

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Oil Cons.
N.M. 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)
1980' FSL & 1190' FEL; Unit I, Sec. 5, T18S, R31E

5. Lease Serial No.
NMNM 106964

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
NMNM 106827

8. Well Name and No.
Magnum 5 Federal Com No. 4

9. API Well No.
30-015-33116

10. Field and Pool, or Exploratory Area
Turkey Track, Morrow North

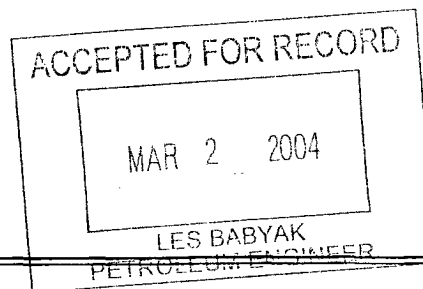
11. County or Parish, State
Eddy Co. NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Set production casing
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 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.)

02-15-04 Ran 5-1/2" casing to 11950.' Cemented 1st stage with lead 300 sx Interfill "H" + 0.2% HR-7 + 5# Gilsonite + 1/4# Flocele.
Cemented tail 590 sx Super H + 1.0# Salt + 0.4% CFR-3 + 0.5% LAP-1 + 0.25# D-Air 3000 + 5# Gilsonite + 1/4# Flocele + 0.25% HR-7. Bumped with 1900# . Circulated trace of cement only.
Cemented 2nd stage lead 510 sx Interfill "C" + 1/4# Flocele, tail 100 sx Premium Neat Cement. Bumped with 2900#. No cement circulated. TOC 3710.'
Released Patterson-UTI Rig #75 @ 11pm to go to the Mescalero 20 Federal No. 1.



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

Natalie Krueger

Title

Production Assistant

Signature

Natalie Krueger

Date

February 24, 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

January 13, 2004 Thru February 16, 2004

OPERATED

SHUGART

GRUY PETROLEUM MANAGEMENT CO

77204 MAGNUM FEDERAL 5 COM 4

EDDY, NM

1900'FSL 990'FEL Sec 5 T18S R31E

W.I. Pct BCP 50.00 %

W.I. Pct ACP 50.00 %

Morrow / 12,500'

01/13/2004 Depth 5,060
Progress 521
AFE: 23681 Present Operation: Drlg

Drill from 4,539' to 4,616' (156 RPM motor - 40 RPM rotary - 30K to 35K bit wt.) Service rig Drill from 4,616' to 4,647' (156 RPM motor - 40 RPM rotary - 30K to 35K bit wt.) Teledrift @ 4,560' = 1/2o Rig repair on weight indicator Drill from 4,647' to 4,932' (156 RPM motor - 40 RPM rotary - 40K bit wt.) Teledrift @ 4,885' = 1/2o Drill from 4,932' to 5,060' (156 RPM motor - 40 RPM rotary - 40K bit wt.)

01/14/2004 Depth 5,531
Progress 471
AFE: 23681 Present Operation: Drlg

Drill from 5,060' to 5,122' (156 RPM motor - 40 RPM rotary - 40K bit wt.) Teledrift @ 5,075' = 1o Drill from 5,122' to 5,280' (156 RPM motor - 40 RPM rotary - 40K bit wt.) Service rig Drill from 5,280' to 5,312' (156 RPM motor - 40 RPM rotary - 40K bit wt.) Teledrift @ 5,265' = 1 1/2o Drill from 5,312' to 5,501' (156 RPM motor - 40 RPM rotary - 30K bit wt.) Teledrift @ 5,454' = 3o+ - WLS @ 5,414' = 3 3/4o Drill from 5,501' to 5,531' (163 RPM motor - 50 RPM rotary - 15K to 17K bit wt.)

