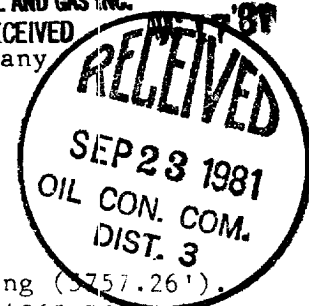


Kerai Oil &
New Mexico State #3
Section 32, T24N, R8W
San Juan County, New Mexico

Elledge Consulting & Production Company

KERNI OIL AND GAS INC.

RECEIVED



COMPLETION HISTORY

- 6-15-81 MI & RU Action Rig #6. Receive 174 jts 2 3/8" 4.6# EUE tubing (5757.26'). RIH with 4 7/8" bit and bit sub (3.00') and 138 jts tubing (4565.75') and tag "DV" tool at 4570' KB. SDFN.
- 6-16-81 Drill "DV" tool at 4570' in 1 1/2 hrs. Circulate hole clean. Continue in hole with 169 jts tubing and tag at 5578' KB. Drill on metal 1 3/4 hrs and drill out to float collar with 171 jts (5657.64'). Drill float collar and out to 5678' KB. Circulate hole clean. Roll hole to 2% KCL water with 130 bbls. POOH. SIFN.
- 6-17-81 Rig up G.O. Wireline and ran CBL-VDL from 5663 to 470'. Satisfactory bond. Rig up HALCO and pressured casing to 3000 psi, 5 min, no bleed off. RIH with 171 jts tubing (5657.61') with seating nipple 1 jt up (.80') and set EOT at 5664' KB. Made 25 runs and swabbed hole dry. SIFN.
- 6-18-81 POOH. Perforate lower Gallup with holes at 5654, 54, 50, 50, 49, 49, 48, 48, 40, 39, 38, 38, 32, 32, 24, 24, 07, 07, 04, 04, 5596, 96, 95, 94, 93, 93, 76, 76, 44, 44, 39, 39, 38, 38, 37, 37, 28, 28, for total of 38 holes. Rig down G.O. RIH with 171 jts tubing with seating nipple 1 jt up all measuring 5658.41' and place EOT at 5664' KB. Made six runs and recovered 6 BLW. Set up Merla test chart and 2" orifice tester with 1/2" orifice. No flow. Left open overnight.
- 6-19-81 SITP zero. No gas show at all. Made one swab run-had 2 bbls water in tubing. POOH with 2 3/8" tubing and RIH with Halco RTTS and seating nipple on top, RTTS (4.50'), SN (.80'), 161 jts 2 3/8" tubing (5326.87') and land at 5338 KB. Fill backside with 2% KCL water and test RTTS to 1000 psi, held 5 min. Pumped 15 bbls 15% HCL, 2 gal/1000 NE agent, 2 gal/1000 Clay stabilizer, 2 gal/1000 Inhibitor. 2 balls per bbls in next 33 bbls for total of 48 bbls 15% acid-some ball action displaced with 35 bbls 2% KCL water. Pumped 6 bpm at 2600 psi, ISIP 400 psi, 5 min 200 psi, 10 min 200 psi, 15 min 200 psi. Bled back 20 bbls into truck and approx. 5 bbls into pit. Rig up swab, make 3 runs and pull 20 bbls, tubing dry. 83 total load and 45 flowed and swabbed back. 38 BLW yet to be recovered. SIFN.
- 6-20-81 SICP zero, SITP 50 psi. Ran swab, FL at 3500', had trace of oil and slight show of gas. Rel. RTTS and lowered pkr thru perfs POOH. Rig up HALCO and frack with 57,000 gal 30% crosslinked gel containing 67,000# 20/40 sand and 52,000# 10/20 sand. Air 40 bpm at 1,000 psi avg. prt. pressure. ISIP 900 psi, 15 min SIP 750 psi. Left SI for weekend. 1442 BLW to be recovered.
- 6-21-81 Sunday - Crew Off
- 6-22-81 200 psi on casing flowed back approx. 20 bbls frac water. Rig up G.O. Wireline and set Baker vet. BP at 5520' KB. Run 1 jt. 2 3/8 (33.07) Standard SN (.80) 161 jts. 2 3/8 (5449.16) and land at slips 5500' KB. Make 21 swab runs and swab dry. TOH. Rig up G.O. and perforate as follows: 5482, 81, 80, 79, 78, 70, 68, 52, 46, 45, 44, 43, 42, 24, 19, 10, 9, 8, 7, & 6. Total of 20 holes after perforating 5482 to 5406' panel quit working on truck. Set up Merla Tester on 1/2" choke and left open for night.

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COMPLETION HISTORY CONTINUED

6-23-81

0 psi and no flow on Merla Tester on arrival. Rig up G.O. and finish perforating upper Gallup as follows: 5405, 04, 5388, 79, 78, 71, 70, 68, 60, 39, 20, 13, 5297, 96, 95, 94, 93, 92, 79, 78, & 77. Total of 41 holes all total. RIM with 5 1/2" RTTS pkr (5.40'), SN (.80') and 166 jts 2 3/8" tubing (5492.23') and hung pkr unset at 5505' KB. Made 20 swab runs and recovered 80 BW and was swabbed dry. Left open on 1/2" orifice with Merla recorder connected for night. No visible flow.

