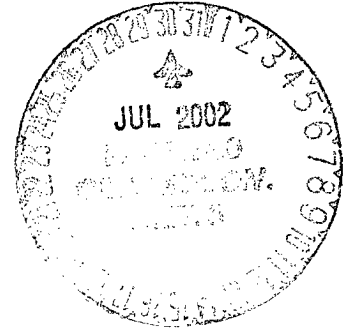




July 29, 2002



Stephen Mason, Petroleum Engineer
Petroleum Management Team
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

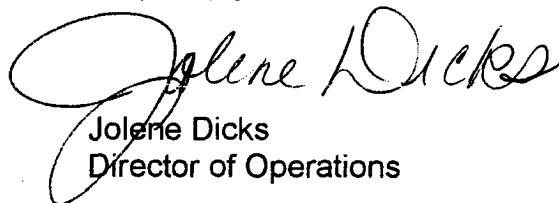
30-045-25784
Trading Post Disposal #2

Re: Bisti 2 Well
740' FSL & 1860' FEL, Sec. 23, T25N, R11W
San Juan County, New Mexico
Lease NOG-9909-1357 (WC); 3162.3-2 (7100)

Dear Mr. Mason:

Enclosed for processing are the original and 4 copies of a Sundry Notice concerning the above-referenced well.

Very truly yours,


Jolene Dicks
Director of Operations

Enclosures

cc: Charlie T. Perrin, Deputy Oil & Gas Inspector, NMOCD
William Blackard, I & E Coordinator, FIMO
Dennis Reimers

MARALEX RESOURCES, INC.
FOR: PRO NEW MEXICO ENERGY

BISTI NO. 2

CONTRACTOR: TRIPLE P (RIG 1)

REPORT DATE: 07/08/02 (JRG)

Road rig from Farmington to location. Spot rig and rig up. Set pump and pit. Load pit with 80 BBLs produced water.

MARALEX RESOURCES, INC.
FOR: PRO NEW MEXICO ENERGY

BISTI NO. 2

CONTRACTOR: TRIPLE P (RIG 1)

REPORT DATE: 07/09/02 (JRG)

Pick up 4-3/4" bit and 5-1/2" casing scraper. Nipple up BOP and rig up floor and tongs. Spot float with collars and tubing. Trip in hole with VAREL 4-3/4" Type L2 bit, (6) 3-1/2" drill collars and 152 joints of 2-3/8" tubing. Tally and pick up pipe off of float. Tag CIBP at 4921' KB. Tie-in rig pump to casing and pick up power swivel. Break circulation, took 4 BW. Start drilling on plug. Drill on plug 45 minutes and lost circulation. Continue to pump, regain circulation, lost 14 BW. Losing 1.5 BPM. Continue to drill on plug, returns about 1/2 of normal. Drill out plug in 2-1/4 hours. Pick-up tubing to chase plug to bottom. Got to 5015' and stopped. Drill on plug. Started getting rubber in returns. Shut down. Pick up and circulate hole clean. Pull up to 4747'. Shut down for night. Lost approximately 90 BW to hole while drilling plug.

MARALEX RESOURCES, INC.
FOR: PRO NEW MEXICO ENERGY

BISTI NO. 2

CONTRACTOR: TRIPLE P (RIG 1)

REPORT DATE: 07/10/02 (DRR)

Open BOP -- no pressure on well. Discovered rig pit lift open to casing overnight. Lost estimated 90 BW down casing. Trip out of hole with tubing stand back drill collars in derrick. Inspect 4-3/4" bit. Missing tooth on one cone. Attempt to make-up 5-1/2" casing scraper. Weatherford did not send out correct changeover from casing scraper to 2-3/8" tubing. Wait on changeover 2-1/2 hours. Make up 4-3/4" bit, 5-1/2" casing scraper on 2-3/8" tubing. Trip in hole. No noticeable obstructions. Tag plug at 5015'. Trip out of hole. Lay down scraper and bit. Rig up Basin Perforating. Trip in hole with CCL, GR. Tie-in GR with open hole FDC - CNL GR. Run GR, CCL strip from 5015' to 4590'. Run collar log strip across DV tool at 3895'. Pull out of hole. Run in hole with down hole service - 5-1/2" cement retainer. Tie-in to DV tool and bottom casing collars. Set retainer at 4994'. Tag retainer set down at 4994'. Pull out and rig down wireline unit. Wireline runs show liquid level at 1300' off bottom (Reservoir pressure approximately 559 psi). Make-up stinger on 2-3/8" tubing with seating nipple just above stinger. Trip in hole 10' above retainer. Circulate water down tubing and up casing to fill hole. Took approximately 100 BW to fill wellbore (3-4 BPM at 200 psi). Sting into retainer. Pump down tubing at 1/4 BPM at 500-600 psi. No returns up casing. Casing on slight vacuum. Lower Huerfano perforation not in communication with Mayre Bar perforations. Shut down for night.

MARALEX RESOURCES, INC.
FOR: PRO NEW MEXICO ENERGY

BISTI NO. 2

CONTRACTOR: TRIPLE P (RIG 1)

REPORT DATE: 07/11/02 (DRR)

Open tubing, slight vacuum. Pull up 1 joint tubing. Pulling out of cement retainer - lay down. Rig up lubricator to swab down tubing. Run in hole with swab cups. Hit liquid level at 3800'. Drop to seating nipple. At 8:10 swab well. Making 2-2.5 BBls each run. Water and trace of oil. After 3 runs, liquid level still at 3800'. At 9:50 liquid level at 4000' (after 6 swab runs). Samples are brackish but after separating show very little oil. Sediments settling to bottom. Make 16 swab runs. Recovered 35 BBls water last swab run hit liquid level at 4500'. Pull out of hole with tubing. Rig up Basin Perforators. Tie in with CCL. CCL/GR on depth with open hole FDC-CNL. Tag cement retainer. Position gun. Perforate Mayre Bar 4962-4980' (18') with 3-1/8" casing gun with 4 JSPF and 90 degree phasing. Pull out of hole. All shots fired. Rig down Basin. Trip in hole with tubing and seating nipple. Rig up to swab. Liquid level at 4000' on first run (500' buildup while perforating). Made 5 swab runs. Last run pulling from 4500'. Samples remain brackish but show only slight trace of hydrocarbons. Total water swabbed = 40 BBls. Estimate approximately 200 BBls water lost to Huerfano and Mayre Bar.

MARALEX RESOURCES, INC.
FOR: PRO NEW MEXICO ENERGY

BISTI NO. 2

CONTRACTOR: TRIPLE P (RIG 1)

REPORT DATE: 07/12/02 (DRR)

Open tubing. No pressure. Make swab run on isolated Mayre Bar perforations. Found liquid level at 4200'. Swab off of seating nipple. Make 5 swab runs. Last run liquid level at 4600'. Recovered 1.5-2.0 BBls each swab run. Slight trace of oil. Total volume water swabbed from Mayre Bar = 50 BBls. Rig down swab equipment. Trip out of hole, laying down 2-3/8" tubing. Nipple up wellhead. Release rig. Ship tubing and drill collars to Frontier Inspection. Evaluate potential for re-completing well as 160-acre infill Fruitland location.