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N/R

E.G.L. Resources, Inc. P.O. Box 10886 Midland, TX 79702

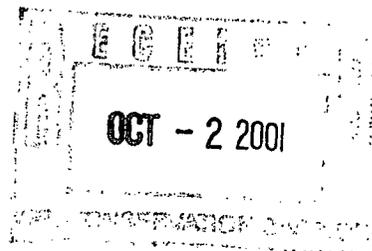
915-687-6560

9/25/01

NMOCD
David Catanach
1220 S St. Francis Drive
Santa Fe, NM 87505

Re: Step Rate Test
State #2 SWD
Sec 17, 20S 30E
Eddy Co, NM

(30-015-04686)



Mr. Catanach,

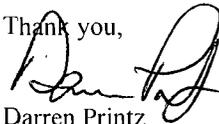
E.G.L. Resources Inc. completed a step rate test on the above well on 9/18/2001. We used our two triplex pumps, as well as an I&W pump truck to inject produced and fresh water. A chart recorder was connected to the tubing while we conducted our test. We pumped at various rates, the largest being 11:4 BPM at a maximum tubing pressure of 1025 psig. Once the test was completed, I calculated bottom hole flowing pressures using the injection rates to calculate friction. I then plotted the bottom hole flowing pressures versus rate to look for fracture pressure. We did not reach a high enough rate to fracture this formation as is indicated by the straight line on the BHFP vs Rate plot.

E.G.L. Resources requests a maximum injection tubing pressure of 975 psig for this well. This is 50 psi less than the maximum pressure reached.

I have included the original chart with notations, a table showing rates & pressures, a plot of BHFP vs Rate, and a plot showing friction loss vs rate.

Please call me @ 915-687-6560 ext 228 if you have any questions.