01/15/2004 Depth 5,693
Progress 162
AFE: 23681 Present Operation: Drlg

Drill from 5,531' to 5,540' (163 RPM motor - 50 RPM rotary - 17K to 20K bit wt.) Drop Totco @ 5,478' = 4 1/2o & trip out to change up BHA - LD IBS, tri-collar, BHR, 3o Teledrift Sub, Bit Stabilizer Sub & Bit # 3 8 3/4" HTC HR-MS44C 3-15's serial # 5044847 in @ 4,210' out @ 5,540' cut 1,330' in 59 1/2 hrs. condition T3 B4 1/16" out of gauge PU & TIH with Bit # 4, new BHA & DC's - test motor - OK - TIH with DP to 5,476' Ream & wash 64' from 5,476' to 5,540' & service rig Drill from 5,540' to 5,557' (160 RPM motor - 40 RPM rotary - 17K bit wt.) - Teledrift @ 5,514' = 3 3/4o Drill from 5,557' to 5,588' (160 RPM motor - 40 RPM rotary - 17K bit wt.) - Teledrift @ 5,545' = 4 3/4o Drill from 5,588' to 5,620' (160 RPM motor - 40 RPM rotary - 14K bit wt.) - Teledrift @ 5,577' = 2 3/4o Drill from 5,620' to 5,652' (160 RPM motor - 40 RPM rotary - 14K bit wt.) - Teledrift @ 5,609' = 2 3/4o Drill from 5,652' to 5,683' (160 RPM motor - 40 RPM rotary - 14K bit wt.) - Teledrift @ 5,640' = 4 3/4o Drill from 5,683' to 5,693' (160 RPM motor - 40 RPM rotary - 14K bit wt.)

01/16/2004 Depth 5,910
Progress 217
AFE: 23681 Present Operation: Drlg

Drill from 5,693' to 5,714' (160 RPM motor - 40 RPM rotary - 14K bit wt.) Teledrift @ 5,671' = 4 3/4o - WLS @ 5,663' = 4o Service rig Drill from 5,714' to 5,746' (160 RPM motor - 50 RPM rotary - 16K bit wt.) - Teledrift @ 5,703' = 3 3/4o Drill from 5,746' to 5,777' (160 RPM motor - 50 RPM rotary - 18K bit wt.) - Teledrift @ 5,734' = 2 3/4o Drill from 5,777' to 5,809' (160 RPM motor - 50 RPM rotary - 18K bit wt.) - Teledrift @ 5,766' = 3 3/4o Drill

Tuesday, 24 February, 2004

MAGNUM FEDERAL 5 COM 4

from 5,809' to 5,841' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 5,798' = 3 3/4o Drill from 5,841' to 5,872' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 5,829' = 3 3/4o Drill from 5,872' to 5,904' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 5,861' = 4 3/4o Drill from 5,904' to 5,910' (162 RPM motor - 50 RPM rotary - 15K bit wt.)

01/17/2004 Depth 6,070
Progress 160
AFE: 23681 Present Operation: Drlg

Drill from 5,910' to 5,936' (162 RPM motor - 50 RPM rotary - 15K bit wt.) - Teledrift @ 5,896' = 4 3/4o Service rig Drill from 5,936' to 5,965' (162 RPM motor - 50 RPM rotary - 15K bit wt.) - Teledrift @ 5,924' = 3 3/4o Drill from 5,965' to 5,999' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 5,956' = 4 3/4o Drill from 5,999' to 6,031' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 5,988' = 4 3/4o Drill from 6,031' to 6,062' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 6,019' = 4 3/4o Drill from 6,062' to 6,070' (162 RPM motor - 50 RPM rotary - 17K bit wt.)

01/18/2004 Depth 6,213
Progress 143
AFE: 23681 Present Operation: Drlg

Drill from 6,070' to 6,084' (162 RPM motor - 50 RPM rotary - 17K bit wt.) - Teledrift @ 6,041' = 4 3/4o Drop Totco @ 6,011' = 4 1/2o & trip out to change up BHA - LD motor & Bit # 4 8 3/4" HTC HR-MS44C 3-15's serial # 5044850 in @ 5,540' out @ 6,084' cut 544' in 59 hrs. condition = T2 B3 1/16" out of gauge PU & TIH with Bit # 5, new motor, BHR, BHA & DC's - test motor - OK TIH with DP to 6,016' - no problems Ream & wash 68' from 6,016' to 6,084' Drill from 6,084' to 6,129' (162 RPM motor - 50 RPM rotary - 20K bit wt.) - Teledrift @ 6,082' = 4 3/4o Drill from 6,129' to 6,161' (162 RPM motor - 50 RPM rotary - 20K bit wt.) - Teledrift @ 6,114' = 3 3/4o Drill from 6,161' to 6,192' (162 RPM motor - 50 RPM rotary - 20K bit wt.) - Teledrift @ 6,145' = 3 3/4o Drill from 6,192' to 6,213' (156 RPM motor - 50 RPM rotary - 23K bit wt.)

