Geological & DST Report Exxon Federal Com. Well #1 Eddy County, New Mexico

LOWER MORROW

After testing, the well was drilled through the Lower Morrow section to a total depth of 11,960' in the Barnett shale where the hole was conditioned and electric logs run. A good drilling break from 11,886-904' contained coarse to very coarse, angular to sub-angular, loose quartz sand. Electric log calculations indicated possible hydrocarbons but the guard and forxo logs reflected a lack of permeability. However, a decision was made to drill stem test based on the excellent sand development and drilling break.

> DST No. 3 11,808-11,960'. Open 1' 15", 2000' WB. 15" pre-flow - very weak blow. Shutin 1 hr. Reopened with no perceptible blow, gradually started bubbling and increased to weak blow at end of flow period. R/2000' WB + 445' DF. IHP 6062#, 15" preflow - IFP 963#, FFP 1006#, 60" ISIP 4936#, 1' flow period - IFP 1006#, FFP 1094#, 2' FSIP 4870#, FHP 6062#, BHT 188° F.

After testing, an additional 15' of hole was drilled prior to laying down drill pipe and running casing.

Welex conducted a compensated acoustic velocity survey, guard and forxo survey, and a micro-seismogram survey. A movable oil plot was prepared by Bob Mallett to assist in evaluating the various potential gas zones.

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