sx Class C cmt plug from 192' and tagged at 90' (102' - 8 5/8" csg stub plug)
Pumped 45sx Class C cmt plug from 60' to surface.
- 11/17/08 Notified Mike Bratcher (NM OCD) of all cmt plugs. Removed anchors. Cutoff wellhead. Set regulation dry hole make

EQU # 1 - INJECTOR - (P.J. State A #1)

API 30-015-25655

Work Required - EQU #1

Well was originally a producer and will be converted to injection
The 7 Rivers perms 1760' - 1774' will be squeezed

Work Completed - EQU #1

- 08/20/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2210'. Set 5 1/2" CIBP on WL at 2000'.
- 08/21/08 Tested CIBP to 1200 psi. Spotted 50sx Class C cmt at 1809'. Hesitation sqz'd 7 Rvrs perms (1760'-1774') to 650 psi
- 08/22/08 Drld sqz cmt w/4 3/4" bit from 1350' to 1866'. Pressure tested sqz to 500 psi.
- 08/25/08 Drld CIBP at 2000' and pushed it to 2410'. Laid down work string. SI well.
- 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
- 11/14/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 71 jts of Glassbore tbg. Pkr at 2250'. Queen perms (2306'-2341')
Flushed backside w/36 bbl pkr fluid, set pkr, loaded backside w/3 bbl of pkr fluid and pressure tested to 500 psi

EQU # 2 - INJECTOR - (State "HL" 1 #2)

API 30-015-24911

Work Required - EQU #2

Well was originally a producer and will be converted to injection
The 7 Rivers perms 1723' - 1806' will be squeezed
The CIBP at 2278' will be drilled out
A bridge plug will be placed at 2395' above the Middle Queen

Work Completed - EQU #2

- 08/13/08 Pulled and laid down rods, pump and 2 3/8" tbg. RIH w/work string and tagged PBTD at 2107'
- 08/14/08 Squeezed 7 Rvrs perms 1723' - 1806' with two 50sx Class C cmt stages from 1828' and 1744'.
- 08/15/08 Drld sqz cmt w/4 3/4" bit from 1690' to 1833'. Tested sqz to 470 psi.
- 08/18/08 Drld frac sand and cmt from 2107' down to CIBP at 2278'.
- 08/19/08 Drld CIBP at 2278' and pushed to 2795'. Set 5 1/2" CIBP on WL at 2400'. Dump bailed 11' cmt on top (PBTD 2389')
- 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
- 11/14/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 72 jts of Glassbore tbg. Pkr at 2283'. Queen perms (2328'-2370')
Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

EQU # 3 - PRODUCER - (State "HL" 1 #3)

API 30-015-24912

Work Required - EQU #3

Well was originally a producer and will be a Phase I producer
The 7 Rivers perms 1860' - 1881' will be squeezed
A bridge plug will be placed at 2500' above the Penrose

Work Completed - EQU #3

- 08/20/08 Pulled and laid down rods, pump and stood back 2 3/8" tbg.
- 08/21/08 Ran 4 3/4" bit & scraper to 2500'. Set CIBP on WL at 2100' and dump bailed 15' cmt on top. Tested CIBP to 1000 ps
Spotted 50sx Class C cmt at 1907'. Hesitation sqz'd 7 Rvrs perms (1860'-1881') to 690 psi.
- 08/26/08 Drld sqz cmt w/4 3/4" bit from 1456' to 1750'.
- 08/27/08 Finished drlg sqz cmt from 1750' to 1930'. Pressure tested sqz to 560 psi. Drld CIBP at 2100' and pushed it to 2506'
- 08/28/08 Verified w/WL other plug at 2506'. Set CIBP on WL at 2500'. Dump bailed 15' cmt on top. Tested CIBP to 1500 psi.
(PBTD 2485') Queen Perfs (2351'-2415') Ran 2 3/8" production tubing. Bottom of tbg at 2364'. SN at 2327'.
- 09/22/08 Ran rods and new pump and hung well on.

