

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-015-33763
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Cemetary 2
8. Well Number #2
9. OGRID Number 212226
10. Pool name or Wildcat Cemetary, Morrow

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
 1. Type of Well: Oil Well Gas Well Other APR 07 2006

2. Name of Operator
Preston Exploration, LLC

3. Address of Operator
1717 Woodstead Court, Suite 207, The Woodlands, Texas 77380

4. Well Location
 Unit Letter **O** : **660'** feet from the **South** line and **1,750'** feet from the **East** line
 Section **2** Township **20S** Range **25E** NMPM **Eddy** County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,385'

Pit or Below-grade Tank Application or Closure
 Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
 Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

- 720/05 Spudded well @ 12:30 am CST.
- 7/21/05 Set 13-3/8 68# & 61# K55 BTU casing w/4 centralizers at 380'. Cement w/ 420 sks Class "C" with additives. Displace with 51 bbls fresh water. Did not circ cement (had full returns). TOC 75'. Top out with 75 sks Class "C" with additives. Circulated 5 sks cement to surface. Tested casing to 500 psi (ok). WOC 19.5 hrs
- 7/24/05 Set 9-5/8 40# N80 casing w/10 centralizers at 1430'. Cement w/ 400 sks lead slurry 35:65:6 with additives. Cement w/ 200 sks tail slurry Class "C" with additives. Displace with 106 bbls fresh water. Bumped plug @12:30 cst and float held. Test casing to 1500 psi for 30 mins (ok). WOC 22 hrs.
- 8/18/05 Reached TD @ 9,820'.
- 8/19/05 Set 5-1/2" 17# N80 casing at 9820'. DV Tool set @ 7820'. Cement 1st stage with 650 sks 50/50-2 Class H cement. Drop plug and displace with water. Plug down @ 1:30 and float held. Drop bomb to open DV Tool. Circulate off tool w/ BJ - 150 sks cmt to surface. Cement 2nd stage with 470 sks 50/50-2 Class H. Drop plug and displace w/ 182 bbls fresh water.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Lindsay Truesdell TITLE Consultant DATE 09/01/2005

Type or print name Lindsay Truesdell E-mail address: Lindsay@rkford.com Telephone No. 432-682-0440

For State Use Only **FOR RECORDS ONLY** **APR 07 2006**

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

Date: 07/19/05	Preston Exploration, LLC	Report No.: 1
API: 30-015-33763	Daily Drilling Report	Permit No.:

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: R/U Patterson #510	Accidents: None
Depth @ RT: 40' Conductor	Footage: _____
	Environmental: _____

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface							
Intermediate							
Liner							
Liner							
Production							

Mud System							
Time:	Vis:	Sand:	WL:	Cake:	Cl:		
Type:	PV:	HTHP:	%W:	PH:	Ca:		
Mud In:	YP:	O/W Ratio:	%Oil:	PF:	K:		
Mud Out:	Gels:	Solids:	%LGS:	PM:	MF:		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	6:00	12.00	MI Patterson #510	
6:00	6:00	12.00	R/U Patterson #510	
<p>Rig Diesel Tank had 20" when Preston Exploration P/U Rig</p> <p>Haul Fresh H2O t/reserve & rig tanks w/JWS</p>				
		24.00		

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OCU-ARTESIA

Drilling Data				
Hook Load:	Drag Up:	Drag Down:	Torque:	Max Pull:

Bit Data																	
Make:	Type:				Size:			Serial No.:		Jet TFA:							
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	SPM	Liner Size	Description	Jts	Length	OD	RU / RD / Move			
							Drilling		24.00	24.00
							Ream / Wash			
							Coring			
							Circ & Cond			
							Trip/LDDP			
							Rig Service			
							Rig Repair			
							Dir. Survey			
							Logging			
							Run Casing			
							Cementing			
							NU/ND, Test BOP			
							DST			
							Problem			
							Waiting on cement			
							Waiting on orders			
							Weather			
							Wellhead/Tree			
							Fishing			
							Other			
							TOTAL		24.00	24.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used		Circ Vol		Daily Mud		Daily Cost	
			Fuel Del		Pit Vol		Cum Mud		Daily Cost	52,663
			Fuel Stock	20" / 2000 gal	Stby Vol		AFE Dry Hole		Cum Cost	100,438
			Pot Wtr				AFE Completed			959,900
										1,427,840

Lithology: _____ Shows: _____							
BG: _____	CG: _____	TG: _____	MG: _____	CDExp: _____	ShDen: _____	PP: _____	

