

MYCO INDUSTRIES, INC.
CHRONOLOGICAL DRILLING REPORT
Seven Rivers 4 Fee #1
Unit D
4-20S-26E
Eddy County, New Mexico

30-015-33937

TITE HOLE!!!

Location: (Surf) 335' FNL & 711' FWL and (BHL) 1980' FNL & 1220' FWL of Section 4-20S-26E, Eddy County, New Mexico. API NO.: 30-015-33937. Elevation: 3271' GR. PTD: 10,100' TVD Morrow. Drilling Contractor: Pat/UTI #512.

- 7-25-05 APD approved by OCD 2-8-05. Location complete. Lining pits. Prep to move in Patterson Rig #512 on 7-27-05.
- 7-27-05 Prep to move in Patterson Rig #512.
- 7-28-05 Prep to move in Patterson Rig #512.
- 7-30-05 Waiting on drilling rig.
- 8-1-4-05 Waiting on drilling rig.
- 8-5-05 Moving in Patterson rig #512.
- 8-6-05 Finished rigging up Patterson Rig #512. Contacted Mr. Mike Bratcher with Artesia NMOC and notified of spud on 2100 hours 8-6-05. Resumed drilling at 20:45 hours 8-6-05. Made up BHA and Tagged at 90' with 17.5" bit. Drilling 360' anhydrite and gyp. Made 270' in 9.25 hours, 29'/hr. MW 8.9, vis 34, pH 8.5, Cl 2980. Finished rigging up floor. Mixed spud mud and pressure test lines. Made up 17.5" bit and BHA. Resumed drilling at 2045 hours 8-6-05. Rec'd and unloaded 11 joints (472.87') threads on from Master Tubulars (Midland, TX). Drilled to 360' with full returns. VTI 13-3/8" casing. Total threads off tally of 13-3/8" casing - 469.21'.
- 8-7-05 TD 380' anhydrite and gyp. WOC. Nipple up and test BOPs. Made 20' in .5 hours, 40'/hr. MW 8.9, Vis 34, pH 8.5, Cl 3000. Surey 380' 1/2 deg. TD 17-1/2" hole at 6:30 AM 8-7-05. Run 9 joints 13-3/8" 48# H-40 ST&C (384') casing, landed at 380'. Cemented with 225 sacks BJ Lite 65:35:6 + 25 CaCl2 (yld 1.7, wt 12.5). Tailed in with 200 sacks Class "C" + 2% CaCl2 (yld 1.34, wt 14.8). PD at 11:45 AM 8-7-05. Circulated 86 sacks to pit. Contact Mr. Mike Bratcher with Artesia NMOC and notify of cementing. No witness. WOC.
- 8-8-05 Drilling 505' dolomite and anhydrite. Made 125' in 2.5 hours, 50'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1800. Survey 380' 1/2 deg. Nippled up BOP stack and test BOPs. Made up bit #2 and BHA #2. TIH and drilled cement and float. Tested 13-3/8" casing to 600 psi for 30 mins, OK. Drilled out at 3:30 AM 8-9-05. Drilled to 505' with full returns.
- 8-9-05 Drilling 1125' dolomite and anhydrite. Made 620' in 23.75 hours, 26'/hr. MW 8.4, Vis 28, pH 10.5, Cl 3000. Survey 580' 3/4 deg and 820' 3/4 deg. Drilled to 1125' with fresh water using insert bit. Maintained full returns. NOTE: Rental mud separator was installed today.
- 8-10-05 Drilling 1770' dolomite with full returns. Made 645' in 23 hours, 28'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1500. Survey 1099' 3/4 deg, 1351' 1/4 deg and 1604' 1 deg. Drilled to 1770' with fresh water. Maintained full returns. Drilled ahead taking deviation surveys. Drilled to 1770'. NOTE: Drill pipe was not inspected at end of last YPC well prior to rigging up for MYCO. Prep to inspect 4.5" drill pipe. Last recorded drill pipe inspection was 2/2004.