EQU # 4 - INJECTOR - (P.J. State A #7)

API 30-015-25794

- 09/08/09 Pulled and laid down rods and pump.
- 09/09/08 Hot watered w/35 BFW. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2534'. Laid down tbg. SI well.
- 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
- 11/18/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 74 jts of Glassbore tbg. Pkr at 2362'. Queen perms (2398'-2418')
Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/28 bbl of pkr fluid and pressure tested to 500 psi

EQU # 5 - PRODUCER - (P.J. State A #3)

API 30-015-25694

- 09/24/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2452'. Queen perfs (2300'-2348')
 09/25/08 Ran 2 3/8" production tubing. Bottom of tbg at 2389'. SN at 2355'. Ran rods and new pump and hung well on.

EQU # 6 - PRODUCER - (P.J. State A #4)

API 30-015-25737

- 09/25/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2493'. Queen perfs (2366'-2384')
 Ran 2 3/8" production tubing. Bottom of tbg at 2429'. SN at 2393'.
 09/26/08 Ran rods and new pump and hung well on.

EQU # 7 - PRODUCER - (P.J. State A #12)

API 30-015-25888

- 09/18/08 Pulled rods and pump.
 09/19/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2523'. Queen perfs (2400'-2428')
 Ran 2 3/8" production tubing. Bottom of tbg at 2462'. SN at 2428'. Ran rods and new pump and hung well on.

EQU # 8 - INJECTOR - (P.J. State A #20)

API 30-015-26444

Work Required - EQU #8

Well was originally a producer and will be converted to injection
 The 7 Rivers perfs 1626' - 1736' will be squeezed
 The CIBP at 1800' will be drilled out

Work Completed - EQU #8

- 08/26/08 Pulled and laid down rods, pump and 2 3/8" tbg. 2770' of tbg. No CIBP's in well. Well is pumping from the Grayburg
 Ran 4 3/4" bit & scraper to 2775'. Set 5 1/2" CIBP on WL at 1900'. Tested CIBP to 1200 psi
 08/27/08 Spotted 25sx Class C cmt at 1766'. Hesitation sqz'd 7 Rvrs perfs (1626'-1736') but cmt started going away
 08/28/08 Tagged sqz cmt at 1702'. Spotted 25sx Class C cmt at 1700'. Hesitation sqz'd 7 Rvrs perfs (1626'-1736') to 600 psi
 09/03/08 Drl'd sqz cmt w/4 3/4" bit from 1485' to 1770'. Pressure tested sqz to 505 psi. Drl'd CIBP at 1900'.
 Pushed CIBP to 2770' (CIBP's at 2350' and 2580' were not present)
 09/04/08 Set CIBP on WL at 2380' and dump bailed 15' cmt on top (PBSD 2365'). Pressure tested CIBP to 1300 psi.
 Laid down work string. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/18/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2221'. Queen perfs (2244'-2294')
 Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/24 bbl of pkr fluid and pressure tested to 500 psi

EQU # 9 - PRODUCER - (P.J. State A #14)

API 30-015-25932

- 09/23/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2428'. Queen perfs (2275'-2328')
 Ran 2 3/8" production tubing. Bottom of tbg at 2397'. SN at 2363'. Ran rods and new pump and hung well on.

EQU # 10 - PRODUCER - (P.J. State A #21)

API 30-015-30846

- 09/26/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2386'. Queen perfs (2304'-2354')
 Ran 2 3/8" production tubing. Bottom of tbg at 2362'. SN at 2359'. Ran rods and new pump and hung well on.

EQU # 11 - INJECTOR - (P.J. State A #22)

API 30-015-03542

Work Required - EQU #11

Well was originally a producer and will be converted to injection
 The 7 Rivers perfs 2235' - 2264' will be squeezed

Work Completed - EQU #22

- 09/05/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2456'. Set 4 1/2" CIBP on WL at 2364'.
 Dump bailed 11' of cmt on top. Pressure tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 2277'.
 Had to shear pkr to get out of cmt. Could not perform hesitation sqz. Left cmt across 7 Rvrs perfs (2235'-2264')
 09/09/08 Drl'd sqz cmt w/3 7/8" bit from 1940' to 2040'.
 09/10/08 Drl'd sqz cmt from 2040' to 2275'. Pressure tested sqz to 535 psi. Drl'd CIBP at 2364' and pushed it to 2518'.
 Laid down work string. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/13/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 75 jts of Glassbore tbg. Pkr at 2375'. Queen perfs (2414'-2452')
 Flushed backside w/25 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

