

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other Instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Gruy Petroleum Management Co.

3a. Address

P.O. Box 140907 Irving, TX 75014-0907

3b. Phone No. (include area code)

972.401.3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL 2495' FNL & 1415' FNL Sec 7G 24S-26E

BHL 1200' FNL & 900' FEL Sec 7A 24S 26E

RECEIVED

JUL 22 2004

OCB-ARTESIA

Lease Serial No.

NM-15295

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

C K 7 Federal No. 1

9. API Well No.

30-015-33420

10. Field and Pool, or Exploratory Area

White City; Penn Undesignated

11. County or Parish, State

Eddy, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other Set production casing

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

07-16-04 Ran 5-1/2" 17# NS-110HC casing to 12364.' Cemented 1st stage with lead 500 sx Interfill "H" + 0.25% HR-7 + 1/4# Flocele. Cemented tail with 650 sx Super "H" + 1# Salt + 0.4% CFR-3 + 0.5% LAP-1 + 0.25# D-AIR 3000 + 0.35% HR-7 + 1/4# Flocele + 5# Gilsonite per sx. Cemented 2nd stage with lead 1650 sx Interfill "C" + 1/4# Flocele. Cemented tail with 150 sx Premium Neat cement.

07-17-04 Ran temperature survey. Found TOC at 2295' KB. Released Patterson-UTI Rig #80 at 7:30 PM to go to the Federal 13 Com #2.

Please see attached drilling report.

ACCEPTED FOR RECORD

JUL 22 2004

LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Natalie Krueger

Title

Production Assistant

Signature

Date

July 19, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

Gruy Petroleum Management Co.

Well History

June 3, 2004 Thru July 17, 2004

OPERATED

CARLSBAD SOUTH

GRUY PETROLEUM MANAGEMENT CO

77239 C & K 7 FED #1 30-015-33420

EDDY, NM

7-T24S-R26E, NE/4

W.I. Pct BCP 29.93 %

W.I. Pct ACP 29.93 %

Morrow / 12,400'

06/13/2004

Depth 1,914

Progress 0

AFE: 24028

Present Operation: TIH with Bit

WOC and wellhead technician. Centered casing in rotary table, but rig is slightly off center of hole. Attempt to set slips, but cement below wellhead was set. Ordered 9.625" wellhead w/ landing base. Wait on wellhead from Hobbs, NM yard. Cut 9.625" casing. Cut off 13.375" wellhead, dress 9.625" casing stub and weld on wellhead Test weld on wellhead to 1500 psi and tested good. Nipple up BOP stack. Test BOP and related equipment to 250 and 5000 psi. Tested annular to 3500 psi. Tightened several gasket leaks. Inside BOP would not test and toolpusher ordered a tested replacement. Pick up bit, motor, RMR, DC, IBS, and DC & DP off rack. Presently drilling cement above Float collar.

06/14/2004

Depth 2,625

Progress 711

AFE: 24028

Present Operation: Drlg

Trip in hole to 1850' and tag cement. Drill cement to float collar at 1888'. Test casing to 1500 psi. Drill float collar and hard cement to shoe at 1914'. Drill 10' of new formation to 1924'. Run PIT to 225 psi for 10.5 ppg EMW. No leakoff. Drilling from 1924' - 2190' with 35K WOB and 50 RPM with bit turning at 206 RPM. Rig Service. Remove rubber pieces from pump # 2. Drilling from 2190' - 2225' with 40K WOB and 50 RPM with bit turning at 206 RPM. Wireline Survey at 2175' - One degree. Drilling from 2225' - 2564' with 40K WOB and 50 RPM with bit turning at 144 RPM. Remove rubber pieces from pump # 1. Bit has jet plugged from same. Drilling from 2564' - 2625' with 35K WOB and 60 RPM with bit turning at 144 RPM. Pump pressure at 1800 psi with 72 SPM.