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- 8-12-05 TD 2140' dolomite and limestone. Running 9-5/8" intermediate casing. Made 370' in 12.25 hours, 28'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1500. Survey 1862' 1/4 deg and 2118' 1/4 deg. Drilled to 2140 with fresh water, full returns. TD 12-1/4" hole at 1845 hours 8-11-05. Circulated and conditioned hole. POOH and laid down 8" drill collars. Rigged up casing crew and run 9-5/8" casing, 26 joints in hole at report time. Contact Mr. Mike Bratcher - NMOCD Artesia of running and cementing casing. No witness. 51 joints (2210') threads on tally delivered to location from Master Tubulars. Threads off tally (2189.26'). Started moving in and rigging up directional personnel and equipment.
- 8-13-05 TD 2140' dolomite and limestone. Trip to check drill collars. Made 0'. MW 8.4, vis 28, pH 10.5, Cl 1500. Ran a total of 49 joints (2102') 9-5/8" 36# J-55 ST&C casing, landed at 2128.32'. Cemented casing. PD at 1500 hours 8-12-05. Circulated 300 sacks. No witness by NMOCD. Laid down landing joint and installed seals and pack off in wellhead. Tested BOP stack. TIH and check drill collars, kelly and swivel. Found 2 cracked drill collars, cracked jars and 2 bad connections on other subs.
- 8-13-05 TD 2140' dolomite and limestone. Trip to check for drill collars. Made 0'. MW 8.4, Vis 28, pH 10.5, Cl 1500. Ran a total of 49 joints (2102') 9-5/8" 36# J-55 ST&C casing, landed at 2128.32'. Cemented casing with 700 sacks BJ Lite 65:35:6 (yld 1.99, wt 12.5). Tailed in with 200 sacks Class "C" + 25 CaCl2 (yld 1.34, wt 14.8). Circulated 300 sacks. No witness by NMOCD. Laid down landing joint and installed seals and packoff in wellhead. Tested BOP stack. TIH and check drill collars, kelly and swivel. Found 2 cracked drill collars, cracked jars and 2 bad connections on other subs.
- 8-14-05 TD 2240' dolomite and limestone. Picked up directional tools. Made 100' in 4 hours. MW 8.4, Vis 28, pH 10.5, Cl 1500. Survey 2140' 1/4 deg by gyro. BHL by Gyro 1.47' W and 6.48' N. Finished trip checking drill collars, swivel and kelly. TIH with bit and drilled 100' below casing from 2140-2240'. Rigged up and run Gyro survey. Rigged down Gyro. POOH and made up BHA and directional tools. Prep to TIH and kick off to 162 deg azim building angle at 1.5 deg/100'.
- 8-15-05 Drilling 2780' MD limestone; 2774' TVD with directional tools. Made 540' in 22 hours, 25'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1400. Survey 2728' 12.84 deg at 159.02 deg azimuth. Finished TIH with bit #3 and 1.5 deg ABH motor and BHA. Orient tool face and slide drill. Kicked off at 2240' at 160 deg azimuth. Continued to build angle with 10' slides each connection. Build angle to 12.84 deg. Plan to continue building angle with 10' slides each connection. Build angle to 12.84 deg. Plan to continue building angle to 16.25 deg inclination and maintain 162 deg azim. Drill head with full circulation.
- 8-16-05 Drilling 3330' MD dolomite and limestone; 3308' TVD with directional tools. Made 550' in 23.75 hours. MW 8.4, Vis 28, pH 10.5, Cl 1400. Survey 3268' 14.95 deg, 162.71' azim, TVD 3247.20', 173.41S, 60.14E. Drilled with directional tool. Build angle from 12.84 deg to 14.95 deg at 162.71 deg azimuth. Drilling with full returns. Made 5 slides in past 24 hours. Continue drilling head making connections and taking MWD surveys.
- 8-17-05 TD 3673' MD and 3639' TVD dolomite and limestone. Ream to bottom with bit #4. Made 343' in 14.75 hours,

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24'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1700. Survey: 16.00 deg, 167.37 azimuth, BHL 257'S and 82.93' E. Drilled with directional tools. Build angle to 16.18 deg inclination and 167.37 deg azimuth. TOH to change bit due to chert drilled. Picked up Monel drill collar and place in BHA. TIH and laid down 17 joints. Picked up kelly and reamed 563' to bottom in lower section of curve. Prep to drill tangent section of hole.

8-18-05 Drilling 4358' MD; 4298' TVD limestone with directional tools. Made 685' in 21 hours, 32'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1700, Calcium 800. Survey 4251' 14.07 deg, 165.70 azimuth, 424.36'S and 135.15'E. Drilled with directional tools holding angle thru tangent section. Making slides to start building angle slowly back to 16.25'. Trajectory is dropping slightly while rotating. Continued to make slides to correct and build angle. Drilling ahead with fresh water with full returns. Curent BHL is 424.36' south and 135.15' east of surface location.

8-19-05 Drilling 5000' MD; 4919' TVD lime and shale with directional tools. Made 642' in 23.75 hours, 27'/hr. MW 8.4, Vis 28, pH 10.5, Cl 2000, Calcium 800. Survey 4853' 16.44 deg, 160.43 azimuth, 578.36' S and 188.15' E. Drilled with directional tools thru tangent section. Making slides to hole to 16.25'. Drilling ahead with fresh water with full returns. Current BHL is 578.36' South and 188.15' east of surface location.

8-20-05 Drilling 5365' MD; 5265' TVD lime and shale with directional tools. Made 465' in 23.75 hours, 20/hr. MW 8.4, Vis 28, pH 10.5, Cl 2000, Calcium 800. Survey 5299' 16.09 deg, 165.09 azimuth, 704.99' S and 225.78' E. Drilled hole with directional tools holding angle thru tangent section. Drilling ahead with fresh water with full returns. At this point there is a 100' difference between MD and TVD.