EQU # 12 - INJECTOR - (P.J. State A #8)

API 30-015-25856

- 09/10/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2400'. Laid down tbg. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/17/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 71 jts of Glassbore tbg. Pkr at 2254'. Queen perfs (2272'-2311')
 Flushed backside w/37 bbl pkr fluid, set pkr, loaded backside w/14 bbl of pkr fluid and pressure tested to 500 psi

EQU # 13 - PRODUCER - (P.J. State A #6)

API 30-015-25795

- 09/25/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2476'. Queen perfs (2358'-2374')
 09/26/08 Ran 2 3/8" production tubing. Bottom of tbg at 2425'. SN at 2389'. Ran rods and new pump and hung well on.

EQU # 14 - PRODUCER - (P.J. State A #5)

API 30-015-25753

- 09/22/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2396'. Queen perfs (2366'-2386') Dropped mud anchor
 09/23/08 Recovered dropped mud anchor. Ran 2 3/8" production tubing. Bottom of tbg at 2384'. SN at 2348'.
 Ran rods and new pump and hung well on.

EQU # 15 - INJECTOR - (P.J. State A #18)

API 30-015-26190

- 09/11/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 3/4" bit & 4 1/2" scraper and hit obstruction at 195'.
 09/12/08 Tried to swedge tight spots in csg. Would not swedge but would pass 2 3/8" tbg with no resistance.
 09/15/08 Ran 3 7/8" string mill to work through tight spot at 195'. String mill wore out. Testing clearances.
 09/16/08 3 20/32" will go in hole, 3 21/32" will not go. Concluded we have 4 1/2" hydril external upset 18.8#/ft csg (ID 3.64")
 Fred Pool got heavy csg from South Texas and ran in this hole from 200' down to Queen.
 Need to find an injection packer for 18.8# 4 1/2" csg. Ran 2 3/8" production tbg. Bottom of tbg at 2240'. SN at 2204'.
 11/10/08 Pulled production tubing. Ran Watson 4 1/2" 16.6# shear type tension packer, set and tested twice. Pkr will work
 11/11/08 Pulled tubing. Ran Watson 4 1/2" 16.6# coated tension packer, PC SN, and 70 jts Glassbore tubing. Pkr at 2243'
 Queen perfs (2270'-2290') Flushed backside w/20 bbl pkr fluid, set pkr and loaded backside w/18 bbl pkr fluid.
 Tested backside to 500 psi.

EQU # 16 - PRODUCER - (P.J. State A #15)

API 30-015-26052

- 09/17/08 Pulled rods, pump and 2 3/8" tbg.
 09/18/08 Ran 3 7/8" bit & scraper to 2445'. Queen perfs (2275'-2294') Ran 2 3/8" production tubing.
 Bottom of tbg at 2326'. SN at 2290'. Ran rods and new pump and hung well on.

EQU # 17 - PRODUCER - (P.J. State A #9)

API 30-015-10235-0001

- 09/23/08 Pulled rods and pump.
 09/24/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2390'. Queen perfs (2360'-2388') Ran 2 3/8" production tubing.
 Bottom of tbg at 2364'. SN at 2359'. Ran rods and new pump and hung well on.

EQU # 18 - RE-ENTER to complete as an injector (previously P&A'd State B-7717 #4)