06/15/2004

Depth 2,762

Progress 137

AFE: 24028

Present Operation: Tripping for Motor

Drilling from 2625' - 2762' with 40K WOB and 60 RPM at 72 SPM. Pump pressure 1800 psi. Work on pumps removing rubber plug material and cuttings. Pull 8 stands up into casing to jet pits again. Jet pits from shale pit through premix pit. Suspect that cuttings in suction and pumps were coming from dirty water trucks hauling clean water up hill, cuttings downhill, and not being cleaned properly. Had 3 trucks hauling cuttings off and 2 trucks hauling water into frac tanks. Set 4 open top tanks to be used as settling pits while drilling. All water to be added through possum belly at shale shaker. Bit was plugged when ready to drill. Trip out of hole to unplug. Driller did not check mudmotor. Trip in hole and found motor plugged. Trip out for seventh time to unplug bit / DC's / motor. Patterson to add screens upstream of pumps hopefully to end this problem.

06/16/2004

Depth 3,762

Progress 1,000

AFE: 24028

Present Operation: Drlg

Change out motor, run BHA, pump through motor, and trip in hole to 2762'. Drilling from 2762' - 2857' with 50K WOB and 60 RPM with bit turning 216 RPM. Rig Service. Drilling from 2857' - 2988'

C & K 7 FED #1
30-015-33420

with 50K WOB and 60 RPM / 216 RPM. Change out popoff on # 2 motor. Drilling from 2988' - 3048' with 50K WOB and 60 / 216 RPM. Wireline Survey at 3198' - Misrun. Drilling from 3048' - 3080' with 50K WOB and 60 / 216 RPM. Wireline Survey at 3030' - .75 degrees. Drilling from 3080' - 3237' with 50K WOB and 60 / 216 RPM. Change fill up line valve. Drilling from 3237' - 3649' with 50K WOB and 60 / 216 RPM. Wireline Survey at 3576' - .25 degrees. Drilling from 3649' - 3762' with 50K WOB and 60 / 216 RPM.

06/17/2004 Depth 4,795
 Progress 1,033
 AFE: 24028 Present Operation: Drlg

Drilling from 3762' - 4062' with 55K WOB and 60 / 219 RPM. Rig Service. Drilling from 4062' - 4222' with 55K WOB and 60 / 219 RPM. Wireline Survey at 4076' - .75 degrees. Drilling from 4222' - 4635' with 55K WOB and 60 / 219 RPM. Wireline Survey at 4563' - 1 degree. Drilling from 4635' - 4795' with 55K WOB and 60 / 219 RPM Daily ROP - 44.4'/hr / Cum ROP - 46.5'/hr.

06/18/2004 Depth 5,172
 Progress 377
 AFE: 24028 Present Operation: Drlg

Drilling from 4795' - 4893' with 50K WOB and 60 / 219 RPM. Rig Service. Drilling from 4893' - 5014' with 50K WOB and 60 / 219 RPM. Bit slowing down and starting to torque. Trip out of hole for bit and motor. Dropped survey - Misrun. Change out bit, motor, RMR, and IBS. Trip in hole with DC. Cut 124' of drilling line. Jet suction pit. Trip in hole to 4914'. Ream 100' to bottom. Drilling from 5014' - 5084' with 30K WOB and 60 / 219 RPM. Wireline Survey at 5044' - 1.5 degrees. Drilling from 5084' - 5172' with 35K WOB and 60 / 219 RPM.

06/19/2004 Depth 5,729
 Progress 557
 AFE: 24028 Present Operation: Drlg

Drilling from 5172' - 5307' with 35 - 40K WOB and 60 RPM / 200 RPM. 41.5'/hr. Rig Service. Drilling from 5307' - 5593' with 35K WOB and 60 RPM / 219 RPM. 24.3'/hr Wireline Survey at 5522' - Misrun. Drilling from 5593' - 5625' with 35K WOB and 60 RPM / 219 RPM. 21.3'/hr. Wireline Survey at 5543' - 4 degrees. Drilling from 5625' - 5729' with 30K WOB and 60 RPM / 220 RPM. 16'/hr. Daily ROP - 24.2'/hr. Cum ROP - 24.7'/hr.

06/20/2004 Depth 6,133
 Progress 404
 AFE: 24028 Present Operation: TIH with Bit #5

Drilling from 5729' - 5752' with 30K WOB and 60 / 200 RPM. Rig Service. Drilling from 5752' - 5911' with 30K WOB and 60 / 200 RPM. 22.7'/hr Wireline Survey at 5860' - 3 degrees. Drilling from 5911' - 6133' with 35K WOB and 60 / 200 RPM. Bit torque and differential increase. Drop survey tool for trip. Trip out of hole for bit. Bit 3/8" out, RMR and IBS out 1/4". Make up bit, RMR, and IBS. Trip in hole.

