NAVAJO INDIAN B #3 PC,CH,MV

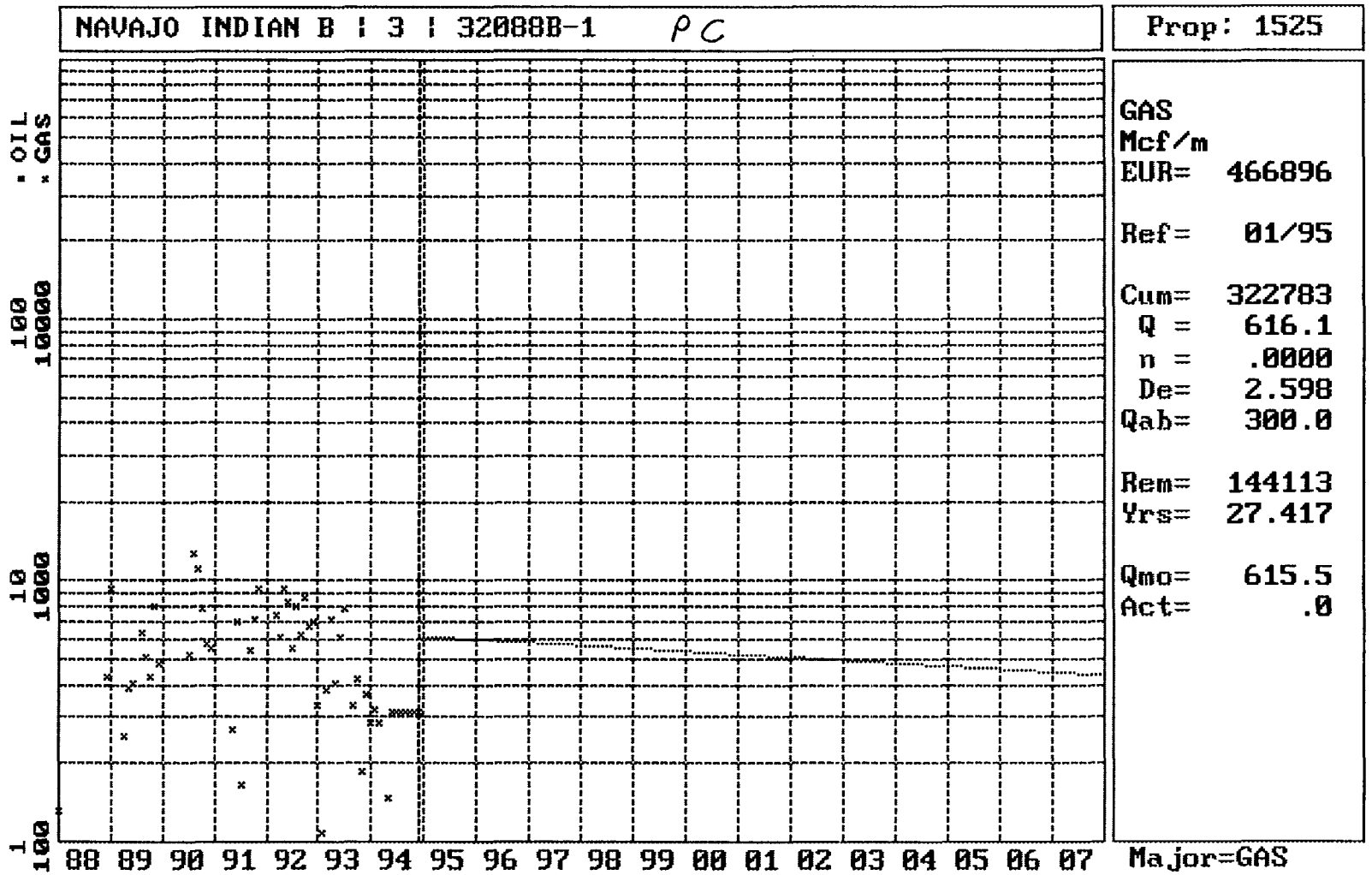
JUSTIFICATION FOR COMMINGLING THREE ZONES WITH PRESSURES GREATER THAN THE RECOMMENDED VARIANCE.

