Form 3160-4
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No.: NMSF-079964

1a. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Dry ☐ Other
b. Type of Completion: ☐ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.,
Other: Well recompleted to BFC formation

6. If Indian, Allottee or Tribe Name:

7. Unit or CA Agreement Name and No.: CA 25469 (E2 SEC 26)

2. Name of Operator: Maralex Resources, Inc.

8. Lease Name and Well No.: Trading Post 26 # 2A

3. Address: P.O. Box 338, Ignacio, CO 81137

3a. Phone No. (include area code): 970/563-4000

9. API Well No.: 30-045-05221 0052

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface: 1650' FSL; 990' FEL (NESE)
At top prod. interval reported below: Same
At total depth: Same (Recompletion Ready)

10. Field and Pool or Exploratory: Basin Fruitland Coal

11. Sec., T., R., M., on Block and Survey or Area: Section 26-T25N-R11W

12. County or Parish: San Juan County

13. State: NM

14. Date Spudded: 08/28/1957

15. Date T.D. Reached: 09/19/1957

16. Date Completed: 08/31/2006 ☐ D & A ☑ Ready to Prod.

17. Elevations (DF, RKB, RT, GL)*: 6611 GL

18. Total Depth: MD 5176' TVD

19. Plug Back T.D.: MD 1502' TVD

20. Depth Bridge Plug Set: MD 1510' Cement Retainer TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
CBL, GR, CCL, RST

22. Was well cored? ☑ No ☐ Yes (Submit analysis)
Was DST run? ☑ No ☐ Yes (Submit report)
Directional Survey? ☑ No ☐ Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
	10-3/4"		Surface	254'		250 sx			
	5-1/2"		254'	5163'		250 sx			

Subsequent Report of operations attached

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2-7/8"	1407'	N/A						

25. Producing Intervals / 26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Basin Fruitland Coal	1376	1392	1383'-1391'	4"	4 SPF	Complete
B)						
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
1383'-1391'	Frac is Silverstim LT w/Sandwedge NT and 16/30 sand. 2,065 gals load and break; 16,070 gals pad; 12780 gals with 1 ppg 16/30 sand; 9,857 gals with 2 ppg 16/30 sand; 112 gals flush. Pressure began to increase during 1 ppg stage. Reached 4000 psig (max pressure) during the 2 ppg stage. Attempt 2 times to flush tubing. Reach max pressure immediately. Placed 29,100# of 16/30 proppant into formation. Clean out sand.

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
9/1/06	9/1/06	24	→	0	1	59			Pumping

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status
.25"	62	62	→	0	1	59		Producing

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status
			→					

*(See instructions and spaces for additional data on page 2)

RCVD FEB9'07
OIL CONS. DIV.
DIST. 3

ACCEPTED FOR RECORD
FEB 07 2007
FARMINGTON FIELD OFFICE

NMOCD

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method

Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status

29. Disposition of Gas *(Solid, used for fuel, vented, etc.)*

Sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth
Fruitland Coal	1376	1392			
Pictured Cliff	1398	1420			

32. Additional remarks (include plugging procedure):

See attachment for work done to abandon the Gallup and recomplete the well to the Basin Fruitland Coal.

33. Indicate which items have been attached by placing a check in the appropriate boxes:

☑ Electrical/Mechanical Logs (1 full set req'd.) ☐ Geologic Report ☐ DST Report ☐ Directional Survey

☐ Sundry Notice for plugging and cement verification ☐ Core Analysis ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name *(please print)* D. Jeremy Golob Title Senior Petroleum Engineer

Signature D. Jeremy Golob Date 09/24/2006

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

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TRADING POST 26 # 2A
RECOMPLETION REPORT
SUPPLEMENTARY INFORMATION

07/18/06 thru 08/25/06

Pull rods. Attempt to release and/or shear tubing anchor. Anchor would not release. Chemically cut tubing at 4932' (stuck at 4966'). Pump plug #1 (55 sks type 5 neat cement mixed at 15.6 ppg) down open ended tubing with end of tubing at 4898'. Calculated plug height is 475'. Displace tubing with water. Trip out tubing leaving end of tubing at 2200'. Pump plug#2 (55 sks of same blend). Calculated plug height is 475'. Displace tubing with water. Chemically cut casing in two at 1550'. Attempt to pull casing. Could not move casing. Run a retrievable bridge plug to 1524' and pressure test casing to 875 psig. Held fine. Pull bridge plug. Shoot two 1/2" holes at 1300'. Set packer at 1318'. Circulate down cut casing and back through squeeze holes. Set cement retainer at 1510'. Pump 10 bbl gel spacer followed by 5 bbls fresh water followed by 100 sks of cement (15.6 ppg) followed by 8.2 bbls fresh water. Had intermittent circulation during cement job. Run CBL, GR, CCL logs from 1500' to 500'. Good cement bond from 1500' to 1372' to protect PC and Fruitland Coal formations. Run RST logs. Basal Fruitland Coal from 1376'-1392'. Perforate with 4" HEGS guns with 4 spf and 90 degree phasing the Fruitland Coal interval 1383'-1391'. Fracture stimulate the Fruitland Coal down 3-1/2" tubing and packer set at 1336' using Silverstim LT gel water system as follows: 2,065 gals load and break, 16,070 gals pad, 12,780 gals with 1 ppg sand, 9,857 gals with 2 ppg sand, 112 gals flush. Placed 29,100# 16/30 sand into formation. Clean out sand and run 2-7/8" tubing to 1407'. Run rods. Release rig