01/19/2004 Depth 6,509
Progress 296
AFE: 23681 Present Operation: Drlg

Drill from 6,213' to 6,224' (156 RPM motor - 50 RPM rotary - 23K bit wt.) - Teledrift @ 6,177' = 3 3/4o Drill from 6,224' to 6,256' (160 RPM motor - 50 RPM rotary - 26K bit wt.) - Teledrift @ 6,209' = 3 3/4o Drill from 6,256' to 6,287' (160 RPM motor - 50 RPM rotary - 28K bit wt.) - Teledrift @ 6,240' = 3 3/4o Service rig Drill from 6,287' to 6,319' (160 RPM motor - 40 RPM rotary - 29K bit wt.) - Teledrift @ 6,272' = 2 3/4o Drill from 6,319' to 6,351' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,304' = 3 3/4o Drill from 6,351' to 6,383' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,336' = 3 3/4o Drill from 6,383' to 6,414' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,367' = 3 3/4o Drill from 6,414' to 6,446' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,399' = 3 3/4o Drill from 6,446' to 6,477' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,430' = 3 3/4o Drill from 6,477' to 6,509' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,463' = 3 3/4o NOTE: Experiencing some motor vibration

01/20/2004 Depth 6,762
Progress 253
AFE: 23681 Present Operation: Drlg

Drill from 6,509' to 6,540' (156 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,493' = 4 3/4o Drill from 6,540' to 6,572' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 6,525' = 4 3/4o Service rig Drill from 6,572' to 6,604' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,557' = 4 3/4o Drill from 6,604' to 6,635' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,588' = 4 3/4o Drill from 6,635' to 6,667' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,620' = 4 3/4o Drill from 6,667' to 6,699' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,652' = 3 3/4o Drill from 6,699' to 6,730' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,683' = 3 3/4o Drill from 6,730' to 6,762' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,715' = 4 3/4o NOTE: Experiencing some motor vibration early in the day - adding weight to the bit & slowing down the motor RPM's seems to help