8-21-05 Drilling 5765' MD; 5546' TVD limesetone with directional tools. Made 440' in 23.75 hours, 18'/hr. MW 8.4, Vis 28, pH 10.5, Cl 1700, Calcium 800. Survey 5648' 18.03 deg, 160.51 azimuth, 804.85' S and 259.17'E. Drilling hole with directional tools holding angle thru tangent section. Drilling ahead with fresh water and full retruns. At this point there is 119' difference between MD and TVD.

8-22-05 Drilling 5996' MD; 5866' TVD limestone with directional tools. Made 231' in 14 hours, 18'/hr. MW 8.4, Vis 28, pH 10.5, Cl 2900, Calcium 900. Survey 5878' 19.08 deg, 164.56 azimuth, 876.85' S and 282.43' E. Drilled hole with directional tools holding angle from 5765-5882'. Dull bit causing trouble with directional control. POOH with bit. Laid down BHA. Made up new bit and BHA. TIH. Washed and reamed 60' to bottom. Drilled to 5996'.

8-23-05 Drilling 6431' MD; 6281' TVD limestone with directional tools. Made 456' in 23.75 hours, 20'/hr. MW 8.4, Vis 28, pH 10.5, Cl 2900, Calcium 900. Survey 6291' 15.65 deg, 164.82 azimuth, 989.66' S and 311.73' E. Drilled holewith directional tools holding angle from 5996-6431'. Drilled ahead making connections and taking MWD surveys.

8-24-05 Drilling 6811' MD; 6649' TVD limestone with directional tools. Made 381' in 23.75 hours, 16'/hr. MW 8.4, Vis 28, pH 10.5, Cl 3100, Calcium 720. Survey 6767' 14.33 deg, 163.59 azimuth, 1103.45' S and 345.36' E. Drilled ahead making connections and taking MWD surveys.

8-25-05 Drilling 7150' MD; 6977' TVD sand, lime and shale with directional tools. Made 339' in 23.25 hours, 14'/hr. MW 8.4, Vis 32, WL 18, pH 10.5, Cl 3700, Calcium 720.

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- Survey 7086' 14.95 deg, 166.32 azimuth, 1180.01' S and 366.12' E. Drillign ahead making connections and taking MWD surveys.
- 8-26-05 TD 7431' MD; 7251' TVD dolomite and shale. TOH for bit. Made 270' in 17.75 hours, 15'/hr. MW 8.4, Vis 31, WL 16, pH 10.5, Cl 4500, Calcium 720. Survey 7372' 13.98 deg, 163.77 azimuth, 1249.09' S and 385.20' E. Drilled to 7431' with directional tools holding angle. Drilled ahead making connections and MWD surveys. Pumped sweep and circulated hole. TOH for bit change.
- 8-27-05 Drilling 7639' MD; 7453' limestone with insert bit and motor. Made 208' in 13.75 hours, 15'/hr. MW 8.5, Vis 31, WL 15, pH 10.5, Cl 4400, Calcium 120. Survey 7559' 16.27 deg, 167.55 azimuth, 1295.96' S and 396.04' E. Finished tripping for bit. Cut drilling line. Changed motor and bit while out of hole. Surface check motor and MWD. TIH with bit #6 and BHA #6. Drilled with directional tools to 7639'. Drill ahead making connections and taking MWD surveys.
- 8-28-05 Drilling 7935' MD; 7735' TVD shale with insert bit and motor. Made 296' in 23.75 hours, 13'/hr. MW 8.5, Vis 32, WL 15, pH 10.5, Cl 5000, Calcium 120. Survey 7876' 14.77 deg, 166.14 azimuth, 1379.33' S and 421.20' E. Drilled with directional tools to 7935'. Drill ahead making connections and taking MWD surveys.
- 8-29-05 Drilling 8017' MD; 7815' TVD shale with directional tools. Made 81' in 6.5 hours, 12'/hr. MW 8.6, Vis 32, WL 15, pH 10.5, Cl 5000, Calcium 120. Survey 7972' 14.60 deg, 166.67 azimuth, 1403.69' S and 427.63' E. TOH to change motor and inspection drill collars. BHA would not build angle. TIH and ream 45' to bottom. Drilled with directional tools making connections and taking MWD surveys.
- 8-30-05 Drilling 8017' MD; 7815' TVD shale with directional tools. Made 81' in 6.5 hours, 12'/hr. MW 8.6, Vis 32, WL 15, pH 10.5, Cl 5000, Calcium 120. Survey 7972' 14.6 deg, 166.67 azimuth, 1403.69' S and 427.63' E. TOOH to change motor and inspect drill collars. BHA would not build angle. TIH and reamed 45' to bottom. Drilled 8-3/4" hole with directional tools making connections and taking MWD surveys.
- 8-31-05 Drilling 8557' MD; 8314' TVD lime and shale with directional tools. Made 222' in 23.5 hours, 9'/hr. MW 8.8, Vis 35, pH 10.5, Cl 5400, Calcium 120. Drilled with directional tools making connections and taking MWD surveys.
- 9-1-05 Drilling 8660' MD; 8443' TVD limestone with directional tools. Made 103' in 11.25 hours, 9.15'/hr. MW 9.1, Vis 35, WL 15, pH 10, Cl 5400, Calcium 120. Survey 8609' 12.57 deg, 160.43 azimuth, 1538.90' S and 465.97' E. TOH to change bit. Surface check motor and MWD. TIH with bit 37 and BHA #6. Pumped sweep and circulated hole. Drilled with directional tools, making connections and taking MWD surveys.
- 9-2-05 Drilling 8875' MD; 8652' TVD lime and shale with directional tools. Made 215' in 23.5 hours, 9.14'/hr. MW 9.1, Vis 34, WL 15, pH 11, Cl 5300, Calcium 120. Survey 8827' 12.49 deg, 16.73 azimuth, 1585.97' S and 481.90' E. Drilled with directional tools making connections and taking MWD surveys. Gas show: 8754-8768' TG 289 units; 8794-8808' TG 269 units.
- 9-3-05 Drilling 9065' MD; 8839' TVD lime and shale with directional tools. Made 190' in 23.75 hours, 8'/hr. MW 9.2, Vis 36, WL 11, pH 10.5, Cl 5400, Calcium 20. Survey 9015' 8.79 deg, 160.60 deg azimuth, 1616.69'S and 491.14' E. Drilled making connections and taking MWD surveys. Lag time 62 mins. NO shows.

