N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.: NMLC 065347
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA/Agreement, Name and/or No.:

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other

RECEIVED
JUL 28 2004
BLM ARTESIA

8. Well Name and No.: Estill AD Federal No. 2
9. API Well No.: 30-015-33336
10. Field and Pool, or Exploratory Area: White City Penn; (Gas)
11. County or Parish, State: Eddy County, NM

2. Name of Operator: Gruy Petroleum Management Co.

3a. Address: P.O. Box 140907 Irving, TX 75014-0907

3b. Phone No. *(include area code)*: 972.401.3111

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
SHL: 2270' FNL & 380' FEL Sec 19-T24S-R26E
BHL: 1350' FNL & 1200' FEL Sec 19-T24S-R26E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Set production casing
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

06-06-04 Ran 7" HCP-110 casing to 8002.' Cemented 1st stage with lead 250 sx Interfill "H" + 0.1% HR-7 + 5# Gilsonite + 1/4# Flocele. Cemented tail 150 sx Super "H" + 2.5# Salt + 0.4% CFR-3 + 0.5% LAP-1 + 0.25# D-AIR 3000 + 5# Gilsonite + 1/4# Flocele + 0.1% HR-7. Plugged down and bumped with 1500#. Circulated 80 sx to pit from 1st stage. Cemented 2nd stage lead with 425 sx Interfill "C" + 1/4# Flocele. Cemented tail with 150 sx Premium Plus Neat. Plugged down and bumped with 3000#. Circulated 63 sx to pit. WOC 28.5 hours.

07-02-04 Ran 4-1/2" liner and 5" Baker Liner Hanger to 12300.' Bottom of liner at 12300' and top of PBR at 7247.' Cemented with 475 sx Super "H" cement + 1# Salt + 0.5% LAP-1 + 0.4% CFR-3 + 0.25# D-AIR 3000 + 0.35% HR-7 + 5# Gilsonite + 1/4# Flocele per sx. Mixed at 13.2 #/gal with a 1.61 ft.3/sx yield. Plugged down and bumped with 3000#. TOC 6800' KB.

07-03-04 Released Patterson-UTI Rig #75 at 2pm to go to the JM Gates Federal NCT-1 #2.

Please see attached drilling report.

ACCEPTED FOR RECORD
JUL 22 2004
LES BABYAK
PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*: Natalie Krueger
Title: Production Assistant
Signature: Natalie Krueger
Date: July 19, 2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

Gruy Petroleum Management Co.
Well History
May 24, 2004 Thru July 3, 2004

OPERATED

CARLSBAD SOUTH

GRUY PETROLEUM MANAGEMENT CO — W.I. Pct BCP 100.00 %
77297 ESTILL AD FEDERAL #2 30-015-33336 — W.I. Pct ACP 50.00 %
EDDY, NM — 19-T24S-R26E, NE/4 — Morrow / 12,000'

05/24/2004 — Depth 1,880 — Progress 313
AFE: 24107 — Present Operation: Drlg

PU Kelly to circulate at 936' - swivel leaking - service rig & rig repair to repack swivel Drill cement from 936' to 977' - test 9 5/8" casing to 2,200# - OK Drill cement from 977' to 999' & DV Packer from 999' to 1,017' - test 9 5/8" casing to 2,200# - 175# drop in pressure in 12 mins. - fix leak on vibrating hose - test 9 5/8" casing again with same results TIH & tagged up on cement at 1,523' Drill cement, float collar, cement & shoe from 1,523' to 1,567' Drop Gyro Data Survey Tool & trip out running Gyro Survey - (See Attached Survey Report) PU & TIH with Bit # 4, motor, BHR, 7o Teledrift Sub, IBS, DC's & DP to 1,536' Wash 31' to bottom from 1,536' to 1,567' - no fill Drill from 1,567' to 1,586' (149 RPM motor - 40 RPM rotary - 20K to 22K bit wt.) Test formation from 1,567' to 1,586' to EMW of 13.0 #/gal. with 390# with 8.4 #/gal. fluid - OK Drill from 1,586' to 1,680' (149 RPM motor - 40 RPM rotary - 20K to 22K bit wt.) - Teledrift @ 1,633' = 3o Drill from 1,680' to 1,880' (149 RPM motor - 40 RPM rotary - 20K to 22K bit wt.) - taking Teledrifts every 2 kellys - 1,664' = 3o - 1,760' & 1,823' = 2o