01/21/2004	Depth	7,018
	Progress	256
AFE: 23681	Present Operation:	Drlg
<p>Drill from 6,762' to 6,793' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,746' = 3 3/4o Service rig Drill from 6,793' to 6,825' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,778' = 3 3/4o Drill from 6,825' to 6,856' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 6,809' = 3 3/4o Drill from 6,856' to 6,888' (149 RPM motor - 40 RPM rotary - 35K bit wt.) - Teledrift @ 6,841' = 3 3/4o Drill from 6,888' to 6,920' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 6,873' = 2 3/4o Drill from 6,920' to 6,951' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 6,904' = 3 3/4o Drill from 6,951' to 6,983' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - Teledrift @ 6,936' = 3 3/4o Drill from 6,983' to 7,018' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - Teledrift @ 6,968' = 3 3/4o</p>		
01/22/2004	Depth	7,141
	Progress	123
AFE: 23681	Present Operation:	LD Fish & Fishing Tools
<p>Drill from 7,018' to 7,046' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - Teledrift @ 6,999' = 3 3/4o Service rig Drill from 7,046' to 7,078' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - Teledrift @ 7,031' = 2 3/4o Drill from 7,078' to 7,109' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - Teledrift @ 7,062' = 2 3/4o Drill from 7,109' to 7,141' (149 RPM motor - 40 RPM rotary - 38K bit wt.) - pressure spiked once & started having rotary torque - Teledrift @ 7,094' = 3 3/4o Drop Totco @ 7,054' = 3 1/2o & trip out for bit, checked IBS & BHR for gauge - both OK - LD IBS, BHR, Teledrift Sub, motor & Bit # 5 8 3/4" HTC HR-MS44C 3-15's serial # 5045680 in @ 6,084' out @ 7,141' cut 1,057' in 86 hrs. cond. = T 6 - missing one shank with cone attached - in hole Wait on magnet TIH with 8" OD magnet with cut lip guide, DC's & DP to 7,118' Circulate & wash down from 7,118' to 7,141' & work magnet POOH (chaining out) - recovered entire fish of shank with cone attached - LD magnet & bit sub - bit condition = T 6 B 8 1/2" out of gauge</p>		
01/23/2004	Depth	7,405
	Progress	264
AFE: 23681	Present Operation:	Drlg
<p>PU & TIH with Bit # 6, new motor, BHR, Teledrift Sub & IBS on DC's - test motor - OK Cut drilling line Service rig Continue TIH with 4 1/2" DP to 7,028' Ream & wash 113' from 7,028' to 7,141' Drill from 7,141' to 7,173' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 7,126' = 2 3/4o Drill from 7,173' to 7,205' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 7,158' = 2 3/4o Drill from 7,205' to 7,236' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 7,189' = 2 3/4o Drill from 7,236' to 7,299' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 7,252' = 2 3/4o Drill from 7,299' to 7,363' (149 RPM motor - 40 RPM rotary - 28K bit wt.) - Teledrift @ 7,316' = 2 3/4o Drill from 7,363' to 7,405' (149 RPM motor - 40 RPM rotary - 28K bit wt.)</p>		
01/24/2004	Depth	7,825
	Progress	420
AFE: 23681	Present Operation:	Drlg
<p>Drill from 7,405' to 7,457' (149 RPM motor - 40 RPM rotary - 33K bit wt.) - Teledrift @ 7,410' = 2 3/4o Service rig Drill from 7,457' to 7,552' (149 RPM motor - 40 RPM rotary - 33K bit wt.) - Teledrift @ 7,502' = 2 3/4o Drill from 7,552' to 7,647' (149 RPM motor - 40 RPM rotary - 33K bit wt.) - Teledrift @ 7,600' = 2 3/4o Drill from 7,647' to 7,774' (149 RPM motor - 40 RPM rotary - 33K bit wt.) - Teledrift @ 7,727' = 2 3/4o Drill from 7,774' to 7,825' (149 RPM motor - 40 RPM rotary - 33K bit wt.)</p>		
01/25/2004	Depth	8,151
	Progress	326
AFE: 23681	Present Operation:	Drlg
<p>Drill from 7,825' to 7,900' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 7,853' = 3 3/4o Service rig Drill from 7,900' to 7,995' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 7,948' = 2 3/4o Drill from 7,995' to 8,090' (149 RPM motor - 40 RPM rotary - 36K bit wt.) -</p>		

Teledrift @ 8,043' = 2 3/4o Drill from 8,090' to 8,151' (149 RPM motor - 40 RPM rotary - 36K to 38K bit wt.)

01/26/2004 Depth 8,469
Progress 318
AFE: 23681 Present Operation: Drlg

Drill from 8,151' to 8,185' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,138' = 1 3/4o Service rig Drill from 8,185' to 8,311' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,264' = 1 3/4o Drill from 8,311' to 8,437' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,390' = 1 3/4o Drill from 8,437' to 8,469' (149 RPM motor - 40 RPM rotary - 40K bit wt.)

01/27/2004 Depth 8,813
Progress 344
AFE: 23681 Present Operation: Drilling

Drill from 8,469' to 8,533' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,486' = 2 3/4o Service rig Drill from 8,533' to 8,596' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,549' = 1 3/4o Drill from 8,596' to 8,723' (149 RPM motor - 40 RPM rotary - 40K bit wt.) - Teledrift @ 8,676' = 3 3/4o Drill from 8,723' to 8,786' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 8,739' = 2 3/4o Drill from 8,786' to 8,813' (149 RPM motor - 40 RPM rotary - 36K bit wt.)
Note: Started adding brine water to mud system at 8,600' & brought MW up to 8.9 #/gal. at 8,660'