Remarks: **Daily Cost /has previous well charges included on first day only.**

Date: 07/20/05	Preston Exploration, LLC	Report No.: 2
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 17 1/2" Hole	Footage: 244'	Accidents: None
Depth @ RT: 284'	Environmental:	

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface							
Intermediate							
Liner							
Liner							
Production							

Mud System							
Time: 1:00 AM	Vis: 32.00	Sand:	WL: NC	Cake:	Cl:		
Type: Fresh H2O	PV:	HTHP:	%W:	PH: 9.50	Ca:		
Mud In: 8.4	YP:	O/W Ratio:	%Oil:	PF:	K:		
Mud Out: 8.6	Gels:	Solids:	%LGS:	PM:	MF:		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	2:00	8.00	R/U Patterson #510 - Repair chain guard on #1 Pump w/welder
2:00	10:00	8.00	R/U Patterson #510 - Install 20" & weld flowline - Install dresser sleeve and secure Conductor - Mix Spud Mud
10:00	12:30	2.50	P/U Bit #1 & BHA
12:30	6:00	5.50	Spud Well @ 12:30 am CST 7/20/2005 - Drig f/40' 1/284' WOB All, RPM 100/110, SPM 125, PSI 500
		24.00	

Notified NM OCD @ 8:45 pm CST of Spudding Cemetery '2' #2 Well

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OUL-ANTEGA

Drilling Data				
Hook Load: 38,000	Drag Up: 0	Drag Down: 0	Torque: 0	Max Pull: 38,000

Bit Data																	
Make:	Smith			Type:	MSG 18			Size:	17 1/2"		Serial No:	MR 4044			Jet TFA:	0.518	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
1		15	15	15		40'	In Hole	244	44.36	5.50	5.50				All		100

Mud Pumps			BHA Detail				Time Analysis		Day	Cum			
Pump Press	SPM	Liner Size	Stk Length	Pump Output	SPR	Press	Description	Jts	Length	OD	RU / RD / Move	Day	Cum
500.00	125.00	6.00	8.00	360 gpm	6.00	8.00	Bit		1.75	17.50	Drilling	5.50	5.50
							Bit Sub		4.00	8.00	Rearm / Wash		
							Shock Sub		10.72	8.00	Coring		
							IB Stabilizer		7.57	17.50	Circ & Cond		
							8-DC'S		240.00	8.00	Trip/LDDP	2.50	2.50
											Rig Service		
											Rig Repair		
											Dir. Survey		
											Logging		
											Run Casing		
											Cementing		
											NU/ND, Test BOP		
											DST		
											Problem		
											Waiting on cement		
											Waiting on orders		
											Weather		
											Wellhead/Tree		
											Fishing		
											Other		
											TOTAL	24.00	48.00

Survey Data			Rig Inventory			Mud Volumes			Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	575 gal	Circ Vol	Pit Vol	Stby Vol	Daily Mud	Cum Mud	Daily Cost	Cum Cost	
236	1/2°		7,051	6,553	350			0	0	22,331	122,769	
			150 bbls					AFE Dry Hole		959,900		
								AFE Completed		1,427,840		

Lithology:	Shows:	
BG: CG: TG: MG: CDExp: ShDen: PP:		
Remarks:		

Date: 07/21/05	Preston Exploration, LLC	Report No.: 3
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #810	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: NUBOP	Accidents: None
Depth @ RT: 380'	Footage: 96'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate							
Liner							
Liner							
Production							

Mud System							
Time: 600	Vis: 29.00	Sand:	WL: NC	Cake:	Cl:		
Type: Fresh H2O	PV:	HTHP:	%W:	PH: 9.50	Ca:		
Mud In: 8.4	YP:	O/W Ratio:	%Oil:	PF:	K:		
Mud Out: 8.4	Gels:	Solids:	%LGS:	PM:	MF:		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	10:30	4.50	Drig f/284' t/380' WOB All, RPM 100/110, SPM 125, PSI 500
10:30	11:45	1.25	Circ - Pump High Vis Sweep & Circ out - Survey @330' 1°
11:45	12:30	0.75	TOH
12:30	1:30	1.00	Held Safety Meeting w/Rig & 3rd party personnel - R/U Casing Crew
1:30	4:00	2.50	Run 10 Jts 13 3/8" 68 & 61# K55 BTU w/4 Centralizers Set @380' - Tx Pattern Shoe, 1 Jt Csg, Float Collar, 9 Jts Casing
4:00	5:00	1.00	R/U Rig Pump t/Casing & Circulate same - R/D Casing Crew & R/U BJ
5:00	6:00	1.00	Test Lines t/3000 psi - Cement w/BJ 420 sks Class C+2%CaCl2+.25#Celloflake, Wt 14.8 Yield 1.35 - Drop Plug - Displace w/51 bbls Fresh H2O - Plug Down & Float held - Did not Circ Cement (had full returns)
			NM OCD recommends run temp survey & top out cement from there
6:00	12:00	6.00	WOC & EM Hobbs f/Temp Survey
12:00	1:00	1.00	Run Temp Survey w/EM Hobbs - TOC 75' -
1:00	2:00	1.00	Cut off Conductor & Rough Cut 13 3/8" Csg - L/O Csg
2:00	3:30	1.50	R/U BJ & Top out w/75 sks Class C+3% CaCl2+.25#Celloflake - Circulated 5 sks Cement t/surface - R/D BJ
3:30	5:30	2.00	Make final Cut on 13 3/8" Casing & Dress same - Install Wellhead w/welder & test same t/500 psi (ok)
5:30	6:00	0.50	NUBOP
		24.00	