API 30-015-03541

- 09/16/08 Removed dry hole marker, tied 8 5/8" csg back to surf and welded on wellhead
 11/17/08 RU. NU BOP and ran 7 7/8" bit. No surface cmt plug. Drilled cmt from 327' to 394'. Fluid started circ out of ground
 11/18/08 Tested and found leaks in 8 5/8" casing above 262'. Attempted to squeeze leaks w/100sx Starlite 12.8 ppg cmt.
 11/19/08 Drid sqz cmt from 210' to 257'. 8 5/8" csg still leaking. Discussed w/Mike Bratcher (OCD NM) decided to run 7" csg
 11/20/08 Ran 7" FJ 23# J55 FL4S csg to 382'. Cmt'd w/50sx Class C cmt. Circulated 25sx to surface between 8 5/8" and 7".
 Notified Mike Bratcher (OCD NM) of csg job results.
 11/21/08 Drid out 7" float shoe w/6 1/8" bit and old cmt from 394' to 445'. Cleaned out hole to 1142'.
 11/24/08 Finished cleaning out hole to cmt plug at 2530'. Drid cmt from 2530' to 2556' in preparation to run 4 1/2" csg.
 11/25/08 Ran to bottom w/drill string to check for fill before logging. With bit on bottom at 2556', drill string parted at 1190'.
 Fish is 6 1/8" bit, bit sub, x-over, 4 - 4 1/8" drill collars and 39 jts of 2 7/8" N80 6.5# blue band tubing. (fish 1367.47')
 12/10/08 Well is SI waiting on evaluation of future operations.
 Note Fished for 10 days, ran 3 different overshots / mills to cut / grab tubing, ran 6 1/4" bit to drill beside fish, and ran
 a Weatherford hook wall grapple. We were not successful in cutting the fish. We were only able to get to 1400'
 beside the fish. We were able to grab and lift the fish with the hook wall grapple but always slipped off because
 the top of the fish is bent out into an enlarged hole from 1142' to 1200'. A Fish finder and a downhole video were
 run to evaluate future operations. Cudd Coiled Tbg division has studied the well and has indicated that they may be
 able to do an outside cut on the fish below the bent portion to facilitate removing the fish.

EQU # 19 - PRODUCER - (P.J. State A #19)

API 30-015-26312

Work Required - EQU #19

Well was originally a producer and will stay a Unit producer
 The 7 Rivers perfs 1744' - 1764' will be squeezed

Work Completed - EQU #19

- 09/03/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2316'.
 Set CIBP on WL at 1900' and dump bailed 11' cmt on top.
 09/04/08 Tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 1785'. Hesitation sqz'd 7 Rvrs perfs (1744'-1764') to 600 ps
 09/11/08 Drid sqz cmt w/4 3/4" bit from 1597' to 1780'. Pressure tested sqz to 560 psi.
 09/12/08 Drid CIBP at 1900' and pushed it to 2319'. Ran 2 3/8" production tubing. Bottom of tbg at 2288'. SN at 2252'.
 09/18/08 Queen perfs (2200'-2255') Ran rods and new pump and hung well on.

EQU # 20 - PRODUCER - (P.J. State A #17)

API 30-015-26148

- 09/16/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2413'. Queen perfs (2257'-2278')
 11/20/08 Ran 2 3/8" production tubing. Bottom of tbg at 2311'. SN at 2275'. Ran rods and new pump and hung well on.

EQU # 21 - PRODUCER - (P.J. State A #16)

API 30-015-26104

- 09/17/08 Pulled rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2538'. Queen perfs (2262'-2290')
 Ran 2 3/8" production tubing. Bottom of tbg at 2383'. SN at 2348'. Ran rods and new pump and hung well on.

EQU # 22 - INJECTOR - (P.J. State A #11)

API 30-015-25887

- 09/10/08 Pulled and laid down rods and pump.
 09/11/08 Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2466'. Laid down tbg. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/17/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 72 jts of Glassbore tbg. Pkr at 2287'. Queen perfs (2326'-2336')
 Flushed backside w/27 bbl pkr fluid, set pkr, loaded backside w/pkr fluid and pressure tested to 500 psi

EQU # 23 - INJECTOR - (BBOC State #3)

API 30-015-26235

Work Required - EQU #23

Well was originally a producer and will be converted to injection
 Set a bridge plug at 2335' above the Middle Queen

Work Completed - EQU #23

- 08/29/08 Pulled and laid down rods, pump and 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2381'. Set 5 1/2" CIBP on WL at 2341'.
 Dump bailed 15' of cmt on top. (PBSD 2326') Tested CIBP to 1200 psi.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/12/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 68 jts of Glassbore tbg. Pkr at 2162'. Queen perfs (2216'-2237')
 Flushed backside w/30 bbl pkr fluid, set pkr, loaded backside w/24 bbl of pkr fluid and pressure tested to 500 psi