01/28/2004 Depth 8,987
Progress 174
AFE: 23681 Present Operation: Drlg

Drill from 8,813' to 8,849' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 8,802' = 1 3/4o Drop Totco @ 8,763' = 1 3/4o & trip out for bit - checked IBS & BHR for gauge - LD BHR, motor & Bit # 6 8 3/4" HTC HR-MS44C 3-16's serial # 5045679 in @ 7,141' out @ 8,849' cut 1,708' in 110 1/4 hrs. condition T6 B6 1/8" out of gauge Service rig TIH with Bit # 7, new motor, new BHR & remainder of BHA & DC's - test motor - OK TIH with 4 1/2" DP to 8,736' Ream & wash 113' from 8,736' to 8,849' Drill from 8,849' to 8,976' (149 RPM motor - 40 RPM rotary - 33K bit wt.) - Teledrift @ 8,929' = 2 3/4o Drill from 8,976' to 8,987' (149 RPM motor - 40 RPM rotary - 36K bit wt.) BGG = 2 units - trip gas = 35 units - max. gas = 20 units - Lag = 71 mins. - no shows

01/29/2004 Depth 9,444
Progress 457
AFE: 23681 Present Operation: Drlg

Drill from 8,987' to 9,071' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 9,024' = 2 3/4o Service rig Drill from 9,071' to 9,166' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 9,115' = 2 3/4o Drill from 9,166' to 9,324' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 9,277' = 3 3/4o Drill from 9,324' to 9,387' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 9,340' = 2 3/4o Drill from 9,387' to 9,442' (149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 9,403' = 2 3/4o Drill from 9,442' to 9,444' (149 RPM motor - 40 RPM rotary - 34K bit wt.)

01/30/2004 Depth 9,606
Progress 162
AFE: 23681 Present Operation: Drlg

Drill from 9,444' to 9,514' (149 RPM motor - 40 RPM rotary - 34K bit wt.) - Teledrift @ 9,467' = 2 3/4o Service rig Drill from 9,514' to 9,541' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - drilling rate slowed down to 4' per hr. - tried various weights up to 50,000# - no improvement in drilling rate - no torque - ran Teledrift @ 9,499' = 2 3/4o Drop Totco @ 9,459' = 2o & trip out for bit - checked IBS & BHR for gauge - both OK - LD motor & Bit # 7 8 3/4" HTC HR-S44CH 3-16's serial # 5039997 in @ 8,849' out @ 9,541' cut 692' in 40 1/4 hrs. condition T3 B3 in gauge - motor checked OK TIH with Bit # 8, new motor & remainder of BHA & DC's - test motor - OK TIH with 4 1/2" DP to 9,496' Ream & wash 45' from 9,496' to 9,541' Drill from 9,541' to 9,606'

(149 RPM motor - 40 RPM rotary - 32K bit wt.) - Teledrift @ 9,563' = 2 3/4o BGG = 4 units - trip gas = 28 units
 - max. gas = 128 units - Lag = 68 mins. - no shows

01/31/2004 Depth 10,045
 Progress 439
 AFE: 23681 Present Operation: Drlg

Drill from 9,606' to 9,737' (149 RPM motor - 40 RPM rotary - 34K bit wt.) - Teledrift @ 9,690' = 2 3/4o Service rig Drill from 9,737' to 9,865' (149 RPM motor - 40 RPM rotary - 34K bit wt.) - Teledrift @ 9,818' = 2 3/4o Drill from 9,865' to 10,025' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - Teledrift @ 9,978' = 3 3/4o Drill from 10,025' to 10,045' (149 RPM motor - 40 RPM rotary - 36K bit wt.)

02/01/2004 Depth 10,395
 Progress 350
 AFE: 23681 Present Operation: Drlg

Drill from 10,045' to 10,185' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Teledrift @ 10,138' = 3 3/4o Drill from 10,185' to 10,217' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Service rig Drill from 10,217' to 10,279' (149 RPM motor - 40 RPM rotary - 34 to 36K bit wt.) Install rotating head rubber at 10,279' Drill from 10,279' to 10,375' (149 RPM motor - 40 RPM rotary - 34 to 36K bit wt.) Teledrift @ 10,320' = 3 3/4o Drill from 10,375' to 10,395' (149 RPM motor - 40 RPM rotary - 34 to 36K bit wt.)