05/25/2004 — Depth 2,435 — Progress 555
AFE: 24107 — Present Operation: Drlg

Drill from 1,880' to 1,933' (149 RPM motor - 40 RPM rotary - 20K to 22K bit wt.) - Teledrift @ 1,886' = 2o Drill from 1,933' to 1,995' (149 RPM motor - 40 RPM rotary - 10K to 22K bit wt.) - Teledrift @ 1,948' = 1o Drill from 1,995' to 2,058' (149 RPM motor - 40 RPM rotary - 10K to 22K bit wt.) - Teledrift @ 2,011' = 1o Service rig Drill from 2,058' to 2,152' (149 RPM motor - 40 RPM rotary - 10K to 22K bit wt.) - Teledrift @ 2,105' = 1o Drill from 2,152' to 2,247' (149 RPM motor - 40 RPM rotary - 20K to 22K bit wt.) - Teledrift @ 2,200' = 1o Drill from 2,247' to 2,341' (149 RPM motor - 40 RPM rotary - 22K to 25K bit wt.) - Teledrift @ 2,294' = 1o Drill from 2,341' to 2,435' (149 RPM motor - 40 RPM rotary - 25K bit wt.)

05/26/2004 — Depth 3,093 — Progress 658
AFE: 24107 — Present Operation: Drlg

Drill from 2,435' to 2,468' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 2,421' = 1o Drill from 2,468' to 2,594' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 2,547' = 1o Drill from 2,594' to 2,658' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Service rig Drill from 2,658' to 2,722' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 2,675' = 1o Drill from 2,722' to 2,849' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 2,802' = 1o Drill from 2,849' to 2,975' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 2,928' = 1o Drill from 2,975' to 3,093' (149 RPM motor - 40 RPM rotary - 28K bit wt.) BGG = 21 units - conn. gas = 0 units - max. gas = 74 units - Lag = 28 mins. - no shows

05/27/2004 — Depth 3,715 — Progress 622
AFE: 24107 — Present Operation: Drlg

Drill from 3,093' to 3,102' (149 RPM motor - 40 RPM rotary - 28K bit wt.) Teledrift @ 3,055' = 1o Drill from 3,102' to 3,228' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,181' = 1o Service rig Drill from 3,228' to 3,355' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,308' = 1o Drill from 3,355' to 3,482' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,435' = 1o Drill from 3,482' to 3,671' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,624' = 1o Drill from 3,671' to 3,715' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) BGG = 35 units - conn. gas = 0 units - max. gas = 211 units - Lag = 28 mins. - no shows

05/28/2004
Depth 4,072
Progress 357
AFE: 24107 Present Operation: Drlg

Drill from 3,715' to 3,798' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,751' = 1o Service rig Drill from 3,798' to 3,924' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) Teledrift @ 3,877' = 1o Drill from 3,924' to 3,973' (149 RPM motor - 40 RPM rotary - 30K to 32K bit wt.) - rotary torqueing up Drop Totco @ 3,901' = no picture & trip out for bit - checked IBS & BHR for gauge - OK - checked motor OK - LD Bit # 4 8 3/4" Security XS39S serial # 10629533 3-14's in @ 1,567' out @ 3,973' cut 2406' in 85 3/4 hrs. condition = T4 B8 3/16" out of gauge Function test BOP's - TIH with Bit # 5, BHA, DC's & DP to 3,874' Wash & ream out of gauge hole 99' from 3,874' to 3,973' Drill from 3,973' to 3,988' (149 RPM motor - 40 RPM rotary - 32K bit wt.) WLS @ 3,901' = 3/4o Drill from 3,988' to 4,072' (149 RPM motor - 40 RPM rotary - 32K bit wt.) BGG = 25 units - trip gas = 246 units - max. gas = 182 units - Lag = 31 mins. - no shows

05/29/2004
Depth 4,730
Progress 658
AFE: 24107 Present Operation: Drlg

Drill from 4,072' to 4,178' (149 RPM motor - 40 RPM rotary - 32K bit wt.) Teledrift @ 4,131' = 1o Service rig Drill from 4,178' to 4,431' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 4,384' = 1o Drill from 4,431' to 4,621' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 4,574' = 1o Drill from 4,621' to 4,730' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.)

