



# INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico |                       | Northwestern New Mexico |                  |
|-------------------------|-----------------------|-------------------------|------------------|
| T. Anhy                 | T. Canyon             | T. Ojo Alamo            | T. Penn "B"      |
| T. Salt                 | T. Strawn 10190       | T. Kirtland-Fruitland   | T. Penn. "C"     |
| B. Salt                 | T. Atoka 10660        | T. Pictured Cliffs      | T. Penn. "D"     |
| T. Yates                | T. Miss               | T. Cliff House          | T. Leadville     |
| T. 7 Rivers             | T. Devonian           | T. Menefee              | T. Madison       |
| T. Queen                | T. Silurian           | T. Point Lookout        | T. Elbert        |
| T. Grayburg             | T. Montoya            | T. Mancos               | T. McCracken     |
| T. San Andres           | T. Simpson            | T. Gallup               | T. Ignacio Otzte |
| T. Glorieta             | T. McKee              | Base Greenhorn          | T. Granite       |
| T. Paddock              | T. Ellenburger        | T. Dakota               | T.               |
| T. Blinebry             | T. Gr. Wash           | T. Morrison             | T.               |
| T. Tubb                 | T. Delaware Sand 2445 | T. Todilto              | T.               |
| T. Drinkard             | T. Bone Springs 5070  | T. Entrada              | T.               |
| T. Abo                  | T. 3rd Bone Spgs 8040 | T. Wingate              | T.               |
| T. Wolfcamp 8700        | T. Morrow 11135       | T. Chinle               | T.               |
| T. Penn                 | T.                    | T. Permian              | T.               |
| T. Cisco (Bough C)      | T.                    | T. Penn "A"             | T.               |

## OIL OR GAS SANDS OR ZONES

| No. 1, from.....to..... |      | No. 2, from.....to..... |       | No. 3, from.....to..... |  | No. 4, from.....to..... |  |
|-------------------------|------|-------------------------|-------|-------------------------|--|-------------------------|--|
| 2445                    | 5070 | 11135                   | 11800 |                         |  |                         |  |

## IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....  
 No. 2, from.....to.....feet.....  
 No. 3, from.....to.....feet.....

## LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness<br>In Feet | Lithology |
|------|----|----------------------|-----------|
|      |    |                      |           |

| From | To | Thickness<br>In Feet | Lithology |
|------|----|----------------------|-----------|
|      |    |                      |           |



December 19, 2006

Mr. Jim Stevens  
J. Cleo Thompson  
117 W. Yukon Road  
Odessa, Texas 79768

Dear Mr. Stevens,

Alliance Drilling Fluids would like to acknowledge that the water used while drilling through the Capitan Reef on the Montura Federal Com. #2 well in Eddy Co. New Mexico was fresh water. We have documentation that states our field service engineers tested the fluid on 10/11/2006 through 10/22/2006. The water in question had a range of 400-800 mg/l chlorides. These tests were taken from 40' all the way to 3314'. If needed, we will make available the documents we have in order to corroborate this.

Sincerely,

Shawn Savage  
Vice President  
Alliance Drilling Fluids LLC.



# DRILLING INC. Oil Well Drilling Contractor

Post Office Box 160 • Artesia, NM 88211-0160 • Office (505) 748-8704 • Fax (505) 748-8719

November 21, 2006

J. Cleo Thompson  
117 Yukon Road  
Odessa, TX 79760

Re: Montura Fed Com #2  
Sec. 15, T-22-S, R-26-E  
Eddy County, New Mexico

Attn: Jim Stevens

The following is a Deviation Survey on the referenced well in Eddy County, New Mexico:

|                 |                 |                 |               |                   |
|-----------------|-----------------|-----------------|---------------|-------------------|
| 148' - 1/2 °    | 1829' - 1 1/4 ° | 5816' - 2 3/4 ° | 6681' - 1.6 ° | 8055' - 1.1 °     |
| 331' - 1 °      | 1924' - 3/4 °   | 6008' - 2 °     | 6709' - 2.7 ° | 8450' - 1 1/4 °   |
| 497' - 1 °      | 2090' - 1 1/4 ° | 6017' - 2.3 °   | 6771' - 1.2 ° | 8950' - 1 1/2 °   |
| 641' - 1/2 °    | 2174' - 1/2 °   | 6115' - 1.5 °   | 6834' - 1.4 ° | 9449' - 2 °       |
| 796' - 1 3/4 °  | 2331' - 1 1/4 ° | 6146' - 2.2 °   | 6928' - .9 °  | 9576' - 2 °       |
| 890' - 3/4 °    | 2487' - 1 °     | 6177' - 1.9 °   | 7053' - 0.9 ° | 9952' - 1 1/4 °   |
| 1015' - 1 °     | 2646' - 1 °     | 6245' - 2.0 °   | 7209' - 0.9 ° | 10,451' - 2 1/2 ° |
| 1140' - 1 °     | 3441' - 3/4 °   | 6276' - 1.7 °   | 7366' - 0.3 ° | 10,923' - 2 1/2 ° |
| 1265' - 3/4 °   | 3940' - 3/4 °   | 6307' - 1.2 °   | 7532' - 1.3 ° | 11,393' - 1 1/2 ° |
| 1390' - 1 1/2 ° | 4395' - 1/4 °   | 6338' - 1.7 °   | 7616' - .8 °  | 11,771' - 1 1/2 ° |
| 1516' - 1 1/4 ° | 4941' - 1/4 °   | 6427' - 1.8 °   | 7710' - .9 °  |                   |
| 1611' - 1 °     | 5395' - 1 1/2 ° | 6521' - 1.5 °   | 7803' - 1.4 ° |                   |
| 1705' - 2 °     | 5565' - 1/2 °   | 6584' - 1.7 °   | 7897' - 1.4 ° |                   |

Sincerely,

Gary W. Chappell  
Contracts Manager



OFFICIAL SEAL  
Barbara L. Carey  
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: Sept. 1, 2009

STATE OF NEW MEXICO  
)  
COUNTY OF EDDY

The foregoing was acknowledged before me this 1st day of September, 2006 by Gary W. Chappell.

MY COMMISSION EXPIRES

Sept. 1, 2009

Barbara L. Carey  
NOTARY PUBLIC