

## CULP RANCH UNIT

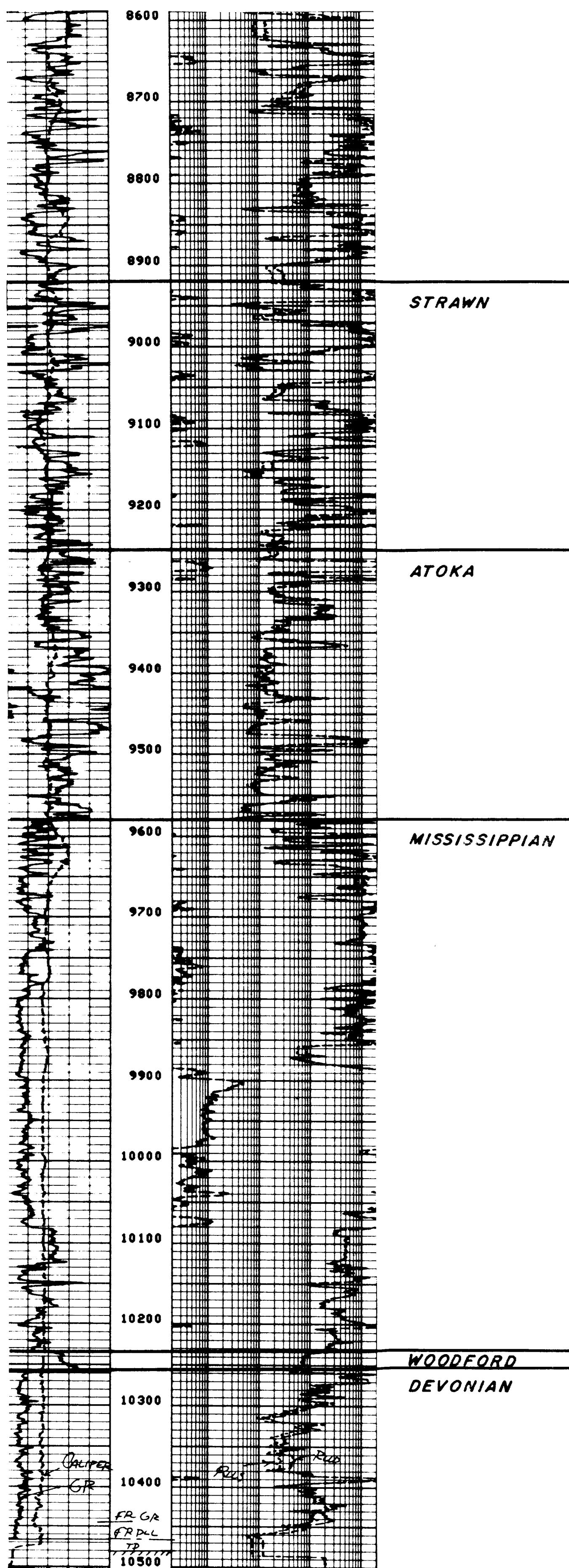
### Geologic Report

Geological and geophysical data confirm a lower Paleozoic faulted anticlinal feature underlying Sections Two (2), Eleven (11) and Fourteen (14), Township 12 South, Range 30 East, NMPM, Chaves County, New Mexico. Geophysical data consists of approximately twenty-six (26) miles of single and multiple fold data that cross the proposed unit area in a north-south and east-west series of eight (8) seismic lines. Geological data is confirmed by two (2) deep wells, one within the proposed unit, the Conoco 11-1 Mescalero Federal located in Section Eleven (11) and the Depco No. 1 Sundance Federal located outside the unit in Section Three (3). The Conoco well penetrated and tested the Devonian formation. The Depco well penetrated the Mississippian formation. These are the only two (2) well penetrations within the proposed unit vicinity.

It is interpreted that the Conoco Mescalero 11-1 Federal encountered a productive Devonian reservoir at a depth of 10,260'. Test and log data on the well indicate the presence of approximately forty (40) feet of oil column in the upper Devonian section. We interpret the subsea datum of the oil-water contact in the Conoco Mescalero 11-1 Federal to be (-6278). The Devonian Formation produces in this area from structural accumulations. We interpret that the proposed unit acreage will be structurally above the oil water contact. Lithologically the Devonian is a tan-to-white highly fractured dolomite and is a strong water drive reservoir. The unit acreage will be developed on lay-down eighty (80) acre proration units.

R.C. BELL  
PETROLEUM GEOLOGIST

CONOCO, INC.  
 Mescalero Federal "11" No. 1  
 1980' fml & 1980' fwl  
 Sec. II, T-12-S, R-30-E  
 Chaves Co. N.M.  
 KEY LOG



BELL, FOY & MIDDLEBROOK, LTD.

CULP RANCH UNIT  
 CHAVES CO., N.M.