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Form C-105
Revised 11-1-8

NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease	
State <input checked="" type="checkbox"/>	Fee <input type="checkbox"/>
5. State Oil & Gas Lease No.	
L2986	

a. TYPE OF WELL	
OIL WELL <input checked="" type="checkbox"/>	GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/>
b. TYPE OF COMPLETION	
NEW WELL <input checked="" type="checkbox"/>	WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER <input type="checkbox"/>
c. Name of Operator	
Kenai Oil & Gas	
d. Address of Operator	
717 17th St. Suite 2000 Denver, CO 80202	
e. Location of Well	

7. Unit Agreement Name
8. Farm or Lease Name
State of New Mexico
9. Well No.
36-12
10. Field and Pool, or Wildcat
Lybrook - Gallup <i>Ext</i>

11. LETTER	E	LOCATED	1850	FEET FROM THE	North	LINE AND	1120	FEET FROM
12. County	San Juan							

13. Date Spudded	11-2-81	16. Date T.D. Reached	11-12-81	17. Date Compl. (Ready to Prod.)	1-15-82	18. Elevations (DF, RKB, RT, GR, etc.)	6856' GR	19. Elev. Casinghead	6856' GR
20. Total Depth	5700'	21. Plug Back T.D.	5660'	22. If Multiple Compl., How Many		23. Intervals Drilled By	Rotary Tools	Cable Tools	
24. Producing Interval(s), of this completion - Top, Bottom, Name								25. Was Directional Survey Made	
5640'-5234' Gallup								yes	

26. Type Electric and Other Logs Run	Induction Electric, FDC - CNL, Spectra Log	27. Was Well Cored	no
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CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	23#	274' KB	12 1/4"	200 sxs Class B	None
4 1/2"	9.5#	5700' KB	7 7/8"	1st stage 500 sxs 50-50poz	None
				2nd stage 900 sxs	

LINER RECORD				TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SIZE	DEPTH SET	PACKER SET
None				2 3/8"	5649' KB	None

1. Perforation Record (Interval, size and number)	32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
5630'-40', 5601'-06', 5590'-94', 5542'-46', 5498'-5502', 5464'-68', 5559'-65', 5340'-44', 5274'-84', 5264'-70', 5234'-39', w/2jspf, .38" 5392'-5400' w/spf, .38"	DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 5640'-5467' 1000gals 15%HCL 50000gals gel 60000+sr 5392'-5400' 1000gals 15%HCL 20000gals gel 24000+sr 5234'-5344' 900gals 15%HCL 36000gals gel 42000+sr

3. PRODUCTION							
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)				Well Status (Prod. or Shut-in)	
1-15-82		flowing & swabbing				shut in	
Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
1-15-82	3	open		16	19	0	1187.5
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)	
			128	152	0		

4. Disposition of Gas (Sold, used for fuel, vented, etc.)	Test Witnessed By
vented	Jeff Bollschweiler

5. List of Attachments
Geologic Report

6. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED	<i>D. Shook</i>	TITLE	Manager of Operations	DATE	February 11, 1982
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dick harnly
consulting petroleum geologist
1932 eastlawn ave, durango colorado, 81301, 303-247-1518

36-12

FORMATION TOPS (from "E" Logs)
Elevations: 6856 GL, 6870 KB

<u>FORMATION</u>	<u>DEPTH</u>	<u>ELEVATION</u>
Ojo Alamo	1140	+5730
Pictured Cliffs	1852	+5018
Lewis	1936	+4934
Cliff House	3332	+3538
Point Lookout	4170	+2700
Mancos	4430	+2440
Gallup	5264	+1606
Total Depth (Drilled)	5727	+1143
Total Depth (Pipe Strap)	5690	+1180
Total Depth (Dresser Atlas)	5690	+1180

dick harnly
consulting petroleum geologist
1932 easttown ave, durango colorado, 81301, 303-247-1518