05/30/2004
Depth 5,368
Progress 638
AFE: 24107 Present Operation: Tripping for Bit & Motor

Drill from 4,730' to 4,810' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 4,763' = 1o Service rig Drill from 4,810' to 5,095' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 5,048' = 1o Drill from 5,095' to 5,284' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 5,237' = 1o Drill from 5,284' to 5,368' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) - bit stopped drilling Drop Totco @ 5,293' & tripping out for bit & motor

05/31/2004
Depth 5,810
Progress 442
AFE: 24107 Present Operation: Drlg

Trip out for bit - checked IBS & BHR for gauge - OK - LD bad motor - wouldn't drain - LD Bit # 5 8 3/4" Rerun Smith F47HYPS serial # MT4271 3-15's in @ 3,973' out @ 5,368' cut 1,395' in 49 1/2 hrs. condition = T3 B4 1/8" out of gauge Function test BOP's - TIH with Bit # 6, new motor, BHA & DC's - test motor - OK Continue TIH with 4 1/2" DP to 5,298' Service rig Wash & ream 70' from 5,298' to 5,368' Drill from 5,368' to 5,602' (149 RPM motor - 40 RPM rotary - 25K to 29K bit wt.) Teledrift @ 5,555' = 1o Drill from 5,602' to 5,810' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.)

06/01/2004
Depth 6,423
Progress 613
AFE: 24107 Present Operation: Drlg

Drill from 5,810' to 5,856' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 5,809' = 1o Service rig Drill from 5,856' to 6,108' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 6,061' = 1o Drill from 6,108' to 6,362' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) Teledrift @ 6,315' = 1o Drill from 6,362' to 6,423' (149 RPM motor - 40 RPM rotary - 34K to 36K bit wt.) BGG = 365 units - conn. gas = 0 units - max. gas = 509 units - Lag = 54 mins. - no shows

06/02/2004 Depth 7,007
Progress 584
AFE: 24107 Present Operation: Drlg

Drill from 6,423' to 6,614' (149 RPM motor - 40 RPM rotary - 38K to 40K bit wt.) Teledrift @ 6,567' = 1o Service rig Drill from 6,614' to 6,867' (149 RPM motor - 40 RPM rotary - 38K to 40K bit wt.) Teledrift @ 6,820' = 1o Drill from 6,867' to 7,007' (149 RPM motor - 40 RPM rotary - 38K to 40K bit wt.)

06/03/2004 Depth 7,583
Progress 576
AFE: 24107 Present Operation: Drlg

Drill from 7,007' to 7,119' (149 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) Teledrift @ 7,072' = 1o Service rig Drill from 7,119' to 7,373' (149 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) Teledrift @ 7,326' = 2o Drill from 7,373' to 7,583' (149 RPM motor - 40 RPM rotary - 38K to 40K bit wt.)

06/04/2004 Depth 8,012
Progress 429
AFE: 24107 Present Operation: RU to Run OH Logs

Drill from 7,583' to 7,626' (149 RPM motor - 40 RPM rotary - 38K to 40K bit wt.) Teledrift @ 7,579' = 1o Service rig Drill from 7,626' to 7,847' (149 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) Teledrift @ 7,800' = 2o Drill from 7,847' to 8,012' TD (149 RPM motor - 40 RPM rotary - 40K to 42K bit wt.) - reached TD of 8 3/4" hole at 12:00 Midnight (CDT) 6/3/2004 Pump 40 Bbl. viscous sweep & circulate sweep up & out Drop Totco @ 7,999' = 2 1/4o & trip out to run open hole logs - LD IBS, BHR, Teledrift Sub, motor & Bit # 6 - pulled wear bushing BGG = 401 units - conn. gas = 0 units - max. gas = 667 units - Lag = 68 mins. - no shows

06/05/2004 Depth 8,012
Progress 0
AFE: 24107 Present Operation: Running 7" Casing

RU Halliburton & ran open hole logs - Logger's TD = 8,002' - ran Spectral Density Dual Spaced Neutron Log & Dual Laterolog Microguard Log - RD Halliburton & service rig TIH with Bit # 6, bit sub & DC's Cut drilling line Continue TIH with DP to 7,978' Wash 34' from 7,978' to 8,012' TD - no fill Circulate bottoms up RU Bull Rogers Laydown Machine - POOH LD DP & DC's - break kelly RU Bull Rogers Casing Crew & running 7" casing (See Casing Detail)

06/06/2004 Depth 8,012
Progress 0
AFE: 24107 Present Operation: Changing Pipe Rams in BOP