06/21/2004 Depth 6,660
 Progress 527
 AFE: 24028 Present Operation: Drlg

Trip in hole to 6000'. Ream 120' to bottom. Rig Service. Drilling from 6133' - 6260' with 35K WOB and 60 / 220 RPM. Change out valve on # 1 pump. Drilling from 6260' - 6660' with 35K WOB and 60 / 220 RPM. 29.1'/hr.

06/22/2004 Depth 7,250
 Progress 590
 AFE: 24028 Present Operation: Drlg

Wireline Survey at 6599' - 2.5 degrees. Drilling from 6660' - 6832' with 40K WOB and 60 / 220 RPM.

Rig Service. Drilling from 6832' - 7181' with 40K WOB and 60 / 220 RPM. Wireline Survey at 7107' - 1.25 degrees. Drilling from 7181' - 7250' with 40K WOB and 60 / 220 RPM. Daily ROP - 25.9'/hr / Cum ROP - 27.6'/hr

06/23/2004 Depth 7,460
 Progress 210
 AFE: 24028 Present Operation: TIH w/Build Assy

Drilling from 7250' - 7460' with 40K WOB and 60 RPM / 220 RPM. Reached Kickoff depth. Mix and pump sweep around. Jet suction pit and wait on gyro survey. Run gyro from 7400' to surface. Horizontal displacement is 96.71' at 198.98 degrees. Wellbore is 42' from C K "7" Federal # 2 and got within 4' at 1500' according to gyros on both wells. Trip out of hole and laydown bit, motor, RMR, and IBS. Pick up Sperry Sun directional tools and orient MWD. Trip in hole with drillstring. Presently 38 stands off bottom.

06/24/2004 Depth 7,840
 Progress 380
 AFE: 24028 Present Operation: Drlg

Trip in hole to 7420' and wash to bottom. Slide and rotate from 7460' - 7552' with 30K WOB and 50 RPM. Rig Service and survey. Work on pumps. Had rubber under valve. Slide and rotate from 7552' - 7840' with 30K WOB and 50 RPM.

Surveys:
 7400' - .8 degrees at 264.68 Az.
 7420' - .71 degrees at 272.19 Az.
 7516' - 2.68 degrees at 17.56 Az.
 7611' - 5.38 degrees at 30.30 Az.
 7706' - 7.58 degrees at 33.43 Az.

06/25/2004 Depth 8,272
 Progress 432
 AFE: 24028 Present Operation: Slide & Rotate for Angle

Slide and rotate from 7840' - 7850' with 35K WOB and 50 / 190 RPM. MWD Survey. Slide and rotate from 7850' - 8006' with 35K WOB and 50 / 190 RPM. Rig Service. MWD Surveys. Slide and rotate from 8006' - 8156' with 35K WOB and 50 / 190 RPM. MWD Surveys. Slide and rotate from 8156' - 8272' with 35K WOB and 50 / 190 RPM. Daily ROP - 20'/hr. Cum ROP - 20.3'/hr

Surveys;
 7802' - 8.88 degrees at 30.71 Az.
 7897' - 9.76 degrees at 27.37 Az.
 8097' - 12.89 degrees at 22.84 Az.
 8192' - 14.15 degrees at 25.09 Az.
 Projection to bit at 8284' - 15.8 degrees at 22 Az. BGG - 75u

06/26/2004 Depth 8,696
 Progress 424
 AFE: 24028 Present Operation: Slide & Rotate

Rotate and Slide from 8272' - 8316' with 35K WOB and 50 / 190 RPM. Rig Service. Rotate and Slide from 8316' - 8696' with 35K WOB and 50 / 190 RPM. 2.5 hours for surveys.

