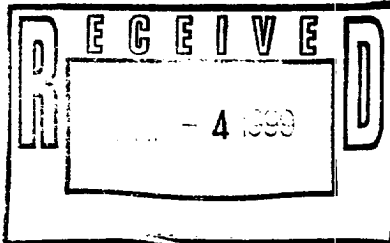


L & B Speed Drill, Inc.

James L. Ludwick

P.O. BOX 70 • FARMINGTON, NEW MEXICO 87499-0070 • (505) 325-1079

April 28, 1999



MARALEX RESOURCES, INC.
P.O. BOX 338
IGNACIO, CO 81137

Re: Directional Survey
Well Garcia Navajo 27 #1
1850' FNL & 2400' FEL
Sec. 27-T25N-R11W
San Juan County, NM

Below is the directional survey for your well Gracia Navajo 27 #1.

170' 1/4°
650' 1/2°
1150' 1/2°
1550' 3/4°

ACKNOWLEDGEMENT

STATE OF NEW MEXICO]
]
COUNTY OF SAN JUAN]

SIGNED & ACKNOWLEDGE BY: _____

James L. Ludwick

JAMES L. LUDWICK, DRILLER

The foregoing instrument was acknowledge before me this 28th day of April 1999.

Ester H. Hatcher
NOTARY PUBLIC

My commission expires: 10/23/99

MARALEX	
State Rep.	_____
Atty. Gen.	_____
County Clerk	_____
Notary Sec.	_____
Other	_____

MAFALEX RESOURCES, INC.

GRACIA NAVAJO 27 # 1

REPORT DATE: 06/04/99

Rig up wireline mast truck. Nipple up E-line flange and pack-off. Tie in nitrogen truck to pack-off valve. R.I.H. with 3-3/8" gun. Set up to perforate 1415'-1431' (16') with 4 SPF, 90 degree phasing. Get on depth with gun, pressure up to 3800# on casing with nitrogen. Fire gun. Pressure dropped to 2,000#. Pump in with nitrogen at 2700 SCF/M at 1800# for 2 minutes. Shut down. Bled down well. P.O.O.H. with gun. Rig down mast truck and nitrogen truck. Shut in frac valve.

REPORT DATE: 06/18/99

Move in and rig up frac equipment. Pressure test lines to 8000psi-OK. Gel tanks to 20# gel loading. Average viscosity = 17 cp. Test pop-off - goes off at 4000psi. Pump ball-off treatment with 128 7/8" soluble ball sealers. (100% excess). Drop balls in 500 gallons 12-3 mud acid. Saw 500 psi pressure breaks (1300 psi-800psi). Flush with KCL water. Shut down 2 hours to let ball sealers dissolve. Frac Fruitland Coals from 1415-1431' as follows:

- Pump 14,000 gallons 20# X-link pad
- Pump 6,000 gallons 20# X-link with 1 PPG 16-30 Arizona Sand
- Pump 5,000 gallons 20# X-link with 2 PPG 16-30 Arizona Sand
- Pump 5,000 gallons 20# X-link with 3 PPG 16-30 Arizona Sand
- Pump 4,000 gallons 20# X-link with 4 PPG 16-30 Arizona Sand
- Pump 3,000 gallons 20# X-link with 5 PPG 16-30 Arizona Sand
- Pump 3,000 gallons 20# X-link with 6 PPG 16-30 Arizona Sand
- 1246 gallon water flush.

Placed 83,640# 16-30 Arizona Sand. At average treating rate of 39 BPM at an average treating pressure of 2480 psi.

ISIP = 590 psi, 5 minutes = 490 psi, 10 minutes = 430 psi, 15 minutes = 380 psi.

Leave well shut in remainder of day and overnight.