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Drilling Data				
Hook Load: 55,000	Drag Up: 0	Drag Down: 0	Torque: 0	Max Pull: 55,000

Bit Data																		
Make:	Smith				Type:	MSG 18			Size:	17 1/2"		Serial No:	MR 4044			Jet TFA:	0.518	
Bit No	DA	Jets No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
1		15	15	15		40	380	340	34.00	4.50	10.00	2	2	IG	All			100

Mud Pumps			BHA Detail				Time Analysis				Day	Cum	
Pump Press	500.00		Description	Jts	Length	OD	RU / RD / Move						
SPM	125.00		Bit	1	1.75	17.50	Drilling				4.50	10.00	
Liner Size	6.00	6.00	Bit Sub	1	4.00	8.00	Rearm / Wash						
Stk Length	8.00	8.00	Shock Sub	1	10.72	8.00	Coring						
Pump Output	360 gpm		IB Stabilizer	1	7.57	17.50	Circ & Cond				2.00	2.00	
SPR			9-8" DC'S	9	306.00	8.00	Trip/LDDP				0.75	3.25	
Press							Rig Service						
							Rig Repair						
							Dir. Survey				0.25	0.25	
							Logging						
							Run Casing				3.50	3.50	
							Cementing				2.00	2.00	
							NU/ND, Test BOP				1.00	1.00	
							DST						
							Problem						
							Waiting on cement				6.00	6.00	
							Waiting on orders						
							Weather						
							Wellhead/Tree				3.00	3.00	
							Fishing						
							Other				1.00	1.00	
							TOTAL				24.00	72.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	314	Circ Vol	Reserve Pit	Daily Mud		Daily Cost	47,069
330	1°		Fuel Del		Pit Vol		Cum Mud	0	Cum Cost	168,838
			Fuel Stock	6,239	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	140 bbls			AFE Completed			1,427,840

Lithology:	Shows:
BG:	CG:
TG:	MG:
CExp:	ShDen:
PP:	

Remarks:

Date: 07/22/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 4
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 12 1/4" Hole	Accidents: None
Depth @ RT: 555'	Footage: 175'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate							
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake: 9.00	Cl: 3200.00		
Type: Fresh H2O	PV:	HTHP:	%W: 100.00	PH: 9.00	Ca: 680.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 100	%Oil:	PF:	K:		
Mud Out: 8.4	Gels:	Solids: 0.02	%LGS:	PM:	MF:		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	12:00	6.00	Finish NUBOP	
12:00	4:00	4.00	Test BOP'S, Upper/Lower Kelly Valves & Choke Manifold (High 3000 - Low 250) ok - Test Hydril (High 1500 - Low 250) ok	
4:00	6:30	2.50	P/U Bit #2 & BHA - TIH tag up @329'	
6:30	7:00	0.50	Test Csg 1/500 psi (ok)	
7:00	11:00	4.00	Drig Cement, Float Collar, Cement 1/380'	
11:00	6:00	7.00	Drig Formation f/380' 1/555' WOB 25/30, RPM 80/100, SPM 125, PSI 550	
		24.00		

Stablizers & Shock 3180 (on daily rentals)
NU Crew & Test 3672 (on Labor)

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Drilling Data					
Hook Load: 70,000	Drag Up: 0	Drag Down: 0	Torque: 1/4 rd	Max Pull: 72,000	

Bit Data																	
Make: Smith	Type: F37C	Size: 12 1/4	Serial No: MX1156	Jet TFA: 0.518													
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
2		15	15	15		380	In Hole	175	25.00	7.00	7.00				25/30	1/4 rd	90