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- 9-4-05 TD 9129' MD; 8901' TVD lime and shale. TOH for bit and motor. Made 64' in 12.25 hours, 6'/hr. MW 9.1, Vis 36, WL 11, pH 10.5, Cl 5400, Calcium 20. Survey 9080' 7.91 deg, 163.03 azimuth, 1625.77' S and 494.23' E. Drilled making connections and taking MWD surveys. Drop angle to 7.91 deg. Had weight indicator diaphragm failure. Wait on and replace diaphragm on weight indicator anchor. Unknown true bit weights have been running on motor and bit. Circulate hole. TOH for bit and motor.
- 9-5-05 Drilling 9220' MD; 8993' TVD lime and shale with insert bit, motor and MWD. Made 91' in 12.5 hours, 9'/hr. MW 9.2, Vis 38, WL 11, pH 10.5, Cl 5500, Calcium 20. Survey 9158' 6.16 deg, 165.70 azimuth, 1635.06' S and 496.91' E. Finished TOH. Made up Bha and TIH. Cut drilling line. TIH with new bit and motor. Drilled with directional tools making connections and taking MWD surveys.
- 9-6-05 Drilling 9450' MD; 9222' TVD shale and lime with insert bit, motor and MWD. Made 230' in 23.25 hours, 10'/hr. MW 9.2, Vis 36, WL 11, pH 10.5, Cl 4800, Calcium 40. Survey 9375' 2.37 deg, 201.47' azimuth, 1649.22' S and 500.78' E. Drilled to 9450' with full returns. Drilled with directional tools, making connections and taking MWD surveys.
- 9-7-05 Drilling 9675' MD; 9447' TVD lime and shale with insert bit, motor and MWD. Made 225' in 23.75 hours, 9.5'/hr. MW 9.2, Vis 38, WL 9, pH 10.5, Cl 5600, Calcium 40. Survey 9625' 1.06 deg, 268.53 azimuth, 1651.69' S and 497.28' E. Drilled with full returns. Drilled with directional tools, making connections and taking MWD surveys.
- 9-8-05 Drilling 9975' MD; 9747' TVD sand and lime with insert bit, motor and MWD. Made 300' in 23.25 hours, 13.5'/hr. MW 9.2, Vis 38, WL 6, pH 10.5, Cl 5800, Calcium 40. Survey 9877' 0.53 deg, 191.72' azimuth, 1652.45' S and 494.69' E. Drilled with full returns. Drilled with directional tools, making connections and taking MWD surveys.
- 9-9-05 Drilling 10,033' MD; 9805' TVD lime, shale and sand. Made 58' in 12.5 hours, 4.6'/hr. MW 9.3, Vis 42, WL 6.8, pH 10.5, Cl 5900, Calcium 40. Survey 9987' 0.65 deg, 203.80 azimuth, 1653.1' S and 494.22' E. Drilled to 10,033' with full returns. Drilled with directional tools making connections and taking MWD surveys. TOH - chain out wet. Tight hole 2900-2300'. Break out and lay down directional tools. Load out and released Magnum Drilling Services.
- 9-10-05 Drilling 10,116' MD; 9888' TVD shale, lime and sand with insert bit. Made 83' in 15 hours, 5.5'/hr. MW 9.4, Vis 45, WL 6, pH 10.5, Cl 5800, calcium 40. Survey 10,033' 0.72 deg, 299.25 deg azimuth, 1651.4' S and 498.35' E. TIH with bit and drill collars. Washed and reamed 110' to bottom. Drilled with insert bit with full returns. Final survey will be taken at TD.
- 9-11-05 TD 10,200' MD; 9972' TVD shale. TOH for electric logs. Made 84' in 12.75 hours, 6.25'/hr. MW 9.4, Vis 45, WL 6, pH 10.5, Cl 6000, Calcium 40. Survey 10,200' 1.18 deg, 78.76 deg azimuth, 1648.34' S and 501.83' E. Final BHL: 1983.34' FNL & 1212.83' FWL of section 4-20S-26E. Drilled with full returns. Circulate and condition hole. TOH for electric logs.
- 9-12-05 TD 10,200' MD; 9972' TVD. TOH laying down drill pipe. Made 0'. MW 9.4, Vis 45, WL 6.0, pH 10.5, Cl 6000, Calcium 40. Run electric logs. Schlumberger Logger's 10,198'. TIH to bottom. Circulated bottoms up. Riggged up lay down machine. TOH laying down drill

