

June 14, 1996

Marathon Oil Company

North Indian Basin # 27
2340' FSL & 255' FWL
Sec. 11, T-21-S, R-23-E
Eddy Co., N.M.

Drilled 12 1/4" hole to 1226'. Ran 9 5/8" surface casing to 1208'. Cemented w/ 625 sx. cement, circulated 422 sx. to surface. N.U. BOPE and tested OK.

Drilled 8 3/4" hole to 5915'. Found 9 5/8" casing parted @ 1122', 2 joints fell to 1226', leaving 86' of 9 5/8" fish on bottom of 12 1/4" hole. Attempted to align casing and squeeze in place two times without success. Attempted to mill on casing fish without success. Ran CBL on 9 5/8" surface casing from 1122' to surface, had good bond.

Propose to change casing and cementing plan from original APD to: Run and set 7 5/8", 26.4 #, K-55 new casing to +/- 1226'. Cement w/ 200 sx Howco Premium Plus cement.

Test casing, drill out w/ 6 3/4" bit to T.D. @ +/- 8,000'. Run and set 5 1/2" production casing.

Request verbal approval from BLM to make necessary changes due to parted surface casing.