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EXHIBIT "B"
HUERFANO UNIT
SAN JUAN COUNTY, NEW MEXICO
GEOLOGIC REPORT
GALLUP PRODUCING INTERVAL
PROPOSED NINETEENTH EXPANSION
OF THE GALLUP PARTICIPATING AREA

EL PASO NATURAL GAS COMPANY

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Reservoir Engineering

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INTRODUCTION

The Huerfano Unit, located in the southwestern portion of the San Juan Basin, is comprised of 63,120.76 acres in Townships 25, 26 and 27 North, Ranges 9, 10 and 11 West, San Juan County, New Mexico.

Hydrocarbons are produced in this unit from three horizons of upper Cretaceous age. In descending order these are: (1) Pictured Cliffs sandstone (2) Gallup member of the Mancos, and (3) Dakota Producing Interval.

The Gallup member of the Mancos within the Huerfano Unit of San Juan County, New Mexico is of Upper Cretaceous Age and is described as being a series of interbedded gray, medium to fine grained, calcareous, shaly sandstones and dark gray to black shales. Electric log correlations show a distinct lensing effect within the Gallup member which results in relatively clean sands in one well being equivalent to very shaly sands in an offset well. Many of the wells in the Huerfano Unit have a certain amount of fracturing in the Gallup which helps to increase the productivity, especially in the shaly sand sections.

Included with this report as Exhibit "C," is a structure map contoured on top of the Gallup member of the Mancos formation. This map shows the gentle regional dip to the northeast and the general lack of any structural developments which could be utilized in predicting productive trends. A majority of the sands (including the Gallup in this area) deposited by the Upper Cretaceous seas within the San Juan Basin have a prevalent northwest-southeast trend.

Also included with this report as Exhibit "D," Table No. 1 is a tabulation of the Huerfano Unit Gallup gas production. This tabulation shows by well the absolute open flow potential, date of first delivery into the gathering system, cumulative gas production to January 1, 1974, production by months for 1974 from January through November, 1974 annual production to December 1, 1974 and cumulative gas production to December 1, 1974. Wells within the Gallup Participating Area have produced a cumulative total of 47,218,683 Mcf as of December 1, 1974.

Exhibit "D," Table No. 2 is a tabulation of the Huerfano Unit Gallup oil production. This tabulation shows by well cum oil production to January 1, 1974, production by months for 1974 from January through November 1974, annual production to December 1, 1974 and cum oil production to December 1, 1974. Wells within the Gallup Participating Area have produced a cumulative total of 656,034 barrels of oil as of December 1, 1974.

PROPOSED NINETEENTH EXPANSION
OF THE GALLUP PARTICIPATING AREA

Effective Date: December 1, 1974

The proposed Nineteenth Expansion of the Gallup Participating Area is based upon the completion of the Huerfano Unit No. 258 well by El Paso Natural Gas Company, the Unit operator. This well is located 990 feet from the south line and 990 feet from the east line in Section 36, T-27-N, R-10-W, San Juan County, New Mexico.

On November 29, 1974 the Huerfano Unit No. 258 well was tested for three hours through a 2.500 inch orifice and four inch meter run on 2.375 inch tubing with the following test results:

Shut-in	167 Days
SIPC	764 psia
SIPT	257 psia
FPT	50 psia
WPC	175 psia
IPF	411 Mcf/D
AOF	428 Mcf/D

Proposed Expanded Acreage

Township 27 North, Range 10 West

Section 36: East half

Huerfano Unit No. 258 well was perforated throughout the Gallup section from 5734 feet to 6090 feet. Upon being put on production, the monthly average production of gas and condensate have been as follows: January 1975, 137 Mcf/D and 0 barrels; February 1975, 92 Mcf/D and 0 barrels; March 1975, 74 Mcf/D and 100 barrels; April 1975, 79 Mcf/D and 156 barrels; May 1975, 74 Mcf/D and 87 barrels.

This proposed acreage is inferred to be capable of producing unitized substances in commercial quantities from the Gallup member of the Mancos formation.