Ran 7" casing (See Casing Detail) - RD Bull Rogers Casing Crew & Laydown Machine RU Halliburton - circulate to clear casing & bottoms up Hall. Cmt. 1st stage (Lead) 250 sx Interfill "H" + 0.1% HR-7 + 5# Gilsonite + 1/4# Flocele, followed by (Tail) 150 sx Super "H"+ 2.5# Salt + 0.4% CFR-3 + 0.5% LAP-1 + .25# D-AIR 3000 + 5# Gilsonite 1/4# Flocele & 0.1% HR-7 - plug down & bumped with 1,500# at 1:27 PM (CDT) 6/5/04 - floats held OK Dropped bomb & opened DV Tool with 702# at 1:50 PM (CDT) 6/5/04 - circulated through DV Tool - circulated 80 sx cement to pit from 1st stage Halliburton cemented 2nd stage (Lead) 425 sx Interfill "C"+ 1/4# Flocele, (Tail) 150 sx Premium Plus Neat Cement - plug down & closed DV Tool with 3,000# at 8:35 PM (CDT) 6/5/04 - held OK - circulated 63 sx cement to pit - Don Cleghorn with the BLM was notified, but did not witness the casing job nor both cement jobs - RD Halliburton ND & PU BOP - set 7" casing

slips in 160,000# - high cut off the 7" casing & installed a bit guide on the 7" casing stub - NU BOP - changed liners in both pumps from 6" to 5" - changing pipe rams from 4 1/2" to 3 1/2" - received & unloaded from Nunez the rental 4 3/4" DC's & 3 1/2" DP

06/07/2004 Depth 8,012
Progress 0
AFE: 24107 Present Operation: PU Bit Sub & 1st 4-3/4" DC

Changed pipe rams in BOP from 4 1/2" to 3 1/2" with Man Welding Nipple Up Crew Test BOP, choke manifold & associated equipment to 5,000# - OK - with Man Welding Services - Don Cleghorn with the BLM was notified, but did not witness the tests Rig repair on output shaft in draw works Service rig RU Bull Rogers Laydown Machine PU & TIH with Bit # 7, bit sub & 1st 4 3/4" DC

06/08/2004 Depth 8,012
Progress 0
AFE: 24107 Present Operation: TIH with Motor & Bit #8

PU & TIH with DC's, 3 1/2" HWDP, & 3 1/2" DP - PU kelly & saw little resistance in DV Tool at 4,807' to 4,809' - no cement, no wiper plug & no bomb was in DV Tool - DV Tool was tested to 5,000# when testing BOP blind rams - continued TIH PU 3 1/2" DP - tagged up at 7,939' Service rig - RD Bull Rogers Laydown Machine Drilled DV Tool wiper plug??, bomb??, cement, wiper plug, FC, cement & FS from 7,939' to 8,012' Circulate bottoms up RU Gyro Data Wire Line Truck & ran gyro survey from 7,950' to surface taking surveys every 200' POOH & LD bit sub & Bit # 7 6 1/4" Varel L-2 Mill Tooth center jet serial # 701425 in @ 8,012' out @ 8,012' drilled 73' of float equipment & cement condition T2 B3 In gauge TIH with Bit # 8, 4 3/4" motor, float sub, 2-4 3/4" monel DC's, (installed MWD), 33-4 3/4" spiral DC's & 15 jts. 3 1/2" HWDP test motor - OK Continue TIH with 3 1/2" DP

06/09/2004 Depth 8,399
Progress 387
AFE: 24107 Present Operation: Drlg

TIH with 3 1/2" DP to 7,933'. PU Kelly and Fill DP. Wash down and Drill New Formation from 8012' to 8022'. Test Formation to 12.0 EMW w/ 1400 Psi & 8.5 PPG Mud. No Leak off Directional Drill w/ MWD Surveys from 8,022' to 8399'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
12.75 Rotating
5.75 Sliding
2.75 Surveys and Connections
Last Survey @ 8,339' = 8.05 @ 315.98 (See attached form for all surveys)

06/10/2004 Depth 8,811
Progress 412
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 8,399' to 8811'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:

12.00 Rotating
8.75 Sliding
3.25 Surveys and Connections Last Survey @ 8,751' = 14.37 Deg @ 320.59 Direction (See attached form for all surveys)