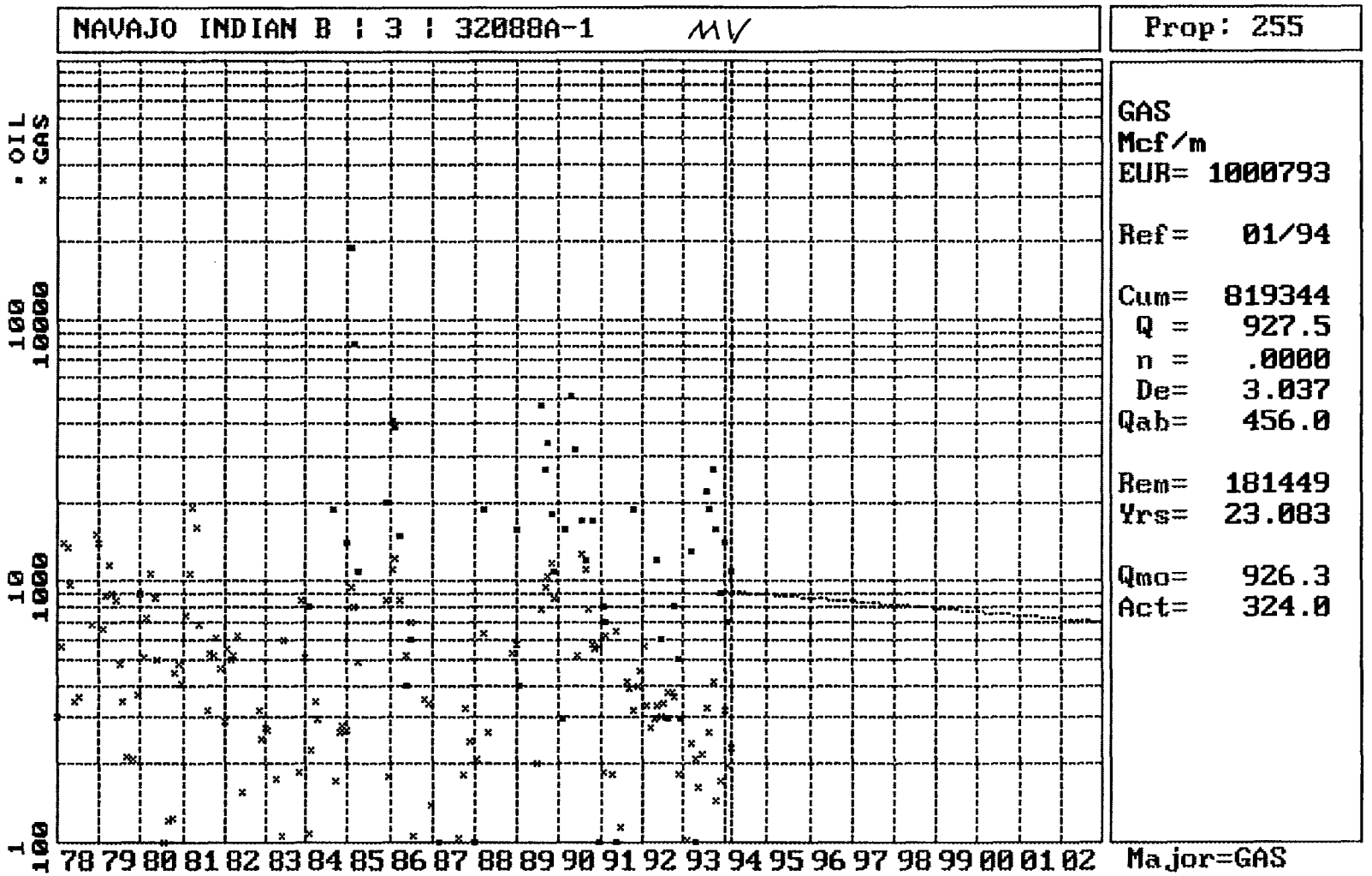
The MV and PC in this well are not just marginal, they are currently uneconomic to produce at 6 MCF/D and 13 MCF/D. Normally, we would just plug the MV and PC with cement and recomplete to the Chacra. However, material balance calculations indicate the possibility of additional reserves in the MV and PC of 181 MMCF and 144 MMCF.

Since the Chacra recompletion requires compression anyway, we would like to try a salvage operation on the MV and PC at the same time. This test will make certain that we are not wasting any MV or PC reserves.