6-24-81

No flow, nor had it flowed overnight, 0 psi on chart--fluid level at 3300'. Made 2 swab runs and no show of oil. Circ. hole with 2% KCL and test BP to 3000 psi, held for 5 min. No bleed off. Spotted 2 sx sand on BP and pull RTTS to 5074.51' KB and set pressure back side to 1000 psi and held 5 min. no bleed off. Pumped 13 bbls. 15% HCL with 2 gal./1000 NE + 2 gal./1000 claysta II + 2 gal./1000 Inhib. 33 bbls. 15% HCL with 70 5/8" balls - Pumped 2 BPM at 2800 psi until acid hit formation and broke to 5 BPM at 1800 to 2200 psi - saw some ball action but no ball off. Displaced with 30 bbls. 2% KCL water for total load of 81 bbls. ISI 250 psi 15 min 230 psi. Flowed back 9 bbls. and died. Rig up and swab & made 20 runs, recovered approx. 80 BW - fluid level at 2300'. SIEN. Analysis show load water from 1st stage frack. Trace of gas in swabbed fluid.

6-25-81

SITP 60 psi. Blew off in one min. all gas. SICP zero. IEL 1200' - show of oil on top. Release RTTS and run thru perfs. TOH with RTTS. Rig up Halco to frac. with 57,000 gal. 30# cross linked gelled 1% KCL water containing 1 gal./1000 gal NEagent and claystay, 67,000# 20/40 sand and 52,000# 10/20 sand. Flushed with 6500 gal. 2% KCL water AIR 42 BPM. Max. trt. psi 1350, min. trt. psi 1100, avg. trt psi 1200. ISIP 700 psi, 15 min. SIP 660 psi. Total LW to be recovered 1607 bbls. SIEN.

6-26-81

SICP 500 psi - open thru 2" and flowed frac. water approx. 75 bbls. in 2 hrs. TIH with Baker ret head (2.30) 2 flapper valves (2.00) 1 jt. 2 3/8 (33.08) 1 flapper valve (1.00) 8 stands 2 3/8 tubing (529.40) 1 drain valve (1.20) 8 stands (539.01) 1 drain valve (1.20) main bailer valve (3.45) 134 jts. tubing (4432.72) tagged sand at 5480 (40' of fill) tagged BP at 5520' with 167 jts. Released BP and TOH (well flowed a slow stream of water until BP was released) TIH with 2 3/8 notched collar and Hyd. bailer as above. Tag sand at 5610', cleaned out to 5673' KB (171 jts.) TOH with Hyd. bailer. SIEN (very little sand in tubing, will trip in hole in morning with Hyd. bailer).

6-27-81

SICP - 20 psi - Gas blew off in 15 sec. TIH with 1 jt. (33.07) standard SN (.80) and 170 jts. (5624.57') and tried to land at 5666.44' KB but sand had filled to 5623' TOH with tubing. TOH with Baker hydrostatic bailer. sawtooth collar (.50), flapper valve (.40), 1 jt. (33.08), BV (.80) 19 jts. (628.52) drain valve (1.01), 1 jt. (33.07) bailer valve (3.0), 151 jts. (4961.97) + 8' on jt. 172 - 7' KB to 5678.74' KB. TOH with bailer. TIH with 1 jt. (33.07) standard SN (.80) 170 jts. (5624.57') and landed 8' below KB = 5666.44' KB. Nipple down BOP and land in head. Rig up to swab. SIEN.

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COMPLETION HISTORY CONTINUED

6-28-81 Sunday - Crew Off

6-29-81 SICP and TP zero. Ran swab. IFL - 300 ft. Made 40 swab runs in 9 hrs. into tank, recovered 240 BLW, FFL 2300'. No show of oil or gas - final CP zero. 2848 BLW yet to be rec. SIEN.

6-30-81 SITP zero. SICP 70 psi. Ran swab, IFL 1400'. Rainbow of oil on 1st run, no shows rest of day. Made total of 37 runs and recovered 180 BLW. FFL 3500'. FCP 170 psi. 2668 BLW yet to be recovered. SIEN.

7-1-81 SICP 325 psi, SITP 20 psi, IFL 3000'. Made 24 runs and recovered 160 BLW and trace of oil. FCP 400 psi, FFL 4200'. 2508 BLW yet to be recovered.

7-2-81 SICP 550 psi, SITP 100 psi, IFL 3000'. 1st run 98% oil, decreasing to trace after 6 runs. Made total of 27 runs in 9 hrs. and recovered 110 BLW and 30 BO. 2398 BLW to be recovered. FCP 390 psi. Flowed intermittently last 1/2 hr. SIEN. FL last run 4000'.

7-3-81 SICP 700 psi, SITP 300 psi. Ran swab, IFL 3800'. 1st run 90% oil. Well flowed intermittently all day. Made 14 runs in 9 hrs. and recovered 53 BLW and 31 BO. Final CP 240 psi. Final oil cut 50%. SI for weekend. 2345 BLW to be recovered.

7-4-81 Holiday - Crew Off

7-5-81 Sunday - Crew Off

7-6-81 SICP 700 psi, SITP 300 psi, IFL 3100' - 1st swab 97% oil - made 11 swab runs at 25-30% oil - started flowing - flowed 15 to 30 min. rest of day and made one swab to start flowing each time. Total 22 swab runs. Made 66 bbls. water and 54 bbls oil in 9 hrs. Casing psi 220. FL 4600. Making approx. 500 MCF per day of gas while flowing. BLW to be recovered 2279.

7-7-81 SICP 550 psi, SITP 175 psi. IFL 3400'. Ran pump and rods as follows:

	Axelson 2" X 1 1/2" X 16' RWAC pump	16'
224	3/4" plain rods	5600'
	3/4" pony rod	8'
	3/4" pony rod	6'
	3/4" pony rod	4'
	1 1/2" X 22' polish rod	22'
224 rods		5656'

Seated pump and loaded hole with 2% KCL water. With rig, stroked pump, pumped up to 500 psi, no bleed off in 5 minutes. Close in well. Rig down rig. Job Complete.