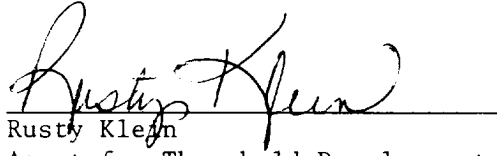


THRESHOLD DEVELOPMENT COMPANY
Conoco 10 State #1
Section 10-T19S-R29E
Eddy County, New Mexico

SUNDRY NOTICE CONTINUED:

5-2-2001 - RIH with bailer and tagged up at 8087'. Worked bailer down. Tagged up at 11285'. Lost 29'. Stroked bailer and bailer became full. POOH and found sand in bailer. Rigged down wireline. Dropped soap sticks. Shut well in for 2 hours. Opened well and blew well down to pit. Did not unload. Rigged up swab unit and swabbed. POOH with swab & found sand in cups. RIH with sinker bar and tagged up at 11200'. POOH with sinker bar. Dropped soap sticks. Returned well to production on 5-1-2001.

Open perforations: 11420-11436, 11440-11448 & 11454-11456' (Morrow). Field is Turkey Track Morrow.

A handwritten signature in cursive script, reading "Rusty Klein", is written over a horizontal line.

Rusty Klein

Agent for Threshold Development Company
July 30, 2002