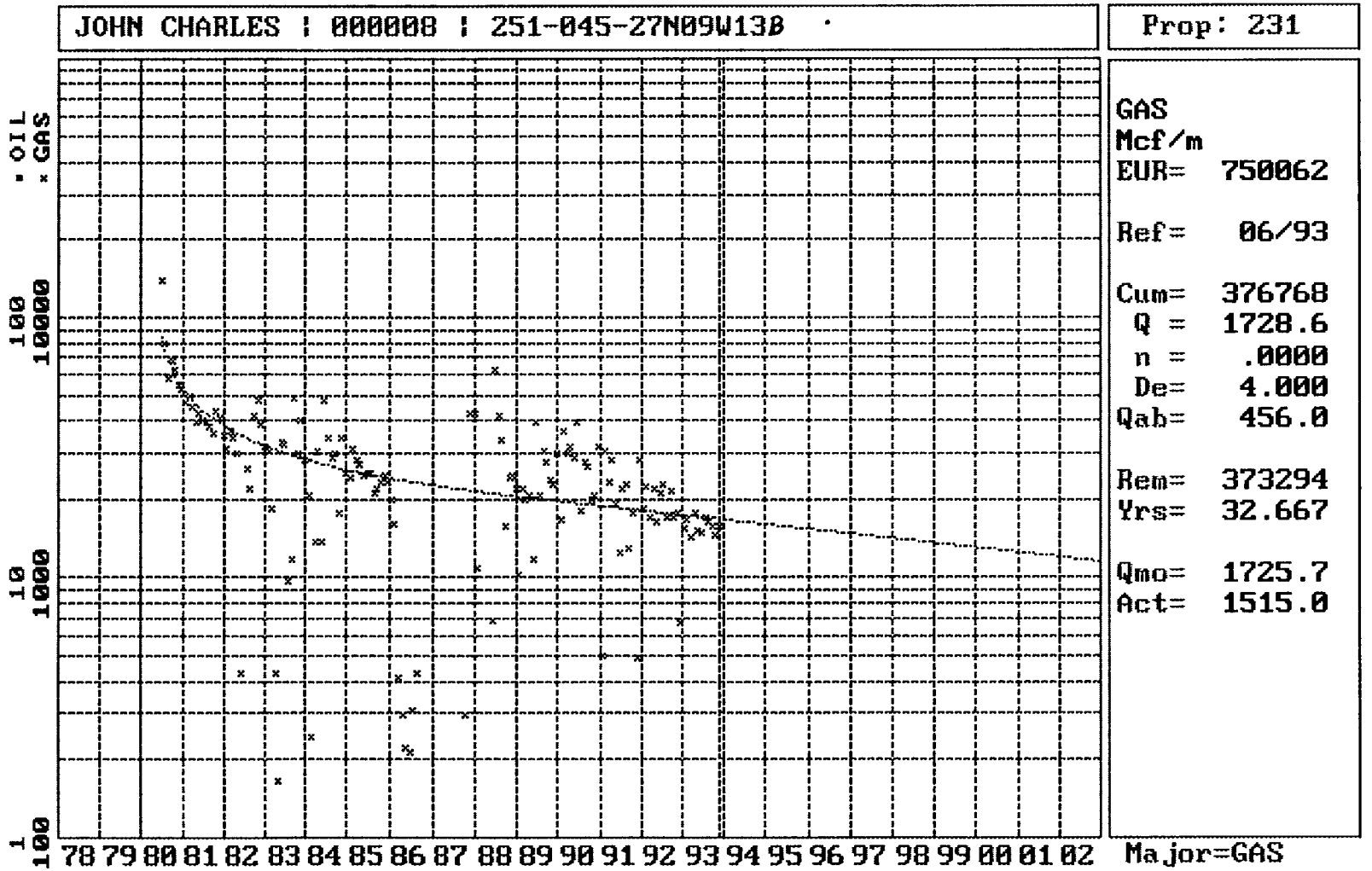
Even at these shut-in pressures, we do not anticipate any significant cross-flow since the well will be on line close to 100% of the time and have a producing tubing pressure below 50 psi.

	SIP (PSI)	MCF/D	ULTIMATE MMCF
PC	220	13	144 (CALC.)
CH	720 (EST.)	190 (EST.)	457 (EST.)
MV	510	6	181 (CALC.)

