Form 3160-5
(November 1994)

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

RECEIVED
SEP 09 2004
OCD-ARTESIA

5. Lease Serial No.
LC ~~065347~~ 065457

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
J M Gates Federal NCT-1 No. 2

2. Name of Operator
Gruy Petroleum Management Co.

9. API Well No.
30-015-33387

3a. Address
P.O. Box 140907 Irving, TX 75014-0907

3b. Phone No. *(include area code)*
972.401.3111

10. Field and Pool, or Exploratory Area
White City;Penn (Gas)

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1060' FSL & 1025' FEL Sec 30-24S-26E

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	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Set production casing
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

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 recomplete 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 recompletion 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.)

08-12-04 Ran 5-1/2" casing to 11848. Cemented first stage lead 400 sx Interfill "H" + 0.3% HR-7 + 5# Gilsonite + 1/4# Flocele. Cemented tail 575 sx Super "H" + 1.0# Salt + 0.4% CFR-3 + 0.5% LAP-1 + 0.25# D-Air 3000 + 5# Gilsonite + 1/4# Flocele + 0.3% HR-7. Plugged down and bumped with 1830# and floats held. Circulated 114 sx to surface. Cemented second stage lead 1150 sx Interfill "C" + 1/4# Flocele. Cemented tail 150 sx Premium Neat. Plugged down and closed DV tool with 2600#. TOC 2920.'

08-13-04 Released Patterson Rig #75 at 12pm to go to the White City Penn 20 GCU 2 #3.

Please see attached drilling report.

ACCEPTED FOR RECORD
SEP - 8 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
Natalie Krueger

Date
September 2, 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.

Magnum Hunter Production, Inc.

Well History

July 11, 2004 Thru August 13, 2004

OPERATED

CARLSBAD SOUTH

GRUY PETROLEUM MANAGEMENT CO
77300 JM GATES FEDERAL NCT 1 #2
30-015-33387
EDDY, NM — Sec 30, T24S, R26E — Morrow / 13,000'

W.I. Pct BCP 100.00 %
W.I. Pct ACP 50.00 %

07/12/2004 — Depth 2,810 — Progress 1,225
AFE: 24109 — Present Operation: Drlg

Drill from 1,585' to 1,904' (149 RPM motor - 40 RPM rotary - 30K bit wt.) Rig Service Drill from 1,904' to 1936', (149 RPM motor - 40 RPM rotary - 30K - 35 bit wt.) Teledrift Survey @ 1,889' = .50* Drill from 1,936' to 2,284', (149 RPM motor - 40 RPM rotary - 30K - 35 bit wt.) Teledrift Survey @ 2,239' = 1.00* Drill from 2,284' to 2,639', (149 RPM motor - 40 RPM rotary - 35K - 40 bit wt.) Teledrift Survey @ 2,639' = .50* Drill from 2,284' to 2,810', (149 RPM motor - 40 RPM rotary - 35K - 40 bit wt.)

07/13/2004 — Depth 3,782 — Progress 972
AFE: 24109 — Present Operation: Drlg

Drill from 2,810' to 3,102', (149 RPM motor - 40 RPM rotary - 35 - 40 K bit wt.) Rig Service Drill from 3,102', to 3,133' (149 RPM motor - 40 RPM rotary - 40 K bit wt.) Teledrift Survey @ 3,086' = .50* Drill from 3,133', to 3,352' (149 RPM motor - 40 RPM rotary - 45 K bit wt.) Teledrift Survey @ 3,307' = .50* Drill from 3,307', to 3,782' (149 RPM motor - 40 RPM rotary - 45 K bit wt.)

07/14/2004 — Depth 4,603 — Progress 821
AFE: 24109 — Present Operation: Drlg

Drill from 3,782', to 3,857' (149 RPM motor - 40 RPM rotary - 45 K bit wt.) Telefrirt Survey @ 3,812' = 1.00* Drill from 3,857', to 3,889' (149 RPM motor - 40 RPM rotary - 45 K bit wt.) Rig Service Drill from 3,889', to 4,331' (149 RPM motor - 40 RPM rotary - 45 K bit wt.) Telefrirt Survey @ 4,286' = 1.00* Drill from 4,331' to 4,603' (149 RPM Motor - 40 RPM rotary - 45 K bit wt.)