Surveys; 8287' - 14.33 degrees at 25.26 Az.
 8383' - 16.17 degrees at 24.03 Az
 8446' - 17.84 degrees at 22.45 Az
 8478' - 18.28 degrees at 21.92 Az.
 8510' - 18.02 degrees at 22.10 Az
 8605' - 17.05 degrees at 22.27 Az 8702' - 18 degrees at 21 Az. / VS - 158.21'

06/27/2004 Depth 9,100
 Progress 404

AFE: 24028 Present Operation: Drilling / Prepare to Trip f/Bit

Slide and rotate from 8696' - 8760' with 40K WOB and 60 / 190 RPM. Half hour surveys. Rig Service. Slide and rotate from 8760' - 9100' with 40K WOB and 60 / 190 RPM. 1.75 hrs surveys. Prepare to trip for bit and DC inspection. Surveys; 8668' - 16.99 degrees at 20.56 Az 8795' - 18.03 degrees at 20.22 Az 8922' - 17.23 degrees at 21.78 Az 8986' - 17.37 degrees at 21.08 Az Projection to bit at 9100' - 18.3 degrees at 20.5 Az with TVD of 9048'.

06/28/2004 Depth 9,246
Progress 146
AFE: 24028 Present Operation: Slide & Rotate

Drilling from 9100' - 9121' with 40K WOB and 60 / 190 RPM. Slug Drill Pipe for trip out of hole. Pulling bit on hours. Trip out of hole to Drill Collars. Cut 90' of drilling line. Trip check drill collars and found 3 - 6", one 8", and one sub were bad. Change out BHA tools and pick up one additional non mag DC. Trip in hole to 8990'. Wash and ream to bottom. Slide and rotate from 9121' - 9246' with 40K WOB and 60 / 190 RPM. .75 hours for surveys. Surveys; 9049' - 17.3 degrees at 21.75 Az
9120' - 17.93 degrees at 25.53 Az
9184' - 15.61 degrees at 25.53 Az

06/29/2004 Depth 9,631
Progress 385
AFE: 24028 Present Operation: Slide & Rotate

Slide and rotate from 9246' - 9631' with 35 - 40K WOB and 60 / 190 RPM. Survey time - 1.25 hrs and .25 hrs for rig service. Directional driller having to slide more to hold angle. Ordered polymer beads to slick hole up and help cut down on drag. Surveys; 9253' - 14.41 degrees at 27.53 Az
9348' - 11.95 degrees at 28.07 Az
9444' - 14.94 degrees at 27.37 Az
9539' - 16.79 degrees at 27.72 Az
9571' - 17.42 degrees at 27.56 Az

06/30/2004 Depth 10,033
Progress 402
AFE: 24028 Present Operation: Slide Drilling

Slide and rotate from 9631' - 10033' with 40K WOB rotating and 30 - 35K WOB sliding with rotary at 60 / 190 RPM. Started adding polymer beads along with graphite and haven't seen any difference in torque or drag. Slid 177' and rotated 225' in last 24 hours. Had 1.5 hours for surveys and .25 hrs for rig service. Hole still wanting to drop angle. Surveys; 9634' - 18.94 degrees at 24.77 Az
9697' - 19.51 degrees at 23.15 Az
9793' - 18.98 degrees at 20.87 Az
9888' - 17.49 degrees at 22.10 Az
9952' - 16.26 degrees at 26.32 Az
Projection to bit at 10033' - 16.5 degrees at 25 Az. VS - 540.6'.
BGG - 130u / CG - 145u / No Flare.

07/01/2004 Depth 10,320
Progress 287
AFE: 24028 Present Operation: Drlg

Slide and rotate from 10033' - 10320' with 40K WOB and 60 / 190 RPM. Had 2.25 hours of surveys, .5 hours pump repairs, and .25 hours Rig Service. Preparing to trip for bit. Daily ROP - 13.6'/hr Cum ROP - 16'/hr. Surveys; 10015' - 16.7 degrees at 27.2 Az
10111' - 17.75 degrees at 24.21 Az
10206' - 18.98 degrees at 22.27 Az
Projection to bit at 10320' - 18.75 degrees at 22 Az. BGG - 168u / CG - 310u / No Flare.