OPERATOR: Kenai Oil & Gas Inc

WELL: State of New Mexico 36-12

PROSPECT: Escrito/Nageezi
Gallup

LOCATION: sw nw 36-T24N-R8W
San Juan County, New Mexico

DRILLING CONTRACTOR: Young Drilling Co.
Pushers: G.Hawkins, C.Carpenter

MUD LOGGING: Durango Well Logging
Logger: Mark Harnly

WELLSITE GEOLOGY: Dick Harnly

MUD: Shiprock Mud Co.
Engineer: Scott Smith

LOGGING: Dresser Atlas
Engineer: E.Vest

MUD LOGGING & WELLSITE GEOLOGY

Mud logging services were performed by Mark Harnly of Durango Well Logging, Durango, Colorado, from the depth of 2500 feet to the total depth of 5727 feet. Geologic services were performed at the wellsite from the starting logging depth to the completion of the logging operation at total depth.

MUD PROGRAM & ELECTRIC LOGGING

The logging at total depth required three attempts as bridges at 1910 and 2285 feet prevented passage down the bore hole. After cleaning out the third try was successful. While difficulty was encountered logging this hole it has been observed that other holes in this area that have been drilled with a higher water loss have experienced a much greater frequency of bridging...while a low water loss is not a guarantee that hole problems will not occur it does reduce such difficulties. (see the mud log for the drilling mud characteristics ...as well as the bit record and deviation surveys)

OIL & GAS SHOWS

Wellsite logging operations began at a depth of 2500 feet and no shows were encountered above the Cliffhouse formation where at 3365 feet a fine grained slightly calcareous sandstone exhibiting about 25% dull gray yellow fluorescence with a trace of a very slow milky cut fluorescence was noted. This interval produced a poor show of gas... 6 units of methane and traces of ethane and propane. While this zone exhibited only a poor show of hydrocarbons it may well be a zone of economic importance in subsequent penetrations of the Cliff House.

The next shows of hydrocarbons, excluding the occurrence of several thin coals, were noted deep in the Point Lookout formation at 4415 and 4480 feet. The upper zone 4415-45 feet consisted of a very fine to fine grained sandstone exhibiting some tan oil staining and a good bright yellow fluorescence with a good yellow streaming yellow cut fluorescence. A small amount of gas was detected ...6 units of methane with a trace of ethane and propane. The shows in the upper portion of the Point Lookout noted in other tests in this area were not encountered in the current hole. The zone 4480-4505 feet was represented by a very fine sandstone with a poor to fair dull gray yellow fluorescence and a poor streaming yellow white cut fluorescence...no gas.

The next interval of interest was notes 460 feet into the Mancos in a calcareous slightly siliceous siltstone exhibiting a fair yellow fluorescence in about 40% of the sample. No gas was detected and the sandstone offered only a poor slow milky cut fluorescence.

The sample quality in the Gallup zones was something less than desirable as the variations in the viscosity of the mud resulted in erratic cleaning of the hole...thus abundant cavings in each sample. Two zones of interest were noted in the samples...the upper 5330-60 being an argillaceous siltstone with a very dull gray slightly yellow fluorescence and a trace of a slow milky cut fluorescence. The last show in the samples was noted 5305-15 feet in a very fine grained sandstone with a fair yellow, slightly green fluorescence and a poor milky cut in about 20% of the sample. Gas readings in this zone amounted to a total gas reading of 14 units, 6 units of methane, 5 ethane and 1 unit of propane.

CONCLUSIONS

As was noted earlier in this report bridging of the hole made the logging of the hole difficult and the water loss as recorded at 2739 feet, while drilling the hole, was allowed to rise to 9.5....the only instance of the water loss exceeding 6.0. The upper portions of the holes in this area are very prone to bridging and the utilization of mud programs with a low water loss have been advantageous in the control of this problem. A closer control of viscosity regularity would result in the reduction of cavings and thus increase the credibility of the samples.