06/11/2004 Depth 8,950
Progress 139
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 8,811' to 8,869'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Survey @ 8,814' = 13.76 deg at 321.89 az. TOH to change motor out for a 1.83 bend. Change out motor and Bit TIH. Filled DP every 30 stands. At 6000' gas and mud start flowing over bell nipple. Installed rotating rubber and Finished in hole While washing to bottom. Pmp #1 blowed nail and washed out pop off seat. Switched to Pmp #2 Washed out valve before starting to drill. Crippled pmp #2 and displaced hole w/ 9.8 ppg brine while reparing Pmp #1 and

weight indicator. Directional Drill w/ MWD Surveys from 8,869' to 8,950'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
1.0 Rotating
8.75 Sliding
1.0 Surveys and Connections
Last Survey @ 8,879' = 12.05 Deg @ 318.27 Direction (See attached form for all surveys) BGG = 209 units - conn. gas = 0 units - max. gas = 941 units - Lag = 53 mins. - no shows

06/12/2004 Depth 9,080
Progress 130
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 8,950' to 8,981'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Motor Died TOH Rig Repair. Work on Weight Indicator Finish TOH Change out Motors. Re-Run Bit . Test Motor TIH. Fill Pipe every 30 stands Wash 40' to bottom Directional Drill w/ MWD Surveys from 8,981' to 9080'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
0.0 Rotating
12 Sliding
1.0 Surveys and Connections Last Survey @ 9,005' = 12.32 Deg @ 326.27 Direction (See attached form for all surveys) BGG = 403 units - conn. gas = 0 units - max. gas = 992 units - Lag = 54 mins. - no shows

06/13/2004 Depth 9,425
Progress 345
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 9,080' to 9425'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
2.75 Rotating
18.5 Sliding
2.75 Surveys and Connections Last Survey @ 9,355' = 17.95 Deg @ 322.21 Direction (See attached form for all surveys)

06/14/2004 Depth 9,610
Progress 185
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 9,425' to 9610'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
0.0 Rotating
21.5 Sliding
1.5 Surveys and Connections Last Survey @ 9,545' = 18.18 Deg @ 316.03 Direction (See attached sheet for all surveys)

06/15/2004 Depth 9,740
Progress 130
AFE: 24107 Present Operation: Drlg

Directional Drill w/ MWD Surveys from 9,610' to 9629'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) TOH for BHA and Bit Change Change out Motor and Bit. Bit #9 graded 4-4-I Test Motor and TIH to 7800' Slip and Cut Drilling Line Finish TIH Wash and Ream 80' to Bottom Directional Drill w/ MWD Surveys from 9,610' to 9610'. (137 Motor RPM - Rotary 40 RPM. 20 to 25k) Total hour break down:
2.25 Rotating
9.25 Sliding
1.0 Surveys and Connections
Last Survey @ 9,670' = 17.10 Deg @ 318.15 Direction BGG = 150 units - conn. gas = 0 units - max. gas = 539 units - Lag = 59 mins. - no shows Gas flare thru Seperator = 3 to5 feet

06/16/2004 Depth 9,847

		Progress	107
AFE:	24107	Present Operation:	Drlg

Directional Drill with MWD Surveys from 9,740' to 9,820' (125 Motor RPM - Sliding - 20K to 25K Bit Wt.) - drilling rate slowed down to 1.7 ft./hr. - service rig Trip out for Bit # 10 6 1/8" HTC STX30C 3-18's serial # 5051427 in @ 9,629' out @ 9,820' cut 191' in 19.5 hrs. condition T2 B3 in gauge - removed stabilizer sleeve from motor - function test BOP - OK TIH with Bit # 11 & same motor - test motor & MWD - OK TIH with DC's & 3 1/2" DP filling DP every 30 stands & breaking circulation to 9,769' Wash from 9,769' to 9,820' Directional Drill with MWD Surveys from 9,820' to 9,847' (125 Motor RPM - Sliding - 20K to 25K Bit Wt.) Total hour break down: 0 hrs. Rotating - 14.75 hrs. Sliding - 0.5 hrs. Surveys & Connections Last Survey @ 9,766' = 15.58 Deg @ 324.64 Direction (See attached sheet for all surveys) BGG = 136 units - trip gas = 492 units - max. gas = 936 units - Lag = 59 mins. - no shows Gas flare thru mud/gas separator = 3' to 5' (trip gas = 10' to 15' gas flare)

06/17/2004		Depth	9,965
		Progress	118
AFE:	24107	Present Operation:	Directional Drilling

Directional Drill with MWD Surveys from 9,847' to 9,850' (125 RPM Motor - Sliding - 20K to 25K Bit Wt.) Service rig Directional Drill with MWD Surveys from 9,850' to 9,965' (125 RPM Motor - 40 RPM Rotary - 20K to 25K Bit Wt.)