07/15/2004 — Depth 5,374 — Progress 771
AFE: 24109 — Present Operation: Drilling

Drill from 4,603' to 4,835' (149 RPM Motor - 40 RPM rotary - 45 K bit wt.) Telefrirt Survey @ 4,785' = 1.00* Drill from 4,835' to 5,311' (149 RPM Motor - 40 RPM rotary - 45 K bit wt.) Telefrirt Survey @ 5,266' = .50* Drill from 5,311' to 5,374' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.)

07/16/2004 — Depth 6,070 — Progress 696
AFE: 24109 — Present Operation: Drlg

Drill from 5,374' to 5,501' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.) Service Rig Drill from

5,502' to 5,786' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.) Teledrift Survey @ 5,741' = 1.00* Drill from 5,786' to 6,070' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.)

07/17/2004 Depth 6,573
Progress 503
AFE: 24109 Present Operation: Trip Out for Bit #4

Drill from 6,070' to 6,133' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.) Rig service Drill from 6,133' to 6,323' (149 RPM Motor - 40 RPM Rotary - 45 K Bit wt.) Telefrift Survey @ 6,278' = .50* Drill from 6,323' to 6,573' (149 RPM Motor - 40 RPM Rotary - 45 - 50 K Bit Wt. Drop Totco Trip Out for bit # 4 Repair Rotary clutch Drive Chain In Transmission

07/18/2004 Depth 6,970
Progress 397
AFE: 24109 Present Operation: Drlg

Trip Out for bit # 4,LD & PU Bit,Motor & BHR,Bit # 3 - 5,004' - 137.75 Hrs - T6 - B2 -G -1/8" Out Service Rig Trip In Hole W/ Bit # 4 Test Motor - Ok -Cut & Slip Drilling Line - Function Test BOP & Crown - O - Matic - OK Trip In Hole W/ Bit # 4 - Strap In - OK - LD 3 Jts DP Wash & Ream From 6,448' to Bottom - Repair Shale Shaker,Still Not Working - Patterson Trying to Locate New Shaker or Basket for old shaker Drill from 6,573' to 6960' - (RPM Motor 149 - rotary 40 RPM - 45 K Bit Wt.) Replaced basket on shale shaker Full Returns - No Flow BGG = 61 units - conn. gas = 0 units - max. gas = 168 units - trip gas = 657 - no shows

07/19/2004 Depth 7,875
Progress 905
AFE: 24109 Present Operation: Drlg

Drill from 6,970' to 7,114' - (RPM Motor 149 - rotary 40 RPM - 45 K Bit Wt.) Rig sevice and Teledrift survey @ 7,068' = 1.00* Drill from 7,114' to 7,589' - (RPM Motor 149 - rotary 40 RPM - 45 K Bit Wt.) Teledrift survey @ 7,544' = 1.00* Drill from 7,589' to 7,875' - (RPM Motor 149 - rotary 40 RPM - 45 K Bit Wt.)

07/20/2004 Depth 8,570
Progress 695
AFE: 24109 Present Operation: Drlg

Drill from 7,875' to 8,096' - (RPM Motor 149 - rotary 40 RPM - 45 - 50 K Bit Wt.) Rig Service Teledrift Survey @ 8,050' = 1.00* Drill from 8,096' to 8,486' - (RPM Motor 149 - rotary 40 RPM - 45 - 50 K Bit Wt.) Function BOPE, Pump Through Choke & Gas Seperator And Test -OK Drill From 8,486' to 8,539,' - (RPM Motor 149 - rotary 40 RPM - 45 - 50 K Bit Wt.) Teledrift Survey @ 8,494' = 1.00* Drill from 8,539' to 8,570' -(RPM Motor 149 - rotary 30 -40 RPM - 45 - 50 K Bit WT.)

07/21/2004 Depth 9,233
Progress 663
AFE: 24109 Present Operation: Drlg

Drill from 8,570' to 8,760' -(RPM Motor 149 - rotary 30 -40 RPM - 45 - 50 K Bit WT.) Rig Service Drill from 8,760' to 8,949' -(RPM Motor 149 - rotary 30 -40 RPM - 45 - 50 K Bit WT.) Install Rotating head Drill from 8,949' to 9.043' -(RPM Motor 149 - rotary 40 RPM - 45 - 50 K Bit Wt.) Teledrift Survey @ 8,998' = 1.00* Drill from 9,043' to 9,233' - (RPM Motor 149 - rotary 40 RPM - 50 K Wt. 2 ft Drilling break @ 9,140' - 9,142' - CK for flow - small flow - Go through seperator with 3' Flare Will Raise Mud Wt. From 8.6# to 8.8# with cut brine BGG = 224 units - conn. gas = 0 units - max. gas = 453 units - trip gas = 0 - 3' flare Samples 100% Black Carb Shale