02/02/2004 Depth 10,655
 Progress 260
 AFE: 23681 Present Operation: Drlg

Drill from 10,395' to 10,439' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - returned to the steel pits & started mud up @ 10,400' Service rig Drill from 10,439' to 10,567' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Teledrift @ 10,520' = 3 3/4o Drill from 10,567' to 10,655' (149 RPM motor - 40 RPM rotary - 36K bit wt.)

02/03/2004 Depth 10,976
 Progress 321
 AFE: 23681 Present Operation: Drlg

Drill from 10,655' to 10,727' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Service rig Drill from 10,727' to 10,820' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Teledrift @ 10,773' = 5 3/4o Drill from 10,820' to 10,917' (149 RPM motor - 40 RPM rotary - 34K bit wt.) Teledrift @ 10,870' = 5 3/4o Drill from 10,917' to 10,976' (149 RPM motor - 40 RPM rotary - 34K bit wt.)

02/04/2004 Depth 11,050
 Progress 74
 AFE: 23681 Present Operation: Working Stuck Logging Tools

Drill from 10,976' to 11,012' (149 RPM motor - 40 RPM rotary - 34K bit wt.) - 1' to 2' gas flare Service rig Drill from 11,012' to 11,050' (149 RPM motor - 40 RPM rotary - 34K bit wt.) - 1' to 2' gas flare Teledrift @ 11,002' = 3 3/4o Circulate samples for mud logger Short trip - 10 stands out & trip in hole - no problems - no drag - no fill Circulate for open hole logs - 10' to 12' gas flare on bottoms up - then 1' to 2' gas flare Slug DP, drop Totco @ 10,988' = 4o & trip out to run open hole logs - checked IBS for gauge - OK - LD Teledrift Sub, BHR, motor & Bit # 8 RU Halliburton & TIH with open hole logging tools - Logger's TD = 11,046' - logged repeat section from 11,046' to 10,730' - TIH to 11,046' - started logging main pass & stuck bottom of logging tools at 10,875' - working stuck logging tools to as high as 8,000# pull - weak point in rope socket is 9,500# - have called Weatherford for a fisherman to cut & strip for logging tools (Spectral Density Dual Spaced Neutron Log & Dual Laterolog Micro Guard Log - 148.14' total tool length) BGG = 255 units - conn. gas = 0 units - max. gas (short trip) = 2,495 units - Lag = 79 mins. No shows

02/05/2004 Depth 11,050
 Progress 0

AFE: 23681 Present Operation: Chaining OOH with Fish

Worked stuck Halliburton Logging Tools at 10,875' leaving 7,500# pulled on stuck tools while waiting on Weatherford fishing tools (Billy Ables - Fisherman) - no success in freeing up stuck tools Cut & strip electric wire line - PU & make up fishing tools - RU Halliburton for cut & strip operations Trip in hole with fishing tools - cut & strip operations to 10,099' - had to pump down DP twice due to gas causing flow of mud out DP Installed rotating head rubber & pick up & TIH with 21 jts. DP to tag top of fish at 10,748' (DP tally) Latched onto fish with over shot & pulled up hole 93' with fish & Halliburton Logging wire line also coming up hole, confirming that we have fish Pulled out of rope socket with 10,000# & Halliburton spooled up their wire line - full recovery Circulate out gas - 10' to 30' gas flare immediately - dieing down to 1' to 3' flare after 2 1/2 hrs. POOH (chaining out) with fish - no problems - no drag

02/06/2004 Depth 11,128
Progress 78

AFE: 23681 Present Operation: Drlg

POOH (chaining out) with fish - no problems - no drag - recovered entire fish of logging tools Break out & lay down logging tools & fishing tools - function test BOP - OK TIH with Bit # 9, new motor, BHA, DC's & 7 stands DP (used in fishing operations) - test motor - OK Cut 120' of drilling line Service rig POOH LD 21 jts. DP used in fishing operations Continued TIH with DP to 10,929' Wash & ream 121' from 10,929' to 11,050' - no problems - no fill - 10' to 30' gas flare Drill from 11,050' to 11,128' (149 RPM motor - 40 RPM rotary - 36K bit wt.) - no gas flare