06/18/2004		Depth	10,128
		Progress	163
AFE:	24107	Present Operation:	Directional Drilling

Directional Drill with MWD Surveys from 9,965' to 9,977' (125 RPM Motor - 45 RPM Rotary - 20K to 25K Bit Wt.) Service rig Directional Drill with MWD Surveys from 9,977' to 10,128' (125 RPM Motor - 45 RPM Rotary - 20K to 25K Bit Wt.)

06/19/2004		Depth	10,205
		Progress	77
AFE:	24107	Present Operation:	Rig Repair on #2 Floor Motor

Directional Drill with MWD Surveys from 10,128' to 10,136' (125 RPM Motor - 45 RPM Rotary - 20K to 25K Bit Wt.) Service rig Directional Drill with MWD Surveys from 10,136' to 10,205' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) - bit or motor went out - would not drill Trip for Bit # 11 6 1/8" Smith XR40YPS 3-20's serial # MT 7488 in @ 9,820' out @ 10,205' cut 385' in 62.75 hrs. condition T 2 B 4 in gauge - LD Bit # 11 & bad motor - function test BOP - OK TIH with Bit # 12 & new motor - test motor & MWD - OK TIH with DC's & 3 1/2" DP filling DP every 30 stands & breaking circulation to 7,973' Rig repair on # 2 floor motor torque converter & replace clutch Total hour break down: 7.75 hrs. Rotating - 4.00 hrs. Sliding - 0.25 hrs. Surveys & Connections Last Survey @ 10,148' = 19.16 Deg @ 321.66 Direction (See attached sheet for all surveys) BGG = 77 units - trip gas = 0 units - max. gas = 143 units - Lag = 62 mins. - no shows Gas flare thru mud/gas separator = 5' to 15'

06/20/2004		Depth	10,490
		Progress	285
AFE:	24107	Present Operation:	Directional Drilling

Continue TIH with 3 1/2" DP from 7,973' to 10,181' - service rig Wash 24' to bottom from 10,181' to 10,205' - no fill - no problems Directional Drill with MWD Surveys from 10,205' to 10,490' (125 RPM Motor - 45 RPM Rotary - 20K to 25K)

06/21/2004		Depth	10,873
		Progress	383
AFE:	24107	Present Operation:	Directional Drilling

Directional Drill with MWD Surveys from 10,490' to 10,873' (125 RPM Motor - 40 RPM Rotary - 20K to 25K)

06/22/2004		Depth	11,021

		Progress 148
AFE:	24107	Present Operation: Directional Drilling

Directional Drill with MWD Surveys from 10,873' to 10,895' (125 RPM Motor - 40 RPM Rotary - 20K to 25K) - MWD quit working Service rig, circulate & work pipe in an attempt to get MWD to function - no success Trip for Bit # 12 6 1/8" Smith XR40YPS 3-20's serial # MT 9220 in @ 10,205' out @ 10,895' cut 690' in 43.75 hrs. condition T 4 B 4 in gauge - LD Bit # 12 & motor - function test BOP - OK TIH with Bit # 13, new motor & new MWD - test motor & MWD - OK TIH with DC's & 3 1/2" DP filling DP every 30 stands & breaking circulation to 10,848' Wash 47' to bottom from 10,848' to 10,895' - no fill - no problems - circulate out gas Directional Drill with MWD Surveys from 10,895' to 11,021' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) Total hour break down: 9.75 hrs. Rotating - 2.00 hrs. Sliding - 0.75 hrs. Surveys & Connections Last Survey @ 10,909' = 18.02 Deg @ 312.87 Direction (See attached sheet for all surveys) BGG = 342 units - trip gas = 2,655 units - max. gas = 1,254 units - Lag = 67 mins. - no shows Gas flare thru mud/gas separator = 5' to 15' - trip gas = 15' to 35' gas flare

06/23/2004		Depth 11,149
		Progress 128
AFE:	24107	Present Operation: TIH with Bit #14