pipe.

9-13-05 TD 10,200' MD; 9972' TVD. Rig up BJ Services cement crew. Made 0'. MW 9.4, Vis 45, WL 6.0, pH 10.5, Cl 6000, Calcium 40. Laid down drill pipe and drill collars. Run 5-1/2" 17# N-80 LT&C casing to 10,188'. Released MYCO mud gas separator on 9-13.

9-14-05 TD 10,200' MD; 9972' TVD. Rig down Patterson Rig #512. Made 0'. Rigged up BJ Services and cement 5.5" casing to surface in 2 stages as follows: Stage 1 - 625 sacks Super "H" Modified (yld 1.51, wt 15.6). Circulated 20 sacks off of DV tool. PD at 7:30 AM 9-13-05. Stage 2 - 1100 sacks BJ Lite 65:35:6 (yld 2.06, wt 12.5). Tailed in with 200 sacks Super "H" Modified (yld 1.51, wt 13.6). PD at 1445 hours 9-13-05. Circulated 70 sacks to surface. Nippled down BOP. Jet pits. ***Rig released at 3:00 AM 9-14-05.**

9-15-05 Moved out Patterson Rig #512. Cleaned location. Waiting on completion unit.

9-16-05 Waiting on completion unit.

9-17-05 Scrape and clean off location. Set anchors for workover rig. Waiting on completion unit.

9-18-05 Moved out BJ cement bins and mud/gas separator.

9-19-05 Hauled free water out of pits to disposal. Waiting on completion tools. Started moving in and setting in reverse equipment and completion tools.

9-20-05 Moved in reliable Well Service completion rig. Set rig mtas and rig up completion rig. Finished moving out cement field bins. Started moving in and rigging up reverse equipment and completion tools. Fill reverse pit with fresh water. Nippled up 5M Double Ram hydraulic BOPS. Set in pipe racks for tubing. Tubing to be on location tomorrow AM. Shut in overnight.

9-21-05 Unloaded 324 joints 2-3/8" 4.7# L-80 EUE 8rd tubing onto pipe racks. Pipe delivered to location was from Master Tubulars and arrived at 11:30 AM MST 9-21-05. Delivery was scheduled for 7:00 AM 9-21-05. Removed protectors and tally tubing. Made up BHA: 4-3/4" Baker Hughes skirted milltooth center bore reserve bit, bit sub, 6 - 3.5" drill collars, and crossover 181.06'. TIH picking up 2-3/8" 4.7# L-80 EUE 8rd tubing off of pipe racks. Drift each joint while picking up off of racks. TIH with tubing and tagged at 7508'. Picked up power swivel and installed stripper head. Drilled cement from 7508-7545'. Circulated hole clean and shut down. Secure well. Shut in overnight.

9-22-05 Drilled remainder of cement and continued running in hole with bit to bottom. Tag bottom at 10,085' by tubing tally. TOH with tubing. Lay down drill collars. Made up 4.75" bit, scraper and blade stabilizer for 5-1/2" 17# casing. TIH with 320 joints 2-3/8" tubing. Work scraper and stabilizer through DV tool numerous times and proceed to bottom. Tag at 10,085' and pull back up to 10,070' and circ hole with 245 bbls 7% KCL packer fluid. TOH with tubing. Lay down bit, scraper and stabilizer. Secure well. Shut in overnight. Will run bond log and perforate in the morning.

9-23-05 Rigged up JSI Wireline and run bond log from 10,075-6850'. Wireline TD was 10,078'. RIH with perforating gun and shot 20 holes from 9926-9936'. RIH with 5-1/2" x 2-3/8" DL packer and 314 joints of 2-3/8" 4.7# L-80 tubing. Set packer at 9843'. Attached wellhead tree to well. Dropped bar - no psi. Secured well and shut down for day.

9-24-25-05 Wait on acid.