C & K 7 FED #1
30-015-33420

07/02/2004	Depth	10,444
	Progress	124
AFE:	24028	Present Operation: Drlg

Drilling from 10320' - 10335' with 40K WOB and 60 / 190 RPM. Surveys. Drilling from 10335' - 10357' with 40K WOB and 60 / 190 RPM. Slug Drill Pipe for trip out of hole. Rig Service. Trip out of hole. Had no excess drag on trip out. Hole appears to be in good shape. Change out bit and motor. Orient MWD tool. Trip in hole with DC. Test motor and MWD. Trip in hole to 5000'. Break circulation. Trip in hole to 10307'. Ream 50' to bottom. Slide and rotate from 10357' - 10444' with 40K WOB and 60 / 190 RPM. Check flow at 10444'. Well was flowing. Circulate bottoms up with 15' - 25' flare. Started adding BW for weight at 9.0 ppg. BGG - 195u / TG - 396u / Flare 15' - 25' and steady.

07/03/2004	Depth	10,760
	Progress	316
AFE:	24028	Present Operation: Drlg

Slide and rotate from 10444' - 10561' with 40K WOB and 60 / 190 RPM. Rig Service. Slide and rotate from 10561' - 10578' with 40K WOB and 60 / 190 RPM. Top of Strawn at 10540'. Repair air line. Drilling from 10578' - 10610' with 40K WOB and 60 / 190 RPM. Seeing iron pyrite in samples. Change out rotatinghead rubber. Blowing gas and mud out around rotatinghead rubber. Slide and rotate from 10610' - 10760' with 40K WOB and 60 / 190 RPM. Surveys; 10460' - 17.84 deg at 9.97 Az
10555' - 17.49 deg at 6.98 Az
10650' - 18.54 deg at 11.38 Az
10682' - 18.9 deg at 11.02 Az
BGG - 450u / CG - 625u / Flare steady at 10' - 20' with 9.1 ppg MW.

07/04/2004	Depth	10,834
	Progress	74
AFE:	24028	Present Operation: Bled Gas Off Annulus

Slide and rotate from 10760' - 10834' with 40K WOB and 60 / 190 RPM. One hour for surveys. Rig Service. Blew vibrating hose from pumps to substructure when starting pumps. Pull 10 stands and wait on new vibrating hose. Install hose and kelly up to circulate wellbore. Drillstring was plugged off. Trip out of hole to unplug bit. Pumping capacity and displacement of DP while tripping out of hole. Hole was taking fluid until tripping out to 3580' and began to blow through rotatinghead and rig floor. Shut well in. Annulus pressure came up to 500 psi in 5 minutes. Began bleeding off in 100 psi increments and pump in 14.5 bbls of 10 ppg BW. Pumped 10 stages for total of 145 bbls and pressure on annulus came up to 800 psi at report time. Presently bleeding pressure off casing. Surveys; 10746' - 20.39 deg at 9.27 Az
10777' - 20.39 deg at 11.02 Az
Projection to bit at 10834' - 20.39 deg at 14 Az

07/05/2004	Depth	10,834
	Progress	0
AFE:	24028	Present Operation: MU MWD Tools

Lubricate and bleed gas at 3580'. Bleeding off 100 psi of gas and bullhead 10.5 bbls of 10 ppg BW. Pressures slowly went from 800 psi down to 125 psi after shut in period. Pumped total of 155 bbls of BW down annulus. Bleed off drillpipe pressure and set kelly back. Strip out of hole to 1793' pumping 2 bbls/stand. Mud began blowing out of drill pipe. Stab safety valve. Kelly up and attempt to circulate through drill string. Pressure slowly came up to 2000 psi and string was plugged off again. Bleed off pressure and set kelly back. Lubricate and bleed gas at 1793'. Pressure started out at 500 psi and dropped down to 300 psi in 2 hours. Pressure stayed between 200 - 300 psi for 3 hours and then dropped off to 25 psi after last 2 shutins. Strip out of hole to last stand of DC above motor and found plugged with cuttings. Laydown MWD and bit. Well was dead with no flow. Trip in hole with DC and motor. Pump through BHA and trip out of hole.