02/07/2004 Depth 11,360
Progress 232

AFE: 23681 Present Operation: Drlg

Drill from 11,128' to 11,139' (149 RPM motor - 40 RPM rotary - 36K bit wt.) Teledrift @ 11,092' = 3 3/4 Drill from 11,139' to 11,171' (149 RPM motor - 40 RPM rotary - 36K to 40K bit wt.) Service rig Drill from 11,171' to 11,267' (149 RPM motor - 40 RPM rotary - 36K to 40K bit wt.) Teledrift @ 11,220' = 4 3/4 Rlg repair on pump Drill from 11,267' to 11,360' (149 RPM motor - 40 RPM rotary - 38K bit wt.) BGG = 31 units - conn. gas = 0 units - max. gas = 46 units - Lag = 81 mins. - no shows

02/08/2004 Depth 11,557
Progress 197

AFE: 23681 Present Operation: Drlg

Drill from 11,360' to 11,394' (149 RPM motor - 40 RPM rotary - 38K bit wt.) Teledrift @ 11,347' = 4 3/4 Service rig Drill from 11,394' to 11,522' (149 RPM motor - 40 RPM rotary - 38K bit wt.) Teledrift @ 11,475' = 3 3/4 Drill from 11,522' to 11,557' (149 RPM motor - 40 RPM rotary - 38K bit wt.)

02/09/2004 Depth 11,737
Progress 180

AFE: 23681 Present Operation: Preparing to Trip for Bit

Drill from 11,557' to 11,586' (149 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) Service rig Drill from 11,586' to 11,649' (136 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) Teledrift @ 11,602' = 3 3/4 Drill from 11,649' to 11,737' (136 RPM motor - 40 RPM rotary - 42K to 44K bit wt.) - drilling rate has slowed down after drilling break & bit won't drill

02/10/2004 Depth 11,841
Progress 104

AFE: 23681 Present Operation: Drlg

Mix slug, slug DP, drop Totco @ 11,657' = 4o & trip out for bit - checked IBS & BHR for gauge - OK - LD X-O sub, Teledrift Sub, motor & Bit # 9 8 3/4" HTC HR-MS44C serial # 5045804 3-18's in @ 11,050' out @ 11,737' cut 687' in 79 3/4 hrs. condition = T3 B4 1/16" out of gauge - bad motor Service rig PU & TIH with Bit # 10, new motor, BHA & DC's - test motor - OK Continue TIH with 4 1/2" DP to 11,684' Ream & wash 53' from 11,684' to 11,737' Drill from 11,737' to 11,841' (136 RPM

motor - 40 RPM rotary - 42K bit wt.)