07/22/2004 Depth 9,643
Progress 410
AFE: 24109 Present Operation: TIH

Drill from 9,233' to 9,390' -(RPM Motor 149 - rotary 30 -40 RPM - 45 - 50 K Bit WT.) Rig Service Drill

from 9,390' to 9,580' -(RPM Motor 149 - rotary 30 -40 RPM - 45 - 50 K Bit WT.) Teledrift survey @ 9,530' = 2.75* Drill from 9,580' to 9,643' - (RPM motor 149 - rotary 40 RPM - 50 K bit wt.) Teledrift survey @ 9,593' = .50* ?? Drop Totco Trip out for bit # 5 - cut 3,070' in 95 3/4 hrs - T 4/ B 2 in guage- Ck BHR - 1/16 out - LD BHR - motor and 3* teledrift MU New bit # 5 - Motor- BHR - 7* telefrift - BHA - Trip in hole Drilling break from 9,480' to 9,488' - no flow - 5' flare - (Canyon) Drilling break from 9,520' to 9,522' - no flow - 10 - 15' flare - (Canyon) BGG = 238 units - conn. gas = 0 units - max. gas = 973 units - trip gas = 0

07/23/2004 Depth 9,656
Progress 13
AFE: 24109 Present Operation: Drlg

Trip in with BHA and 1 Jt. DP Circulate out gas with 10' - 15' flare - check transmission - broke shaft Rig Repairs - replace and repair input shaft on transmission - Close pipe rams and circ through choke and seperator - 5 - 10' flare - After 10 minutes no flare - continue to circulate with 45 spm @ 400 psi and no flare - empty and clean steel pits - fill with 10# brine Rig Repairs - Shut well in - Check for pressure build = 300# In 55 minutes Rig Repairs - replace and repair input shaft on transmission - Bleed down PSI to 0 with 20 to 30' flare Circulate out gas with 10' - 15' flare - well died down to 0 psi and no flare - continue to circulate every 30 minutes through choke and seperator - no flare Open well - check well - no flow - install rotating head and trip in hole with DP Wash and ream to bottom from 9,610' to bottom - hole clean - no fill Drill from 9643' to 9,656' (Motor 149 RPM - rotary 40 RPM - 35- 45 bit wt.) Displace Hole with 10# brine BGG = 0 units - conn. gas = 0 units - max. gas = 0 units - trip gas = 0 NOTE: Lost 18.5 Hrs Due To Rig Repairs

07/24/2004 Depth 9,927
Progress 271
AFE: 24109 Present Operation: Wait on swivel

Drill from 9,656' to 9,708' (Motor 149 RPM - rotary 40 RPM - 35- 45 bit wt.) 3 -5' Flare Teledrift survey @ 9,663' = 2.00* Drill from 9,708' to 9,771' (Motor 149 RPM - rotary 40 RPM - 45- 50 bit wt.) 3 -5' Flare Teledrift survey @ 9,724' = 2.00* Service rig Drill from 9,771' to 9,898' (Motor 149 RPM - rotary 40 RPM - 45 - 50 bit wt.) 3 -5' Flare Drilling break from 9,824' to 9,829' - no flow Teldrift survey @ 9,848' = 1.00* Drill from 9,898' to 9,927' (Motor 149 RPM - rotary 40 RPM - 45 - 50 bit wt.) 3 -5' Flare Rig Repairs - Swivel Locked Down - Circulate with slow pump rate @ 75 SPM = 775 psi Wait on Rebuilt Swivel NOTE: (Lost 6.25 hrs due to rig repairs and wait on rebuilt swivel)

07/25/2004 Depth 10,310
Progress 383
AFE: 24109 Present Operation: Drilling

Rig Repairs - Circulate with slow pump rate @ 75 SPM = 775 psi - 3 - 5' flare Rig repairs Wait on Rebuilt Swivel - No Packing for rebuilt swivel - Wait on packing and repack swivel Rig repairs - Change out swivels - check and test swivel - OK Drill from 9,927' to 10,310' (Motor 122 - 130 RPM - rotary 40 RPM - 50 - 55 bit wt.) 30 - 40' Flare