Directional Drill with MWD Surveys from 11,021' to 11,098'(125 RPM Motor - 45 RPM Rotary - 20K to 25K) Service rig Directional Drill with MWD Surveys from 11,098' to 11,149' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) - motor started stalling out when slide drilling Trip out - LD Bit # 13, motor & MWD - function test BOP - OK TIH with Bit # 14, new motor, new MWD & DC's - test motor & MWD - OK Cut drilling line Continue TIH with Bit # 14, running 3 1/2" DP - no problems Total hour break down: 11.75 hrs. Rotating - 3.25 hrs. Sliding - 0.75 hrs. Surveys & Connections Last Survey @ 11,097' = 17.67 Deg @ 313.22 Direction (See attached sheet for all surveys) BGG = 454 units - trip gas = 0 units - max. gas = 996 units - Lag = 68 mins. - no shows Gas flare thru mud/gas separator = 5' to 15' while drilling

06/24/2004		Depth 11,411
		Progress 262
AFE:	24107	Present Operation: Directional Drilling

TIH with 3 1/2" DP filling DP every 30 stands & breaking circulation to 11,100' Wash 49' to bottom from 11,100' to 11,149' - no fill - no problems - circulate out gas Service rig Directional Drill with MWD Surveys from 11,149' to 11,411' (125 RPM Motor - 45 RPM Rotary - 20K to 25K)

06/25/2004		Depth 11,700
		Progress 289
AFE:	24107	Present Operation: Directional Drilling

Directional Drill with MWD Surveys from 11,411' to 11,415' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) Service rig Directional Drill with MWD Surveys from 11,415' to 11,700' (125 RPM Motor - 45 RPM Rotary - 20K to 25K)

06/26/2004		Depth 11,928
		Progress 228
AFE:	24107	Present Operation: Directional Drilling

Directional Drill with MWD Surveys from 11,700' to 11,704' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) Service rig Directional Drill with MWD Surveys from 11,704' to 11,928' (125 RPM Motor - 45 RPM Rotary - 20K to 25K)

06/27/2004		Depth 12,014
		Progress 86
AFE:	24107	Present Operation: Directional Drilling

Directional Drill with MWD Surveys from 11,928' to 11,937' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) - bit stopped drilling Survey & circulate bottoms up - service rig Trip for Bit # 14 6 1/8" Smith XR40YPS 3-20's serial # MT 8196 in @ 11,149' out @ 11,937' cut 788' in 66.25 hrs. condition T 5 B 4 1/16" out of gauge

- LD Bit # 14 & motor - function test BOP - OK TIH with Bit # 15, new motor & new MWD - test motor & MWD - OK TIH with DC's & 3 1/2" DP filling DP every 30 stands & breaking circulation to 11,876' Wash 61' to bottom from 11,876' to 11,937' - no fill - no problems - circulate out gas Directional Drill with MWD Surveys from 11,937' to 12,014' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) Total hour break down: 9.25 hrs. Rotating - 3.00 hrs. Sliding - 0.75 hrs. Surveys & Connections Last Survey @ 11,953' = 19.97 Deg @ 320.67 Direction (See attached sheet for all surveys) BGG = 386 units - trip gas = 1,325 units - max. gas = 916 units - Lag = 73 mins. - no shows Gas flare thru mud/gas separator = 5' to 10' - trip gas = 10' to 30' gas flare

06/28/2004
Depth 12,121
Progress 107
AFE: 24107 Present Operation: Washing to Bottom

Directional Drill with MWD Surveys from 12,014' to 12,109' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) Service rig Directional Drill with MWD Surveys from 12,109' to 12,121' (125 RPM Motor - 45 RPM Rotary - 20K to 25K) - rotary started torqueing, then kicking out after drilling break at 12,076' to 12,096' - finally stalling out @ 12,121' Trip out Rig repair on high drum chain Trip out - LD MWD, 2 - 4 3/4" Monel DC's & Float Sub - set motor to 0o - motor & bit OK Trip in hole to 12,053' Wash from 12,053' to 12,121' - still can not turn rotary table - to much torque - will pump sweep with graphite & nut plug to slick up the hole when gas settles down Total hour break down: 9.50 hrs. Rotating - 0.00 hrs. Sliding - 0.25 hrs. Surveys & Connections Last Survey @ 12,049' = 19.50 Deg @ 324.60 Direction (See attached sheet for all surveys) BGG = 504 units - trip gas = 0 units - max. gas = 646 units - Lag = 74 mins. - no shows Gas flare thru mud/gas separator = 5' to 10' - trip gas = 10' to 40' gas flare

06/29/2004
Depth 12,300
Progress 179
AFE: 24107 Present Operation: POOH to Run OH Logs