02/11/2004	Depth	11,904
	Progress	603
AFE: 23681	Present Operation:	Drlg
<p>Drill from 11,841' to 11,862' (136 RPM motor - 40 RPM rotary - 42K bit wt.) Service rig Drill from 11,862' to 11,887' (136 RPM motor - 40 RPM rotary - 42K bit wt.) - lost 200# pump pressure - checked both pumps & valves - no leaks found - pumped soft line - no pressure increase POOH chaining out looking for hole or crack - nothing found - LD IBS, BHR, motor (possible bad motor) & Bit # 10 8 3/4" HTC Rerun HR-S38CH 3-20's serial # 5042260 in @ 11,737' out @ 11,887' cut 150' in 17 1/4 hrs. condition = T3 B3 in gauge TIH with Bit # 11, bit sub & DC's Cut drilling line Continue TIH with 4 1/2" DP to 11,815' Ream & wash 72' from 11,815' to 11,887' Drill from 11,887' to 11,904' BGG = 41 units - trip gas = 53 units - max. gas = 61 units - Lag = 90 mins. - no shows</p>		
02/12/2004	Depth	11,950
	Progress	46
AFE: 23681	Present Operation:	RU to Run OH Logs
<p>Drill from 11,904' to 11,929' Service rig Drill from 11,929' to 11,950' TD - reached TD of 8 3/4" hole at 9:15 PM (CST) 2/11/2004 Circulate for open hole logs Slug DP, drop Totco @ 11,950' = 2o & POOH for open hole logs (chained out the 1st 20 stands) - 15,000# drag on 7th stand out - pull wear bushing - preparing to RU Halliburton to run open hole logs</p>		
02/13/2004	Depth	11,950
	Progress	0
AFE: 23681	Present Operation:	Fishing Stuck Logging Tools
<p>RU Halliburton & TIH with open hole logging tools - Logger's TD = 11,942' - stuck logging tools on bottom - worked stuck logging tools to a maximum safe pull of 7,500# - no success Service rig Wait on Weatherford fishing tools from Hobbs, NM & fisherman (Terry Browning) from Odessa, TX - roads slick with ice & snow Cut & strip electric wire line - PU & make up fishing tools - RU Halliburton for cut & strip operations Trip in hole with fishing tools - cut & strip operations to 11,063' - installed rotating head rubber & pick up & TIH with 24 jts. DP to tag top of fish at 11,804' (DP tally) - latched onto fish with overshot & pulled up hole 70' with fish & Halliburton Logging wire line also coming up hole, confirming that we have the fish (took 6,000# to 8,000# to pull fish free) - fish consists of Dual Laterolog - Micro Guard Log Tools & Spectral Density Dual Spaced Neutron Log Tools - total length of fish = 137.84'</p>		
02/14/2004	Depth	11,950
	Progress	0
AFE: 23681	Present Operation:	CIRC at 11,950'TD
<p>Pulled out of rope socket with 9,500# & Halliburton spooled up their wire line - full recovery POOH (chaining out) with fish - no problems - no drag - recovered entire fish of logging tools Break out & lay down logging tools & fishing tools TIH with bit, bit sub, DC's & DP to 7,008' Circulate at 7,008' Run Davis Fluid Caliper at 7,008' Continue TIH to 11,900' Wash 50' to bottom - (slight bridge 10' off bottom) & circulate at 11,950' TD</p>		
02/15/2004	Depth	11,950
	Progress	0
AFE: 23681	Present Operation:	Running 5-1/2" Casing
<p>Circulate at 11,950' TD Run Davis Fluid Caliper at 11,950' TD RU lay down machine - slug DP - POOH LD DP & DC's RU casing crew & running 5 1/2" casing</p>		
02/16/2004	Depth	11,950
	Progress	0
AFE: 23681	Present Operation:	Released Rig

Running 5 1/2" casing (See Casing Detail) RU Halliburton & circulate to clear casing & bottoms up

Hall. Cmt. 1st stage (Lead) 300 sx Interfill "H" + 0.2% HR-7 + 5# Gilsonite + 1/4# Flocele - then (Tail) 590 sx Super "H" + 1.0# Salt + 0.4% CFR-3 + 0.5% LAP-1 + .25# D-AIR 3000 + 5# Gilsonite + 1/4# Flocele & .25% HR-7 - plug down & bumped with 1,900# at 10:45 AM (CST) 2/15/04 - floats held OK Dropped bomb & opened DV Tool with 700# at 11:15 AM (CST) 2/15/04 - circulated through DV Tool - circulated a trace of cement, gilsonite, & flocele to pit from 1st stage Halliburton cemented 2nd stage (Lead) 510 sx Interfill "C" + 1/4# Flocele, (Tail) 100 sx Premium Neat Cement - plug down & closed DV Tool with 2,900# at 5:47 PM (CST) 2/15/04 - held OK - cement didn't circulate - cal. TOC to be at 3,710' - BLM was notified, didn't witness job - RD Halliburton ND & PU BOP - set 5 1/2" casing slips in 190,000# - cut off 5 1/2" casing - LD BOP - installed a 11" 5,000# X 7 1/16" 5,000# tubing head & tested head to 5,000# - OK - jetted & cleaned steel pits - Released Patterson-UTI Rig # 75 @ 11:00 PM (CST) 2/15/04 to go to the Mescalero "20" Fed. # 1 - Pro Wireline ran temperature survey after 10 hrs. - TOC @ 2,460' (GL) on 2nd stage RD Rig