07/26/2004 Depth 10,488
Progress 178
AFE: 24109 Present Operation: Circulate & mix mud

Drill from 10,310' to 10,435'. 30-40' flare. Service rig. Teledrift survey @ 10,388' = 1.00 degree. Drill from 10,435' to 10,488' bit died. 30-40' flare. Drop Totxo - Trip out 10 stds for bit #6 - slug pipe with 40 bbls 10# Brine - Check for flow - OK. Trip out hole 53 stds - well started flowing - bit @ 5,546'. Pick up kelly and install rotating head - circ out gas with 40-50' flare - slug pipe with 80 bbls 11# mud - well still flowing - circulate out gas with 40-50' flare through choke - start mixing mud to bring mud wt. up to 10.6# - shut well in and check SIDP = 200# - SICP = 62#. Well died down to 20-30' flare.

07/27/2004 Depth 10,488
Progress 0
AFE: 24109 Present Operation: Wash & ream to bottom

Condition mud to raise Wt.to 10.6# in - 10.5# out -no flow - 5' Flare. Trip in hole to raise Mud wt. -

no flow - well dead Break circulation and wash 3 jts to bottom - no fill -10 -15' flare. Circulate and condition mud - raise mud wt. To 10.5# in - 10_4# out- No flow - well dead. Pump 30 bbl pill down pipe = 11.8# - Trip out for Bit # 6 - Bit # 5 - T4B1/ Out 1/16 - with rounded guage row - BHR out 1 /16 - IB -OK - lay down BHR and bit - Mud motor - ok - MU bit # 6 - HTC HR-MS44C - BHR - Motor- Teledrift - IB and BHA. Trip In hole with BHA Slip and cut drilling line. Trip in hole - no flow - Fill pipe @ 5,500' - install rotating head 10 stds off bottom. Break circulation and wash 65' to bottom - Circulate out gas with 40 - 50' flare.

07/28/2004 Depth 10,705
Progress 217
AFE: 24109 Present Operation: Drilling

Circulate out gas - 50-60' flare. Drill from 10,488' to 10,562' - 5-10' flare. Rig service. Drill from 10,562' to 10, 593' - 5-10' flare. Teledrift survey @ 10,546'= 2.00 degrees. Drill from 10,593' to 10,660' - 8-10' flare. Rig repairs - replace packing and wash pipe on rebuilt swivel. Drill from 10,660' to 10,075'. - 8-10' flare.

07/29/2004 Depth 10,975
Progress 270
AFE: 24109 Present Operation: DRILLING

"Drill from 10,705' to 10,720' (Motor 149 RPM -rotary 40 RPM - 50 K Bit Wt_) 8- 10' flare" Service rig "Drill from 10,720' to 10,878' (Motor 120 RPM- rotary 40 RPM - 55 K Bit Wt.) 8-10' flare" Teledrirt survey Q 10,831 = 3.00` "Drill from 10.878' to 10,975' (Motor 149 RPM - rotary 40 RPM - 45 K bit wt.) 5 -B' Flare"

07/30/2004 Depth 11,036
Progress 61
AFE: 24109 Present Operation: Circulate/mix mud

Drill from 10,975' to 11,021' 5-8' flare. Teledrift survey @ 10,974 = 3.00 degrees. Mix and pump 30 BBLS 12# pill - no flow - well dead. Drop Totco - Trip out hole for bit #7 - Bit #6 - HTC - in @ 10,488' - out @ 11,021' - Ft = 533' - 50 hrs. Cond: T-6B-4 Guage 1/8 - BHR and IBS - OK - LD bit and motor. MU bit #7 - motor - BHR - Teledrift and IBS - Trip in with BHA and DP - fill pipe @ 6000'. Break circulation - wash and ream from 10,926' to bottom - very light reaming - no fill - 10-20' flare. Drill from 10,021' to 11,036' - 5-8' flare. NOTE: hole losing 10-20 BPH mud due to mud wt @ 10.8# + lost 150 BBLS. Circulate and mix mud - using 9.2# cut brine for make up water - mud wt out has dropped to 10.5#. Hole is not taking mud and we are mixing and condition mud to build volume.

07/31/2004 Depth 11,220
Progress 184
AFE: 24109 Present Operation: Drlg

Circulate & condition mud Drill from 11,036' to 11,068' (149 RPM motor - 40 RPM rotary - 40K bit wt.) Teledrift @ 11,021' = 2o Service rig Drill from 11,086' to 11,220' (149 RPM motor - 40 RPM rotary - 40K bit wt.)