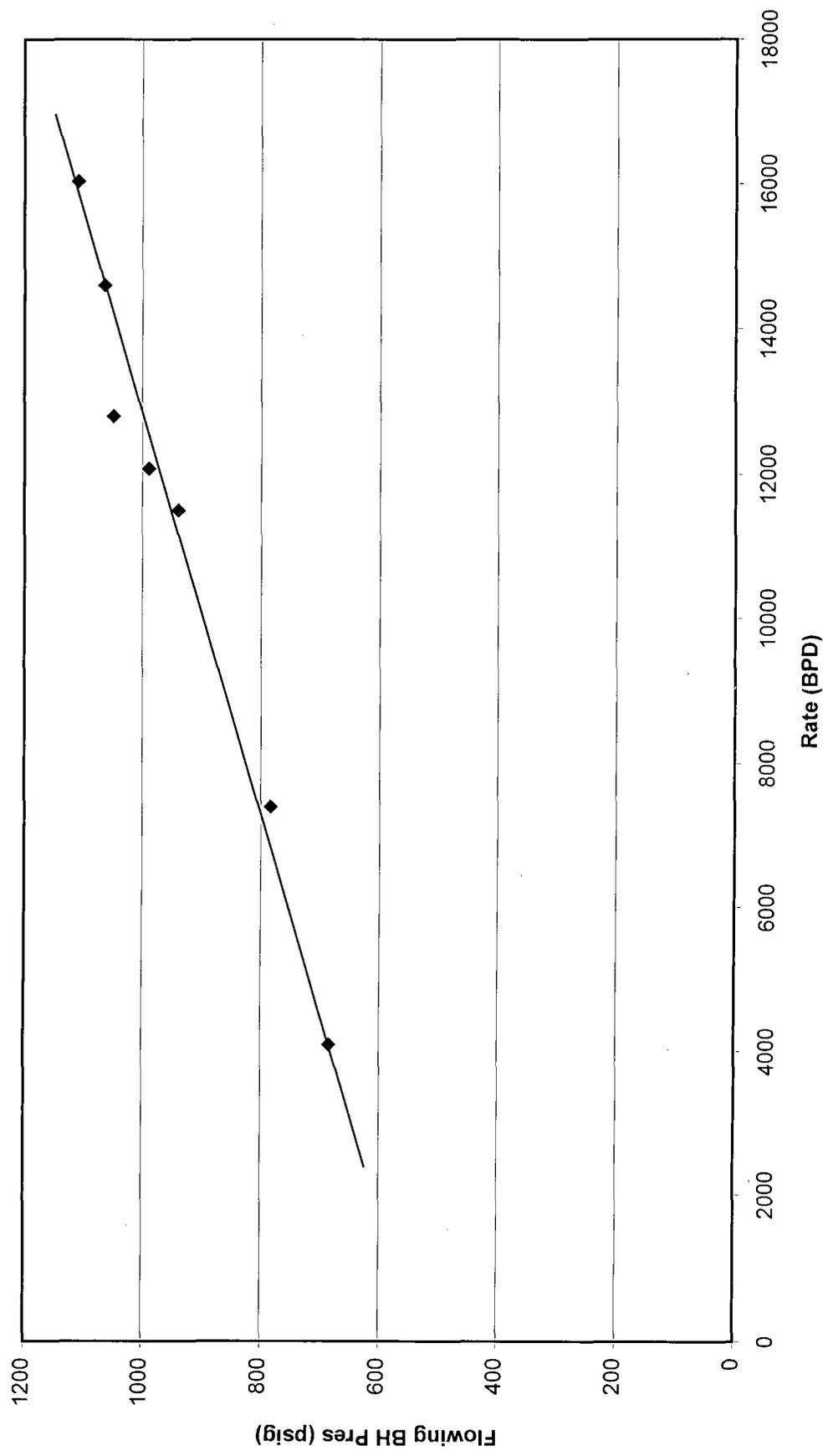
Thank you,


Darren Printz
Engineer

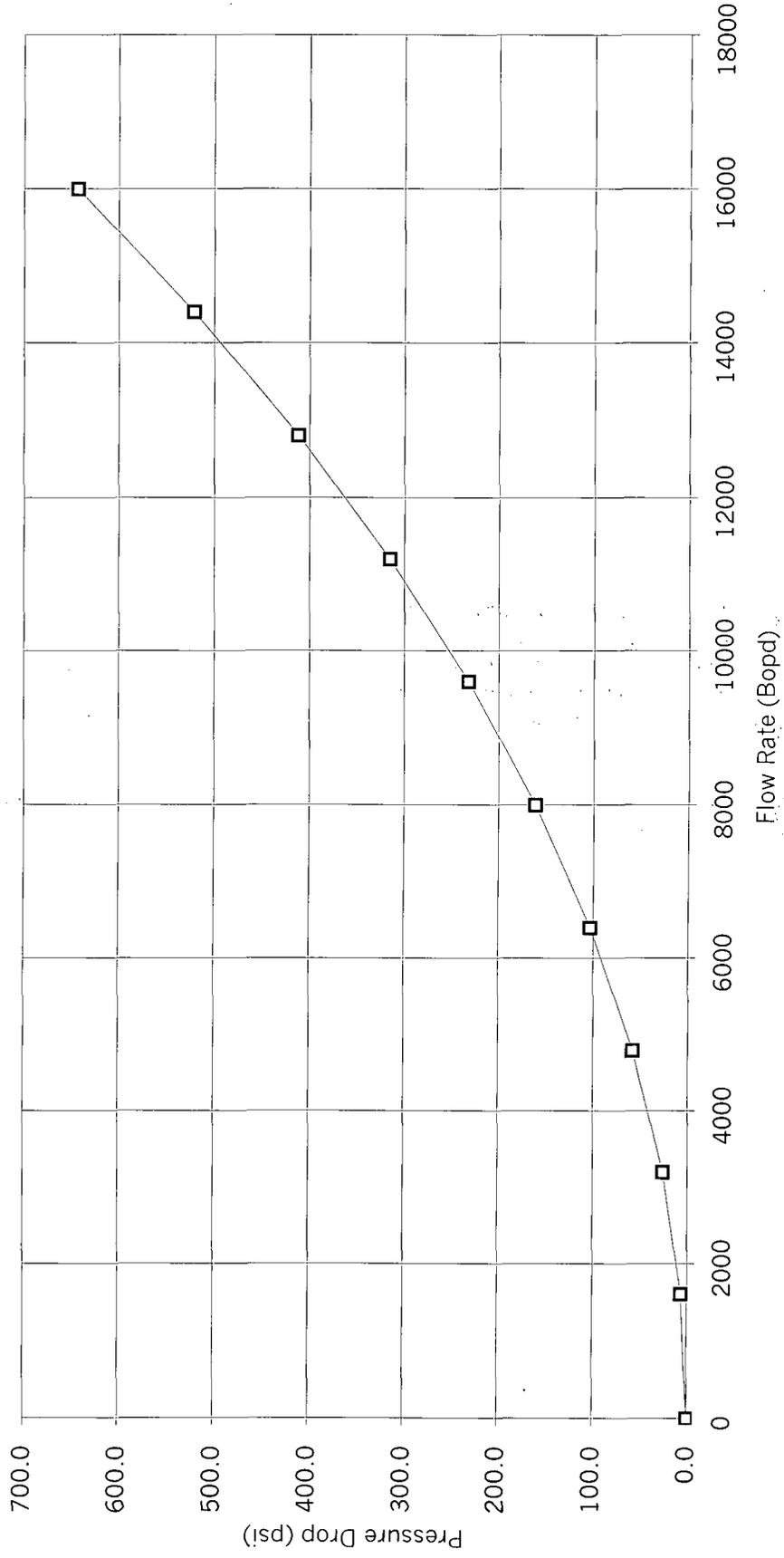
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EGL Resources Inc.
State 2 SWD
Sec 17 20S 30E

Rate vs FBHP



Plot of Pressure Drop verse Rate
Horizontal Flow of unlined 2 7/8" Tbg



Catanach, David

From: Darren Printz [darren@egresources.com]
Sent: Friday, October 05, 2001 2:08 PM
To: Catanach, David
Subject: Re: E.G.L. Resources State 2A Step Rate Test

David,

Permit is SWD 563 approved July 15, 1994. Formation is Yates-Seven Rivers at 1443' - 1470' completed OH.

Thanks,
Darren

----- Original Message -----

From: Catanach, David
To: 'Darren Printz'
Sent: Friday, October 05, 2001 2:08 PM
Subject: RE: E.G.L. Resources State 2A Step Rate Test

Darren, I'm currently evaluating your test. What was the permit number that approved this well for injection. Also, what depth and formation are you injecting into?

DRC

-----Original Message-----

From: Darren Printz [mailto:darren@egresources.com]
Sent: Friday, October 05, 2001 9:19 AM
To: Catanach, David
Subject: E.G.L. Resources State 2A Step Rate Test

David,

I was checking on the status of our request for increased injection pressures on the State 2A well. Please inform.

Thank you,
Darren Printz