EQU # 24 - INJECTOR - (P.J. State B #1)

API 30-015-26095

- 09/16/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2436'. Laid down tbg. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/20/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2208'. Queen perfs (2229'-2247')
 Flushed backside w/28 bbl pkr fluid, set pkr, loaded backside w/12 bbl of pkr fluid and pressure tested to 500 psi

EQU # 25 - PRODUCER - (BBOC State #2)

API 30-015-26183

Work Required - EQU #25

Well was originally a producer and will stay a Unit producer
 The 7 Rivers perfs 1656' - 1688' will be squeezed
 A bridge plug will be placed at 2310' above the Middle Queen

Work Completed - EQU #25

- 08/22/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2320'.
 Set CIBP on WL at 1900' with 15' of cmt dump bailed on top.
 08/25/08 Tested CIBP to 1200 psi. Spotted 25sx Class C cmt at 1722'. Hesitation sqz'd 7 Rvrs perfs (1656'-1688') to 1000 ps
 08/29/08 Drld sqz cmt w/4 3/4" bit from 1507' to 1734'. Tested sqz to 520 psi. Drld CIBP at 1900' and pushed it to 2326'.
 Tagged old plug w/WL at 2323'. Set CIBP on WL at 2310'.
 09/02/08 Dump bailed 11' cmt on top of CIBP at 2310' (PBSD 2300'). Pressure tested CIBP to 1200 psi.
 Queen perfs (2222'-2275'). Ran 2 3/8" production tubing. Bottom of tbg at 2264'. SN at 2260'.
 09/18/08 Ran rods and new pump and hung well on.

EQU # 26 - INJECTOR - (P.J. State B #2)

API 30-015-26120

- 09/15/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2464'. Laid down tbg. SI well.
 09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
 11/19/08 Ran 4 1/2" PC AD-1 Tension pkr, PC SN, and 69 jts of Glassbore tbg. Pkr at 2229'. Queen perfs (2268'-2301')
 Flushed backside w/28 bbl pkr fluid, set pkr, loaded backside w/17 bbl of pkr fluid and pressure tested to 500 psi

EQU # 27 - PRODUCER - (BBOC State #4)

API 30-015-26234

Work Required - EQU #27

Well was originally a producer and will stay a Unit producer
 The 7 Rivers perfs 1633' - 1684' will be squeezed

Work Completed - EQU #27

- 09/02/08 Pulled and laid down rods and pump and stood back 2 3/8" tbg. Tubing was shallow. Prob Halliburton RBP at 1800'
 Ran 4 3/4" bit & scraper and tagged at 1768'. Spotted 25sx Class C cmt at 1704'.
 Tried to Hesitation sqz 7 Rvrs perfs (1633'-1684') but cmt went away.
 09/03/08 Tagged sqz cmt at 1672'. Spotted 25sx Class C cmt at 1670'. 7 Rvrs perfs taking cmt. Left cmt across 7 Rvrs perfs
 09/05/08 Drld sqz cmt w/4 3/4" bit from 1458' to 1710'. Pressure tested sqz to 560 psi. Retrieved Halliburton RBP at 1802'.
 09/08/08 Ran 4 3/4" bit & scraper and 2 3 1/2" drill collars and cleaned well out to 2416'. Queen perfs (2238'-2272')
 09/09/08 Ran 2 3/8" production tubing. Bottom of tbg at 2322'. SN at 2286'.
 09/19/08 Ran rods and new pump and hung well on.

EQU # 28 - PRODUCER - (P.J. State B #3)

API 30-015-26186

- 09/19/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2336'. Queen perms (2240'-2260')
Ran 2 3/8" production tubing. Bottom of tbg at 2305'. SN at 2270'.
09/22/08 Ran rods and new pump and hung well on.