08/01/2004 Depth 11,425
Progress 205
AFE: 24109 Present Operation: Drlg

Drill from 11,220' to 11,290 (149 RPM motor - 40 RPM rotary - 45K bit wt.) Service rig Drill from 11,290' to 11,425' (149 RPM motor - 40 RPM rotary - 45K bit wt.)

08/02/2004 Depth 11,582
Progress 157
AFE: 24109 Present Operation: Drlg

Drill from 11,425' to 11,448' (135 RPM motor - 40 RPM rotary - 45K bit wt.) Service rig Drill from 11,448' to 11,512' (135 RPM motor - 40 RPM rotary - 45K bit wt.) Teledrift @ 11,465' = 5o Drill from

11,512' to 11,582' (135 RPM motor - 40 RPM rotary - 45K bit wt.)

08/03/2004 Depth 11,599
Progress 17
AFE: 24109 Present Operation: Drlg

Drill from 11,582' to 11,595' (135 RPM motor - 40 RPM rotary - 45K bit wt.) - pump pressure started spiking - bit or motor is torqueing up Service rig Circulate & build 60 Bbl. 11.6 #/gal slug Slug DP with 60 Bbls. 11.6 #/gal mud, drop Totco @ 11,595' = 5 1/2o, POOH - LD Teledrift Sub - well started flowing mud up thru the DC's with 1/2 the DC's out of the hole - pump down DC's to kill the flow & cont. POOH - LD motor & Bit # 7 Smith F47HYPS 3-18's serial # MT4267 in @ 11,021' out @ 11,595' cut 574' in 75 3/4 hrs. cond. = T4 B8 1/8" out of gauge - well flowing - 6 Bbl. gain - shut well in - attempted to PU new motor & bit & TIH - well flowing to hard Shut well in - 300# SIP - pumped 50 Bbls. mud down casing - no change in SIP - LD new motor, bit, BHR & IBS in mouse hole - opened well on a 7/64" choke & bled off gas - 175# FCP - cut drilling line - PU bit sub w/float installed & Bit # 8 Open well & TIH with Bit # 8 with well flowing - put rotating head rubber on after running DC's & stripped DP in the hole (slow) with fluid flow out flow line - didn't put well thru choke (broke circulation at 50 stands) to 11,504' Wash & ream 91' from 11,504' to 11,595' Drill from 11,595' to 11,599' (50 RPM rotary - 45K bit wt.) - mixing mud & LCM - have lost 100 Bbls. mud - gas flare is less BGG = 678 units - trip gas = 2,164 units - 40' to 50' gas flare - max. gas = 888 units - no shows - 5' to 10' gas flare

08/04/2004 Depth 11,664
Progress 65
AFE: 24109 Present Operation: Drlg

Drill from 11,599' to 11,615' (50 RPM rotary - 45K bit wt.) Service rig Drill from 11,615' to 11,664' (50 RPM rotary - 45K bit wt.)

08/05/2004 Depth 11,730
Progress 66
AFE: 24109 Present Operation: Drlg

Drill from 11,664' to 11,690' (50 RPM rotary - 45K bit wt.) Service rig Drill from 11,690' to 11,730' (50 RPM rotary - 45K bit wt.)

08/06/2004 Depth 11,795
Progress 65
AFE: 24109 Present Operation: Drlg

Drill from 11,730' to 11,743' (50 RPM rotary - 45K bit wt.) Service rig Drill from 11,743' to 11,795' (50 RPM rotary - 45K bit wt.)

08/07/2004 Depth 11,856
Progress 61
AFE: 24109 Present Operation: Drlg

Drill from 11,795' to 11,820' (50 to 60 RPM rotary - 45K bit wt.) Service rig Drill from 11,820' to 11,856' (50 to 60 RPM rotary - 45K bit wt.)

08/08/2004 Depth 11,865
Progress 9
AFE: 24109 Present Operation: CIRC & Building Mud Pill

Drill from 11,856' to 11,865' (50 to 60 RPM rotary - 45K bit wt.) Circulate and condition mud for trip Service rig Short trip out - 20 stands - SLM 20 stands R.I.H. to bottom - no problems - no fill Circulate and condition mud for trip out to run logs POOH to 10,132' Circulate btm-up @ 10,132' & mix weight pill to spot for logs Pump and spot weighted 14# / gal. pill from 10,132' to 7,609' P.O.O.H (27- stands) S.L.M. perform flow check -- well static Circulate and build weight pill in slug pit BGG = 428 units - conn. gas = 0 units - max. gas = 1,304 units - no shows - 10' to 15' gas flare Lag = 108 mins.