9-26-05 SITP 0#, SICP 0#. Installed Guardian treesaver. Moved

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in and rigged up BJ acid equipment. Hold safety meeting and test lines to 9000 psi. Loaded tubing with 38 bbls acid. Pressure annulus to 2000 psi during acid job. Pumped 2000 gals 10% acetic acid with 40 - 7/8" 1.3 sg RCN ball sealers followed by 39 bbls 2% KCL. Had good ball action but did not ball out. Pressured tubing to 6043 psi and formation broke. Increased rate to 3.5 BPM. Max pressure 6964 psi. Avg rate was 4 BPM with avg 4915 psi. Total load to recover is 91 bbls. ISDP 3438#, 5 mins 1949#, 10 mins 1489#, 15 mins 1175#. Rigged down BJ Services. Removed and rigged down Guarding treesaver. Opened up well on 24/64" choke to flow back tank. Flowed to blow down tank for 1 hour making 8 bbls with 0 psi. Rigged up swab line. IFL at surface. Made 20 swab runs with fluid level steadily dropping to 9000' from surface. Recovered total of 83 bbls load water. 8 bbls load water to recover. Secured well and shut in overnight.

9-27-05

SITP 200 psi, SICP 0 psi. Opened up well on 24/64" choke to flow back tank. Pressure dropped instantly. GIH with swab. IFL 1800'. Made 15 swab runs with fluid level dropping to 8500'. Recovered all 91 bbls of load + 39 bbls overload. No gas with swab. No tail gas. Secured well and shut in overnight.
17 bbls overload: 72,693 PPM chlorides, Chlorides of drilling mud 5200 ppm
39 bbls overload: 58,325 ppm chlorides

9-28-05

No gas shows, perforated interval appears to be wet POOH with tubing and packer. Send packer to get redressed. Rigged up JSI wireline and run CIBP, set at 9920'. Pumped down casing with reverse unit to 1500 psi, no leak off. RIH with 4" casing gun loaded 2 SPF with 39 gram charges on 120 deg phasing. Shoot 9 holes from 9902-9910' with 0.5" EHD and 41" penetration. Rigged up kill truck. Pumped 25 KCl down casing. Pressure up to 3400 psi. Broke perfs down. Pumped 10 bbls at 1-1/2 BPM. Made up and RIH with 2-3/8" x 5.5" Arrow set 1X packer with 1.875" "F" profile nipple and 170 joints of 2-3/8" 4.7# L-80 tubing. Secured well. Shut in overnight. Will finish RIH with tubing and set packer in morning.

9-29-05

RIH with rest of 2-3/8" tubing (144 joints) and 2-3/8" x 5.5" Arrowset 1X packer with 1.875" F profile nipple. Total tubing in hole 314 joints of 2-3/8" 4.7# L-80. Set packer at 9843' in 12K compression. Pumped to 1000 psi with reverse unit into casing. No leak off. Packer holding. GIH with swab. IFL at 600'. Made 23 swab runs with fluid level dropping to 8900'. Recovered a total of 10 bbls of load + 66 bbls overload. No gas with swab and no tail gas. Secured well and shut in overnight.
48 bbls overload, 73,570 ppm Chlorides

9-30-05

No gas shows - perforated interval appears to be wet POOH with tubing and packer. Rigged up JSI wireline and run CIBP, set at 9885' and capped with 35' cement. New PBTD is 9850'. RIH with 4" casing gun loaded 2 JSPF with 39 gram Charges on 120 deg phasing. Shot 11 holes from 8787-8798' with 0.5 EHD and 41" penetartion. Rigged down JSI wireline. Laid down 37 joints tubing. Made up and RIH with 2-3/8" x 5.5" arrowset 1X packer with 1.875" F profile nipple and 277 joints 2-3/8" 4.7# L-80 tubing. Set packer at 8688' in 10K compression. Pumped 1000 psi on casing with reverse unit. No leak off. Packer holding good. Bleed off pressure. Picked up swab line. GIH with swab. IFL at 400'. Made 12 swab runs with fluid level dropping to 8500'. Recovered a total of 40 bbls. No load to get back.

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*****TITE HOLE!!!*****EDDY CO., NM*

Slight gas blow with swab with no gail gas. Secured well and shut in over weekend.

10-1-05 SITP AM 50 psi, SICP 0 psi. SITP AM 800 psi, SICO 0 psi.

10-2-05 SITP 1025 psi, SICP 0 psi.

10-3-05 SITP 1550#, SICP 0#. Opened well on 24/64" choke to flowback tank. Pressure dropped to 0 psi in 10 mins. GIH with swab. IFL at 7000'. Made 2 swab runs with fluid level dropping off to 8500'. Recovered a total of 5 bbls. Made swab run once an hour for 4 hours. No fluid recovered. Slight constant gas blow. Secured well. Shut in overnight.