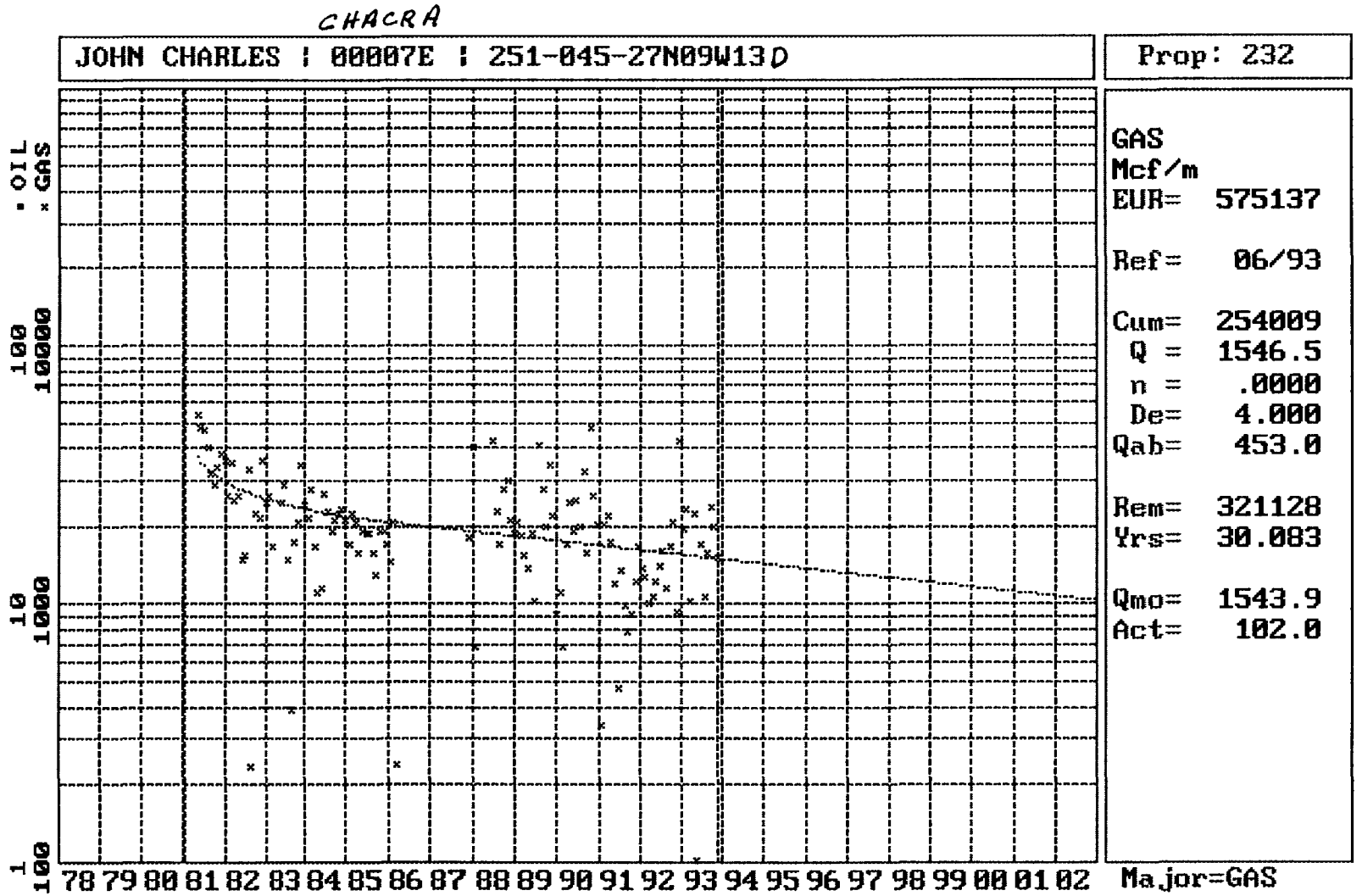

NAVAJO INDIAN B ¦ 3 ¦ 32088B-1 PC
Prop: 1525
GAS
Mcf/m
EUR= 466896
Ref= 01/95
Cum= 322783
Q = 616.1
n = .0000
De= 2.598
Qab= 300.0
Rem= 144113
Yrs= 27.417
Qmo= 615.5
Act= .0
Major=GAS
OIL
GAS
100
10000
10
1000
1
100
88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07


NAVAJO INDIAN B | 3 | 32088A-1
MV
Prop: 255
GAS
Mcf/m
EUR= 1000793
Ref= 01/94
Cum= 819344
Q = 927.5
n = .0000
De= 3.037
Qab= 456.0
Rem= 181449
Yrs= 23.083
Qmo= 926.3
Act= 324.0
Major=GAS
• OIL
× GAS
100
10000
10
1000
1
100
78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02

CHACRA


JOHN CHARLES ¦ 000008 ¦ 251-045-27N09W13B
Prop: 231
GAS
Mcf/m
EUR= 750062
Ref= 06/93
Cum= 376768
Q = 1728.6
n = .0000
De= 4.000
Qab= 456.0
Rem= 373294
Yrs= 32.667
Qmo= 1725.7
Act= 1515.0
Major=GAS
• OIL
× GAS
100
10000
10
1000
1
100
78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02

CHACRA


JOHN CHARLES ¦ 00007E ¦ 251-045-27N09W13D
Prop: 232
GAS
Mcf/m
EUR= 575137
Ref= 06/93
Cum= 254009
Q = 1546.5
n = .0000
De= 4.000
Qab= 453.0
Rem= 321128
Yrs= 30.083
Qmo= 1543.9
Act= 102.0
Major=GAS
• OIL
× GAS
100
10000
10
1000
1
100
78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02