EQU # 29 - INJECTOR - (BBOC State #1)

API 30-015-22957

- 09/11/08 Pulled and laid down rods and pump. Pulled 2 3/8" tbg. Ran 4 3/4" bit & scraper to 2250'.
09/12/08 Finished with bit and scraper to 2405'. Tested old CIBP at 2445' and sqz holes at 2410' below the Queen to 1000 ps
Pulled up above the Queen and tested old sqz holes at 1780' to 500 psi. Laid down tbg. SI well.
09/18/08 Took 2 3/8" tbg into CLS (Odessa) to be lined w/fiberglass.
11/13/08 Ran 5 1/2" PC AD-1 Tension pkr, PC SN, and 70 jts of Glassbore tbg. Pkr at 2235'. Queen perms (2261'-2314')
Flushed backside w/38 bbl pkr fluid, set pkr, loaded backside w/32 bbl of pkr fluid and pressure tested to 550 psi

EQU # 30 - PRODUCER - (P.J. State B #4)

API 30-015-26193

- 09/22/08 Pulled rods, pump and 2 3/8" tbg. Ran 3 7/8" bit & scraper to 2358'. Queen perms (2305'-2323')
Ran 2 3/8" production tubing. Bottom of tbg at 2358'. SN at 2324'.
09/23/08 Ran rods and new pump and hung well on.

JAMES BRUCE
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87501

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(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

March-14

February 27, 2009

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application to reinstate a waterflood project, filed with the New Mexico Oil Conservation Division by Beach Exploration, Inc., regarding parts of Sections 1, 2, and 11, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. A copy of the application is enclosed. If you object to the application, you must notify the Division in writing no later than 15 days from the date of this letter (the Division's address is 1220 South St. Francis Drive, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting this matter later.

Very truly yours,


James Bruce

Attorney for Beach Exploration, Inc.

EXHIBIT

E

EXHIBIT A

Operators of active wells within 1/2 mile of injectors:

MYCO Industries, Inc.
PO Box 840
Artesia, NM 88211

Snow Oil & Gas, Inc.
PO Box 1277
Andrews, TX 79714

Snow Operating Co., Inc.
5719 Airport Frwy.
Fort Worth, TX 76117

JKM Energy, LLC
26 E. Compress Rd.
Artesia, NM 88210

Chisos, Ltd.
670 S.W. Dona Ana Rd.
Deming, NM 88030

H. Dwayne & Rhonda K. Parish
1306 S. Ninth Street
Artesia, NM 88210

Jim Pierce
Suite 859
200 W. First Street
Roswell, NM 88203

Lothian Oil Texas 1, Inc.
Suite 300
405 N. Marienfeld
Midland, TX 79701

Edge Petroleum Operating Company, Inc.
Suite 2000
1301 Travis
Houston, TX 77002

Chi Operating, Inc.
PO Box 1799
Midland, TX 79702

Mewbourne Oil Co.
Suite 1020
500 W. Texas
Midland, TX 79701

Operators of leasehold within 1/2 mile of injectors

Morexco, Inc.
PO Box 1591
Roswell, NM 88202-1591

Dwight A. Tipton
PO Box 1025
Lovington, NM 88260

Chisos, Ltd.
670 S.W. Dona Ana Rd.
Deming, NM 88030

Surface owner

Oil, Gas & Mineral Division
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504

Warnell, Terry G, EMNRD

To: jamesbruc@aol.com
Subject: RE: WFX for Beach Exploration

Thank you

From: jamesbruc@aol.com [mailto:jamesbruc@aol.com]
Sent: Monday, March 09, 2009 2:30 PM
To: Warnell, Terry G, EMNRD
Subject: Re: WFX for Beach Exploration

It was run on 3/3 in the Carlsbad paper.

3-18 (15 days)

-----Original Message-----

From: Warnell, Terry G, EMNRD <TerryG.Warnell@state.nm.us>
To: jamesbruc@aol.com
Sent: Mon, 9 Mar 2009 2:25 pm
Subject: WFX for Beach Exploration

Hi Jim,

I've got The WFX for Beach you submitted
Everything looks in order except for the notice
Please confirm when and where the newspaper advertisement was run

Thanks,

Terry G. Warnell
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, NM 87505
505-476-3466

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

A Good Credit Score is 700 or Above. See yours in just 2 easy steps!