10-4-05 SITP 600 psi, SICP 0 psi. Opened well on a 24/64" choke to flowback tank. Pressure dropped to 0 psi in 5 mins. GIH with swab. Made 1 swab run to 8500'. No fluid recovered. Rigged down swab. Installed Stinger tree saver. Moved in and rigged up BJ acid equipment. Hold safety meeting and test lines to 9000 psi. Pressured annulus to 1500 psi during acid job. Pumped 2000 gals 10% acetic acid with 25 - 7/8" 1.3 SG RCN ball sealers followed by 34 bbls 2% KCL. Had good ball action but did not ball out. Pressure tubing to 5185 psi. Formation broke. Increased rate to 4.5 BPM. Max pressure 5338 psi. Avg rate was 4.5 BPM. Avg pressure 5130 psi. total load to recover 84 bbls. ISIP 3290 psi, 5 mins 2707 psi, 10 min 2587 psi, 15 mins 2414 psi. Rigged down BJ Services. Rigged down Stinger tree saver. Opened well up to 24/64" choke to flowbank tank. Flowed to blow down tank for 1 hour making 2 bbls and pressure dropping to 0 psi. GIH with swab. IFL at surface. Made 21 swab runs with fluid level dropping to 8500'. Recovered 80 bbls load water. Had gas blow with swab and tail gas was constant. Well Testers flowed well to flowback tank a total of 12 hours overnight and flowed 16 bbls, avg 1.33 BPH. Total fluid recovered is 96 bbls, 120 bbls overload. Max pressure 40 psi. Avg pressure 10 psi. Currently at 6:00 AM 10-5-05 flowing 230 MCFD rate making 1.33 BPH.

10-6-05 Avg flow back pressure 10 psi. GIH with swab. Made 6 swab runs with fluid level dropping to 8500'. Recovered a total of 20 bbls, 32 bbls overload. Made 1 swab run once an hour for 6 hours. Recovered 12 bbls, 44 bbls overload. Had gas blow with swab, constant tail gas with avg pressure of 10 psi. Well testers flowed back to flow back tank a total of 14 hours. Made 38 bbls, 2.71 bbl/hr avg. 82 bbls recovered overload. Max pressure 25 psi. Avg pressure 10 psi. Currently at 6:00 AM 10-6-05: well flowing 230 MCFD rate making 2.71 bbls water/hr.

10-7-05 Moved in and rigged up JSI Electric line truck with full lubricator. Made up and RIH with 4" casing gun loaded 1 JSPF with 39 gram charge on 120 deg phasing. Perforated 10 holes from 8744-8754' with 0.5" EHD and 41" penetration. Rigged down JSI electric line truck. Moved in and rigged up Stinger casing sacer on frac valve. Moved in and rigged up BJ Frac equipment. Hold pre-job safety meeting. Tested lines to 9000 psi. Frac'd Strawn perforations 8744-8754' and 8787-8798' via 5.5" csing with 54,500 gals 40# linear gel and 70Q CO2 foam and 42,880# 18/40 versa prop as follows:
1000 gals 7.5% NEFE acid ahead - 6 psi
10,000 gals 40# linear gel, 70Q CO2 foam pad at 40 BPM - 1775 psi
8000 gals 40# linear gel, 70Q CO2 foam + .25# 18/40 versa prop @ 40 BPM - 4943 psi
4000 gals 40# linear gel, 70Q CO2 foam + .50# 18/40

Myco Industries - Seven Rivers 4 Fee #1 (Unit D) 4-20S-26E

*****TITE HOLE!!!*****EDDY CO., NM*

Versa prop @ 40 BPM - 5336 psi
 6000 gals 40# linear gel, 70Q CO2 foam + .75# 18/40
 versa prop @ 40 BPM - 5344 psi
 8000 gals 40# linear gel, 70Q CO2 foam + 1.0 18/40
 versa prop @ 40 BPM - 5281 psi
 10,000 gals 40# linear gel, 70Q CO2 foam + 1.5# 18/40
 versa prop @ 40 BPM - 5278 psi
 8500 gals 40# linear gel, 70Q CO2 foam + 2.0# 18/40
 versa prop @ 40 BPM - 5270 psi
 Pumped 200 bbls 3% KCL flush at 40 BPM - 4100 psi
 Max pressure 5657 psi, avg pressure 5278 psi, avg rate
 40 BPM. Total load to recover 412 bbls. ISDP 4100psi,
 5 mins 3661 psi, 10 mins 3592 psi, 15 mins 3556 psi.
 Hold post job safety meeting. Rigged down and moved
 out Stinger casing saver. Rigged down and moved out BJ
 frac equipment. Connect well to flow back equipment.
 Opened well up on 14/64" positive choke with 3400 psi.
 Flowed back overnight and made total of 142 bbls load
 water. Opened to 18/64" choke at 5:00 AM with 850 psi
 casing pressure and making 18 bbls load water per hour.
 270 bbls load water to recover as of 6:00 AM 10-8-05.

10-9-05

Flowed back well to frac tank. Recovered a total of
 201 bbls in past 24 hours. 69 bbls of load left to
 recover. At report time 5:00 AM 10-9-05 CP is 20 psi
 on 48/64" choke. Est gas flowrate in 290 MCFD. Avg
 fluid recovery is 6 BPH. CO2 content is 20% at report
 time. Will continue flowback and prep to run packer
 and tubing in hole tomorrow AM.