07/06/2004	Depth	10,864
	Progress	30
AFE:	24028	Present Operation: Slide & Rotating

Finish TOH, make up bit and MWD tool. Trip in hole with BHA and test MWD. Trip in hole 30 stands. Fill pipe and break circulation. Trip in hole 30 stands. Break circulation. Trip in hole to 10759'. Jet pits clean and haul to Eddy 21 # 3. Build volume in pits and Frac tanks. Displace hole with mud. Wash 75' to bottom. Rotate 15' and slide 15' to 10864'. No new surveys. Flare 10' - 15' while displacing hole with mud and dropped off to intermittent 5' flare.

07/07/2004	Depth	11,207
	Progress	343
AFE: 24028	Present Operation:	Slide & Rotate

Slide and rotate from 10864' - 10954' with 40K WOB and 60 / 190 RPM. Rig Service and adjust brakes. Slide and rotate from 10954' - 11207' with 40K WOB and 60 / 190 RPM. 2.75 hrs for surveys. Daily ROP - 16.5'/hr. Surveys; 10809' - 19.99 deg at 13 Az
10904' - 20.57 deg at 17.18 Az
11000' - 21.36 deg at 20.87 Az
11095' - 21.36 deg at 22.1 Az
Projection to bit at 11207' - 21.4 deg at 21.5 Az.

07/08/2004	Depth	11,310
	Progress	103
AFE: 24028	Present Operation:	Slide & Rotate

Slide and rotate from 11207' - 11296' with 40K WOB and 60 / 190 RPM. Bit began torqueing up after connection. Mix up slug and pump down drillpipe. Trip out of hole for bit. Change out bit, motor, and MWD tool. Trip in hole with BHA. Cut drilling line. Trip in hole 30 stands of drillpipe to 3850' and well began to blow gas through drillpipe. Circulate gas out of hole through chokes. Had 30 - 35' flare for 20 minutes. Trip in hole to bottom at 11296' with no fill. Rotate from 11296' - 11310' with 40K WOB and 60 / 158 RPM. Flare was 30 - 40' for 30 minutes and tapered off to 20' at present time. Surveys; 11190' - 20.29 deg at 23.91 Az
11222' - 20.66 deg at 23.44 Az
Projection at 11310' - 20.5 deg at 22.4 Az.

07/09/2004	Depth	11,668
	Progress	358
AFE: 24028	Present Operation:	Slide & Rotating

Slide and rotate from 11310' to 11668' with 40K WOB and 60 / 158 RPM. Had 2.75 hrs for Surveys and .25 hrs for rig service. Surveys; 11287' - 20.83 deg at 21.04 Az
11382' - 19.6 deg at 22.63 Az
11477' - 19.86 deg at 24.91 Az
11572' - 21.09 deg at 24.03 Az
11668' - 21 deg at 23 Az

07/10/2004	Depth	11,778
	Progress	110
AFE: 24028	Present Operation:	WO Mechanic

Slide and rotate from 11668' - 11778' with 40K WOB and 60 / 159 RPM. Made connection and bit torqued up when setting on bottom. Had one hour for surveys and .25 hrs for rig service. Mix up slug at 10.5 ppg and pump down drillpipe. Fill trip tank. Trip out of hole for bit. Drag off bottom was 310 - 325K and slowly fell off. Change out bits and install new float in float sub. Check motor and MWD. Trip in hole with BHA and 20 stands of drillpipe. Fill pipe and break circulation. Trip in hole and break circulation every 30 stands. Ream 90' from 11688' - 11778'. Low drum clutch out in drawworks. Rig repairs. Wait on mechanic to change out clutch. Surveys; 11668' - 21.02 deg at 21.92 Az
11700' - 20.57 deg at 23.68 Az
11778' - 20.5 deg at 23 Az

07/11/2004
 AFE: 24028
 Depth 11,945
 Progress 167
 Present Operation: Slide & Rotate

Rig repairs. Wait on mechanic to install low drum clutch. Ream 30' to bottom. Rig service. Rotate and slide from 11778' - 11945' with 40K WOB and 60 / 159 RPM. Had one hour for surveys.
 Surveys; 11763' - 21.27 deg at 24.03 Az
 11795' - 21.88 deg at 24.56 Az
 11858' - 20.92 deg at 27.37 Az
 11890' - 20.39 deg at 28.6 Az
 Projection to bit at 11945' - 20.5 deg at 27 Az

07/12/2004
 AFE: 24028
 Depth 12,230
 Progress 285
 Present Operation: Rotating & Sliding

Slide and rotate from 11945' - 12008' with 40 - 48K WOB and 60 / 159 RPM. Rig Service. Adjust brakes. Slide and rotate from 12008' - 12230' with 40 - 48K WOB and 60 / 159 RPM. Had 2.75 hours for surveys in last 24 hours.
 Surveys; 11922' - 20.3 deg at 28.6 Az
 12017' - 22.59 deg at 26.32 Az
 12112' - 20.13 deg at 25.97 Az
 12175' - 19.16 deg at 26.84 Az
 Projection to bit at 12230' - 19.3 deg at 25 Az.