Drill from 12,121' to 12,200' (137 RPM motor - 30K to 35K bit wt.) - can not rotate - to much torque Service rig Drill from 12,200' to 12,300' TD (137 RPM motor - 30K to 35K bit wt.) - can not rotate - to much torque - reached TD of 6 1/8" hole at 10:30 PM (CDT) 6/28/2004 Circulate samples up for mud logger 10 stand short trip out - trip in hole - no fill - no problems Circulate & condition mud - mixed 15 sx starch - prepared 11.0 #/gal. slug Slug DP with 40 Bbls. 11.0 #/gal. mud & tripping out to run open hole logs

06/30/2004
Depth 12,300
Progress 0
AFE: 24107 Present Operation: TIH with Bit

Trip out to run open hole logs - LD motor & Bit # 15 RU Halliburton & ran open hole logs - Logger's TD = 12,277' - Ran Spectral Density Dual Spaced Neutron Log, Dual Laterolog Micro - Spherically Focused Log & Full Wave Sonic Monitor Log - Ran Sequential Formation Tester - stuck tool on test at 11,606' - worked tool for 1 hr. - tool came free - very sticky pulling up the next 200' - POOH w/ test tool - all tools OK - RD Halliburton Logging Truck TIH with Bit # 15, bit sub with float installed, DC's, HWDP & 3 1/2" DP to 3,000' Break circulation @ 3,000' Continue TIH to 6,000' Break circulation @ 6,000' Continue TIH

07/01/2004
Depth 12,300
Progress 0
AFE: 24107 Present Operation: Preparing to CIRC

TIH to 9,280' Break circulation @ 9,280' Continue TIH to 12,225' Wash down 75' from 12,225' to 12,300' Circulate bottoms up 12,300' & cut drilling line Slug DP, drop rabbit with 100' of wire line attached & trip out to run 4 1/2" liner - found rabbit on top of float in bit sub RU Bull Rogers casing crew & lay down machine - ran 4 1/2" liner (See Casing Detail) & 5" Baker Liner Hanger TIH "slow" with 3 1/2" DP & 4 1/2" liner, filling DP & breaking circulation every two rows of DP PU Baker cementing head & tag TD at 12,300' - picked up 1' off bottom - preparing to circulate to clear liner & bottoms up

07/02/2004
Depth 12,300

		Progress	0
AFE:	24107	Present Operation:	POOH LD 4-3/4" DCs

Circulated to clear 4 1/2" liner & bottoms up - dropped ball Set bottom of liner at 12,300' & top of PBR at 7,247' - got off liner & set back down Halliburton cemented 4 1/2" liner with 475 sx Super "H" Cement + 1# salt + 0.5% LAP-1 + 0.4% CFR-3 + 0.25# D-AIR- 3000 + 0.35% HR-7 + 5# Gilsonite + 1/4# Flocele per sx - mixed at 13.2 #/gal. - with a 1.61 ft.3 / sx yield - 3 hrs. 45 mins. pump time - plug down & bumped with 3,000# at 10:37 PM (CDT) 7/1/2004 - Est. TOC @ 6,800' KB Set liner packer - pulled up 10 stands above PBR - tested 4 1/2" liner top & 7" casing to 2,000# - OK RD Halliburton & Baker manifold - well dead Service rig POOH chaining out with 3 1/2" DP - LD Baker liner setting tool stinger TIH with 6 1/8" bit, bit sub, DC's, HWDP & 3 1/2" DP to 6,450' RU LD machine - POOH LD 156 jts. 3 1/2" DP - TIH with 52 stands DP from derrick - POOH LD 156 jts. 3 1/2" DP - TIH with 9 stands DP from derrick - POOH LD 27 jts. 3 1/2" DP Break kelly POOH LD 15 jts. HWDP & 4 3/4" DC's

07/03/2004		Depth	12,300
		Progress	0
AFE:	24107	Present Operation:	Released Rig

POOH LD DP, DC's, kelly & rental tools - loaded out all rental Nunez items - RD LD machine Change pipe rams in BOP from 3 1/2" to 4 1/2", ND & LD BOP, made final cut on 7" casing, installed an 11" 5,000# X 7 1/16" 10,000# tubing head & tested head to 5,000# - OK - jetted & cleaned steel pits. Released Patterson-UTI Rig # 75 @ 2:00 PM (CDT) 7/2/2004 to go to the J M Gates Federal NCT-1 # 2 - Rig will move Monday 7/5/2004 RD Rig