08/09/2004 Depth 11,865
Progress 0
AFE: 24109 Present Operation: Logging with Halliburton

p.o.o.h (s.l.m. out) Service Rig Contuine to p.o.o.h (s.l.m.) no correction on strap p/u joint of d.p. & pull wear bushing Run open hole logs - Logger's TD = 11,848' - Ran Spectral Density Dual-Spaced neutron log Dual Laterolog Micro-Guard Log, Full Wave Sonic Monitor Log & gamma ray logs

08/10/2004 Depth 11,865
Progress 0
AFE: 24109 Present Operation: C&C Well for Casing

Continue to run open hole logs run # 3 rst log hole (hole still taking fluid) estimated losses 125 bbls. Rig down haliburton loggers Trip in hole with bha and 30-stands d.p. slow to 4800' Fill drill pipe and service rig Trip in hole with 10-stands drill pipe Circulate btm-up & contuine to build volume due to hole losses estimated losses 150bbls no gas Trip in hole with 30-stands drill pipe to 8000' Circulate btm-up & contuine to build volume due to hole losses estimated losses 150bbls no gas trip in hole to bottom to11865' pick-up kelly and wash to bottom no fill noted Circulate @ reduced rate 50 spm still losing mud stop pumps due to low pit volume wait on brine water and build volume in active system (work pipe while building volume) circulate btm-up @ reduced rate 50spm 40% returns at 3am, 100% returns @ 5am with 70spm increase spm to 90 @ 6am gas back @ 6500sks with 20' flare

08/11/2004 Depth 11,865
Progress 0
AFE: 24109 Present Operation: Run 5-1/2" Production Casing

Circulate btm up & condition mud (full returns w/100spm) Trip out of hole 17 stands drill pipe Pump and spot weighted 14# / gal. pill from 10,132' to 7,609' Rig up lay down machine Lay down dill pipe Pick up kelly mix and pump slug Lay down dill pipe to bha Trip in hole with stands of drill pipe from derrick (22 stands) Lay down 66 joints drill pipe soft break connections on kelly Pull rotating head Lay down 6 1/4" drill collars, bit & bit sub Rig up bull rogers csg. Equipment Run 5 1/2" production csg.

08/12/2004 Depth 11,865
Progress 0
AFE: 24109 Present Operation: Set Slips / Cut 5-1/2" Casing

Run 5 1/2" csg. Install haliburton cementing plug head Build volume in active system due to heavy losses in wellbore Circulate @ reduced rate 40spm till full returns established then circulate @ 80spm condition wellbore for cementing 5 1/2" csg Hall. Cmt. 1st stage (Lead) 400 sx Interfill "H" + 0.3% HR-7 + 5# Gilsonite + 1/4# Flocele, followed by (Tail) 575 sx Super "H"+ 1.0# Salt + 0.4% CFR-3 + 0.5% LAP-1 + .25# D-AIR 3000 + 5# Gilsonite 1/4# Flocele & 0.3% HR-7 - plug down & bumped with 1,830# at 7:13 PM (CST) 08/11/04 - floats held Drop bomb-23 minutes landing time open d.v tool and circulate across d.v.tool circulated 114sx cement to surface, note: haliburton circulated cement to surface then switched to rig pump Halliburton cemented 2nd stage (Lead) 1150sx Interfill "C" + 1/4# Flocele, (Tail) 150 sx Premium Neat Cement - plug down & closed DV Tool with 2600 at 02:45 AM (CST) 08/12/04 - held OK - ND& PU BOP'S set 5 1/2" csg. Slips with175k-cut off 5 1/2" csg. BLM was notified of intent to run 5 1/2" production csg. And to cement same

08/13/2004 Depth 11,865
Progress 0
AFE: 24109 Present Operation: Released Rig

Make final cut on 5-1/2" casing install tubing tree and test same to 5000#, ok, dump jet and clean pits, Released Patterson Rig #75 from JM Gates Fed NCT 1 #2 @ 12:00 PM on 7/12/04 to move to White City Penn 20 GCU 2 #3.