07/13/2004
 AFE: 24028
 Depth 12,350
 Progress 120
 Present Operation: TOH for Logs

Rotate and slide from 12230' - 12293' with 40K WOB and 60 / 159 RPM. Rig Service. Rotate and slide from 12293' - 12350' with 40K WOB and 60 / 159 TD well as per geologist. Circulate and condition for logs. Pump sweep around, spot beads, and pump slug down drillpipe. Strap out of hole for logs. SLM - 12357.14'. Presently pulling DC.

07/14/2004
 AFE: 24028
 Depth 12,350
 Progress 0
 Present Operation: TIH

Laydown directional tools. Rig up Halliburton and run Log # 1 - Density Neutron, Dual Lateral Log, and Full Wave Sonic from loggers TD of 12326' - 1914'. Log # 2 was Formation Test from 12202' - 10356'. Made two runs and did 10 test. Rigging down loggers.

07/15/2004
 AFE: 24028
 Depth 12,350
 Progress 0
 Present Operation: Running casing

RD Halliburton Logging Truck TIH - slow - breaking circulation every 3,000' Wash 90' to bottom - 3' of fill Circulate bottoms up - 5' to 10' gas flare RU Bull Rogers LD Machine & POOH LD DP & DC's - break kelly RU Bull Rogers Casing Crew & running 5 1/2" casing (See Casing Detail)

07/16/2004
 AFE: 24028
 Depth 12,350
 Progress 0
 Present Operation: ND BOP

Ran 5 1/2" casing (See Casing Detail) - RD Bull Rogers Casing Crew & Lay Down Machine Circulated to clear casing & bottoms up Halliburton cemented 1st stage (Lead) 500 sx Interfill "H" + 0.25% HR-7 + 1/4# Flocele, followed by (Tail) 650 sx Super "H" + 1.0# Salt + 0.4% CFR-3 + 0.5% LAP-1 + .25# D-AIR 3000 + 5# Gilsonite 1/4# Flocele & 0.35% HR-7 - plug down & bumped with 2,400# at 5:02 PM (CDT) 7/15/04 - floats held OK Dropped bomb & opened DV Tool with 503# at 5:38 PM (CDT) 7/15/04 - circulated through DV Tool - circulated 103 sx cement to pit from 1st stage - transfer mud & clean closed loop system pits Halliburton cemented 2nd

stage (Lead) 1,650 sx Interfill "C"+ 1/4# Flocele, (Tail) 150 sx Premium Neat Cement - plug down & closed DV Tool with 2,400# at 4:06 AM (CDT) 7/16/04 - held OK - lost 100% returns 10 Bbls. into tail cement - Paul Swartz with the BLM was notified, but did not witness the casing job nor both cement jobs - RD Halliburton - estimated TOC @ 3,900' ND & PU BOP - set 5 1/2" casing slips in 205,000# - ND BOP - called for temperature survey to be run at 2:00 PM (CDT) 7/16/2004

07/17/2004 Depth 12,350
Progress 0
AFE: 24028 Present Operation: Released Rig

ND & LD BOP - installed an 11" 5,000# X 7 1/16" 5,000# tubing head & tested head to 5,000# - OK - jetted & cleaned the steel pits & emptied all rental frac tanks - released all rental equipment. Pro Wireline ran temperature survey - TOC @ 2,295' KB - Released Patterson-UTI Rig # 80 at 7:30 PM (CDT) 7/16/2004 to go to the Federal "13" Com # 2. Rig will move Tuesday 7/20/2004, but derrick will be sent into Carlsbad, NM for about 4 days of repairs RD rig.