EXHIBIT "D"
TABLE NO. 2
HUERFANO UNIT
GALLUP OIL PRODUCTION, BRIS.
SAN JUAN COUNTY, NEW MEXICO

WELL NAME AND NO.	1974 MONTHLY PRODUCTION												TOTAL PRODU. PRCP 1-1-74 TO 12-31-74		CUM. PROD. TC 12-1-74 TO 12-31-74	
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER				
MCADAMS #1	89	40	43	40	25	24	22	24	28	22	35	39	2132	197	2132	2132
MCADAMS #2 GL	82	123	83	148	191	98	82	139	149	189	128	189	2693	1069	2693	2693
HUERFANO UNIT #99 GL	-	162	105	75	94	84	154	83	150	87	85	85	3370	876	3370	3370
MCADAMS #3 GL	32	36	75	62	44	24	23	82	57	23	94	87	3316	169	3316	3316
HUERFANO UNIT #103	-	-	-	-	-	-	-	-	-	-	-	-	1781	-	1781	1781
HUERFANO UNIT #92	17213	-	75	-	-	-	-	-	21	-	-	-	213	213	1581	1581
HUERFANO UNIT #105	70369	-	89	-	92	99	88	94	-	187	-	-	15359	1313	15359	15359
HUERFANO UNIT #106	31808	203	75	-	99	98	198	99	144	-	277	-	73121	608	73121	73121
HUERFANO UNIT #109	77148	-	-	100	99	98	198	-	-	-	-	-	41432	-	41432	41432
HUERFANO UNIT #104	D18C	-	-	-	-	-	-	-	-	-	-	-	2823	-	2823	2823
HUERFANO UNIT #109	D18C	-	89	72	-	98	-	98	94	78	75	-	2823	608	2823	2823
HUERFANO UNIT #109	-	-	53	-	-	-	-	42	-	54	-	-	1893	109	1893	1893
MCADAMS #5	3744	-	-	-	-	-	-	-	-	-	-	-	1183	-	1183	1183
HUERFANO UNIT #P #111	-	-	-	-	-	-	-	-	-	-	-	-	21032	-	21032	21032
HUERFANO UNIT #P #110	-	-	-	-	-	-	-	-	-	-	-	-	2328	-	2328	2328
HUERFANO UNIT #108	-	100	-	-	99	-	-	98	-	98	-	-	2827	2827	2827	2827
HUERFANO UNIT #112	-	120	237	301	289	308	227	282	249	242	232	-	3685	37	3685	3685
HUERFANO UNIT #P #116	-	-	-	-	74	-	-	98	-	-	-	-	783	-	783	783
HUERFANO UNIT #113	23168	-	75	-	37	-	-	98	-	-	98	-	17931	980	17931	17931
HUERFANO UNIT #113	18971	101	-	182	98	99	-	198	100	-	202	-	2033	-	2033	2033
HUERFANO UNIT #P #151-Y	2033	-	-	-	-	-	-	-	-	-	-	-	2868	-	2868	2868
MCADAMS #4	5508	101	201	100	99	98	96	184	99	100	181	-	1340	1340	1340	1340
HUERFANO UNIT #138	D18C	-	-	-	-	-	-	-	-	-	-	-	25219	-	25219	25219
HUERFANO UNIT #231	849	-	73	-	-	-	-	55	-	-	-	-	128	-	128	128
HUERFANO UNIT #231	203	101	201	100	99	98	98	197	197	200	280	-	1728	1728	1728	1728
HUERFANO UNIT #232	-	101	100	-	99	98	109	-	98	100	75	-	1594	1594	1594	1594
HUERFANO UNIT #P #242	-	94	162	-	98	72	103	85	85	182	45	-	791	791	791	791
HUERFANO UNIT #234	202	202	202	201	199	214	197	197	198	200	277	-	2321	2321	2321	2321
HUERFANO UNIT #234	260	101	166	100	99	98	101	163	95	101	101	-	1570	1570	1570	1570
HUERFANO UNIT #233	101	147	166	100	99	98	99	143	94	98	175	-	1074	1074	1074	1074
HUERFANO UNIT #233	101	99	98	100	99	92	111	94	94	99	194	-	1626	1626	1626	1626
HUERFANO UNIT #234	101	94	71	-	115	99	88	34	-	94	175	-	1033	1033	1033	1033
HUERFANO UNIT #234	518	75	195	94	115	99	88	67	-	94	175	-	1313	1313	1313	1313
HUERFANO UNIT #236	861	100	99	94	136	94	96	47	-	100	99	-	795	795	795	795
HUERFANO UNIT #236	705	98	71	83	136	94	96	47	-	100	99	-	1752	1752	1752	1752
HUERFANO UNIT #237	-	-	100	83	-	-	-	42	-	-	-	-	326	326	326	326
HUERFANO UNIT #239	-	-	100	83	-	-	-	42	-	-	-	-	1031	1031	1031	1031
HUERFANO UNIT #P #257	-	-	100	83	-	-	-	42	-	-	-	-	1593	1593	1593	1593
HUERFANO UNIT #257	-	-	100	83	-	-	-	42	-	-	-	-	1593	1593	1593	1593
HUERFANO UNIT #P #253	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUERFANO UNIT #P #253	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUERFANO UNIT #252	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUERFANO UNIT #252	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUERFANO UNIT #254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HUERFANO UNIT #254	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	630506	1352	2005	2392	2551	2088	2267	2653	2194	2369	2786	25328	656034	25328	656034	656034