10-10-05

Flowed back well to frac tank. Recovered 24 bbls of
 fluid in past 24 hours. 45 bbls of load to recover.
 CP is 22 psi on 48/64" choke at report time 5:00 AM 10-
 10-05. The estimated gas flowrate is 318 MCFD with avg
 fluid recover of 1 BPH. CO2 content is 12% at report
 time. Running packer and tubing tubing in hole this
 AM.

10-11-05

Flowed back to frac tank for 6 hours. Recovered 6 bbls
 fluid. Avg 1.0 BPH, 39 bbls of load to recover. Avg CP
 was 15 psi on 48/64" choke. Est gas flowrate was 217
 MCFD. CO2 content was 8%. Moved in and rigged up JSI
 Wireline. RIH with gauge ring and basket to 9500'.
 Made up 2-3/8" x 5.5" Arrowset 1X packer with carbide
 trim, 6' x 2-3/8" up joint and Magnum shear disk on
 bottom and T2 on/off tool with 1.875" F profile nipple.
 RIH with packer on wireline. Set packer at 8696'.
 Rigged down and moved out JSI wireline. RIH with 228
 joints 2-3/8" 4.7# L-80 tubing. Secured well and shut
 in overnight.

10-12-05

SICP 200 psi. Bled pressure off to flowback tank. RIH
 with rest of tubing and packer. Total tubing - 227
 joints 2-3/8" 4.7# L-8 EUE tubing. Spaced out with
 10', 8', 6' and 4' pup joints. Planced pup joints
 under top joint of tubing. Landed tubing onto on/off
 tool and pulled off. Reverse circulated 220 bbls 7%
 KCL packer fluid. Latched onto packer and landed
 tubing with 12k compression. Nippled down BOP and
 nipple dup tree. Pumped 1000 psi on casing with
 reverse unit - no leak off. Packer holding good.
 Rigged up swab line. GIH with swab line. IFL 500'.
 Made 11 swab runs down to 3000' from surface. Well
 started to unload. Avg pressure 20 psi. NOTE:
 Correction to total load is 160 bbls + 412 bbls. 149
 bbls left to recover. Flowed well back to flowback
 tank a total of 14 hours. Recovered a total of 92 bbls
 with avg fluid recovery of 6.5 BPH. 57 bbls load left
 to recover. At report time 5:00 AM 10-12-05: TP 15
 psi on 64/64" choke. Est gas flowrate is 347 MCFD.
 CO2 content at 2300 hours was 15% and at report time

DR

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Myco Industries - Seven Rivers 4 Fee #1 (Unit D) 4-20S-26E

*****TITE HOLE!!!*****EDDY CO., NM*

15%. Will take water samples to BJ this AM.

10-13-05 Flowed well back to frac tank. Recovered 82 bbls fluid in the past 24 hours with avg fluid recovery of 3.42 BHP. 25 bbls over load recovered. At report time 0500 hrs, TP is 27 psi on 64/64" choke. Estimated gas flow rate is 625 MCFD. ATP 20 psi, and avg gas flow rate 463 MCFD. CO2 content at 1000 hrs was 8%, and at report time is 6%. Attempted to make swab runs, but were unsuccessful getting swab in hole. Will be taking water samples to BJ this AM.

10-14-05 Flowed well back to frac tank. Recovered 66 bbls fluid in the past 24 hours. Avg fluid recovery was 2.75 BPH. 91 bbls over load recovered. TP at report time is 26 psi on a 64/64 choke. Estimated gas flowrate is 602 MCFD. ATP for last 24 hours was 27 psi, and avg gas flowrate press was 625 MCFD. CO2 content at report time is 3%. Rigged down and released Reliable Unit #3. Cleaned location. Chlorides at 25 bbls over load - 73,923 ppm.

10-15-05 Flowed back well to frac tank. Shut in at 4:00 AM for BPU. Total flowback tim was 11 hours. Recovered a total of 21 bbls fluid. 112 bbls overload recovered. Avg TP 25 psi on 64/64" choke. Avg estimated gas flowrate was 556 MCFD and avg fluid recover 1.9 BPH. CO2 content at shut in was 3%. SITP 1090 psi, CP 0 psi.

10-16-05 SITP 1975 psi, CP 0 psi.

10-17-05 SITP 2100 psi, CP 0 psi. Prep to flow back well thru high pressure test separator with 500 psi back pressure.

10-18-05 Well shut in waiting on pipeline. Cleaned location.

10-20-05 Well is shut in waiting on pipeline.

GAS ANALYSIS: 10-18-05

Real BTU Dry:	1047.94
Real BTU Wet:	1029.71
Real Calc Sp. Gravity:	0.6978
Field Sp. Gravity:	0.0000
Standard pressure:	14.6960
BTU Dry:	1042.70
BUT Wet:	1024.56

REMARKS:

H2S in gas stream - none detected

CO2 in gas stream: 6.0000% (checked with tube)

112 bbls over frac load recovered. Strawn perfs 8744-54' and 8787-98'

*DETAILED GAS ANALYSIS IN WELLFILE.