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	550.00		Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	125.00		BIT	1	1.50	12.25	Drilling	7.00	17.00	
Liner Size	6.00	6.00	Shock Sub	1	10.57	8.00	Rear / Wash	4.00	4.00	
Stk Length	8.00	8.00	8" DC	1	31.16	8.00	Coring			
Pump Output	360 gpm		IB Stab	1	8.02	12.25	Circ & Cond		2.00	
SPR			8" DC	1	30.66	8.00	Trip/LDDP	2.50	5.75	
Press			IB Stab	1	4.95	12.25	Rig Service			
			8" DC'S	7	211.15	8.00	Rig Repair			
			XO Sub	1	2.60	6.00	Dir. Survey		0.25	
			6" DC'S	8	240.00	6.00	Logging			
							Run Casing		3.50	
							Cementing		2.00	
							NU/ND, Test BOP	10.00	11.00	
							DST			
							Problem			
							Waiting on cement		6.00	
							Waiting on orders			
							Weather			
							Wellhead/Tree		3.00	
							Fishing			
							Other Test Casing	0.50	1.50	
							TOTAL	24.00	96.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	446	Circ Vol	Reserve	Daily Mud	2,125	Daily Cost	33,765
			Fuel Del	5,793	Pit Vol		Cum Mud	2,125	Cum Cost	203,603
			Fuel Stock	130	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr				AFE Completed		1,427,840	

Lithology:	Shows:									
BG:	CG:	TG:	MG:	CDEP:	ShDen:	PP:				
Remarks:										

Date: 07/23/05	Preston Exploration, LLC	Report No.: 5
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 12 1/4" Hole	Footage: 604'	Accidents: None	Environmental:
Depth @ RT: 1159'			

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate							
Liner							
Liner							
Production							

Mud System							
Time: 1200	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 3200.00		
Type: Fresh H2O	PV:	HHP:	%W: 99.00	PH: 10.00	Ca: 680.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.03	%LGS:	PM:	MF:		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	10:00	4.00	Drig f/555' t/646' WOB 35/40, RPM 80/90, SPM 125, PSI 600	
10:00	10:30	0.50	WLS @597' 1° - Install Corrosion Ring	
10:30	9:45	11.25	Drig f/646' t/937' WOB 40/45, RPM 80/90, SPM 125, PSI 650	
9:45	10:00	0.25	WLS @888' 1°	
10:00	6:00	8.00	Drig f/937' t/1159' WOB 45/50, RPM 80/90, SPM 125, PSI 700	
BOP Drill All tours (Safety Meeting w/all rig personnel on procedures of Well Control)				
		24.00		

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OJJA-ARTEOM

Drilling Data					
Hook Load: 98,000	Drag Up: 2,000	Drag Down: 2,000	Torque: 1/2 rd	Max Pull: 102,000	

Bit Data																	
Make:	Smith			Type:	F37C			Size:	12 1/4		Serial No:	MX1156		Jet TFA:	0.518		
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
2		15	15	15		380	In Hole	779	25.75	23.25	30.25				50	1/2 rd	85

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	700.00		Description		Jts	Length	OD	RU / RD / Move		40.00
SPM	125.00		Bit		1	1.50	12.25	Drilling	23.25	40.25
Liner Size	6.00		Shock Sub		1	10.57	8.00	Rearm / Wash		4.00
Stk Length	8.00		8" DC		1	31.16	8.00	Coring		
Pump Output	360 gpm		IB Stab		1	8.02	12.25	Circ & Cond		2.00
SPR			8" DC		1	30.66	8.00	Trip/LDDP		5.75
Press			IB Stab		1	4.95	12.25	Rig Service		
			8" DC'S		7	211.15	8.00	Rig Repair		
			XO Sub		1	2.60	6.00	Dir. Survey	0.75	1.00
			6" DC'S		20	587.78	6.00	Logging		
			TOTAL		888.39			Run Casing		3.50
								Cementing		2.00
								NU/ND, Test BOP		11.00
								DST		
								Problem		
								Waiting on cement		6.00
								Waiting on orders		
								Weather		
								Wellhead/Tree		3.00
								Fishing		
								Other		1.50
								TOTAL	24.00	120.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	516	Circ Vol	Reserve	Daily Mud		Daily Cost	16,247
597	1°		Fuel Del		Pit Vol		Cum Mud	2,125	Cum Cost	219,850
888	1°		Fuel Stock	5,277	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	120			AFE Completed			1,427,840

Lithology:	Shows:					
BG:	CG:	TG:	MG:	CDEP:	ShDen:	PP:

Remarks:

Date: 07/24/05	Preston Exploration, LLC	Report No.: 6
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: NDBOP	Accidents: None
Depth @ RT: 1430'	Footage: 271'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 800.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.00	PH: 9.50	Ca: 960.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.03	%LGS:	PM:	MF:		
FL Temp:	Gels:	ExtLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	8:15	2.25	Drig f/1159' t/1222' WOB 45/50, RPM 80/90, SPM 125, PSI 700	
8:15	8:45	0.50	Rig Service & WLS @1172' 1/2"	
8:45	2:15	5.50	Drig f/1222' t/1398' WOB 50, RPM 80/90, SPM 125, PSI 800	
2:15	2:30	0.25	R/U Dels Fluid Caliper	
2:30	4:00	1.50	Drig f/1398' t/1430' WOB 50, RPM 80/90, SPM 125, PSI 800	
4:00	4:30	0.50	Pump High Vis Sweep & Circulate	
4:30	4:45	0.25	WLS @1394' 3/4"	
4:45	5:45	1.00	TOH w/DP & 6" DC'S	
5:45	6:30	0.75	R/U Lay Down Machine	
6:30	7:30	1.00	L/D 8" DC'S	
7:30	10:30	3.00	Run 33 Jts 9 5/8" 40# N-80 LTC Casing; Guide shoe, 1 Jt Csg, Float Collar & 32 Jts Csg w/10 Centralizers - Set @1430'	
10:30	11:00	0.50	Circulate Casing w/Rig Pump - R/D Casing Crew & L/D Machine	
11:00	12:30	1.50	R/U BJ & Test Lines - Cement w/400 sks lead slurry 35:65:6+1/4#Celloflake+5%Salt, Wt 12.4 Yield 2.1 - 200 sks tail slurry Class C+2%CaCl, Wt 14.8 Yield 1.34 - Drop Plug - Displace w/106 bbls Fresh H2O - Bumped plug @12:30 CST & Float held	
12:30	4:00	3.50	WOC & NDBOP @A-Section	
4:00	5:00	1.00	P/U BOP'S, Set Slips w/Cameron, Make rough cut of 9 5/8 & L/O same	
5:00	6:00	1.00	NDBOP	
Held Safety Meetings w/all Rig & 3rd party personnel prior to any work preformed				
		24.00		

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Drilling Data					
Hook Load: 105,000	Drag Up: 0	Drag Down: 0	Torque: 1/2 rd	Max Pull: 105,000	

Bit Data																	
Make:	Smith			Type:	F37C			Size:	12 1/4		Serial No:	MX1156			Jet TFA:	0.518	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
2		15	15	15		380	1,430	1,050	26.58	23.25	39.50	2	2	IG	50	1/2 rd	85

Mud Pumps			BHA Detail				Time Analysis		Day	Cum	
Pump Press	800.00		Description	Jts	Length	OD	RU / RD / Move			40.00	
SPM	125.00		Bit	1	1.50	12.25	Drilling		9.25	49.50	
Liner Size	6.00		Shock Sub	1	10.57	8.00	Ream / Wash			4.00	
Stk Length	8.00		8" DC	1	31.16	8.00	Coring				
Pump Output	360 gpm		IB Stab	1	8.02	12.25	Circ & Cond		1.00	3.00	
SPR			8" DC	1	30.66	8.00	Trip/LDDP		2.00	7.75	
Press			IB Stab	1	4.95	12.25	Rig Service		0.25	0.25	
			8" DC'S	7	211.15	8.00	Rig Repair				
			XO Sub	1	2.60	6.00	Dir. Survey		0.50	1.50	
			6" DC'S	20	587.78	6.00	Logging				
			TOTAL				888.39	Problem			
			TOTAL				888.39	Waiting on cement		3.50	9.50
			TOTAL				888.39	Waiting on orders			
			TOTAL				888.39	Weather			
			TOTAL				888.39	Wellhead/Tree		1.00	4.00
			TOTAL				888.39	Fishing			
			TOTAL				888.39	Other			1.50
			TOTAL				888.39	TOTAL		24.00	144.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	454	Circ Vol	Reserve	Daily Mud	1,319	Daily Cost	84,665
			Fuel Del		Pit Vol		Cum Mud	3,444	Cum Cost	304,515
			Fuel Stock	4,823	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	120			AFE Completed			1,427,840

Lithology:	Shows:
BG:	CG:
TG:	MG:
CDEP:	ShDen:
PP:	

Remarks: **Discovery Logging called to be here 7/24/2005**

Date: 07/25/05	Preston Exploration, LLC	Report No.: 7
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Footage: 115'	Accidents: None	Environmental: None
Depth @ RT: 1545'			

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 900.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.00	PH: 9.50	Ca: 960.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.03	%LGS:	PM:	MF:		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	7:00	1.00	NDBOP
7:00	8:00	1.00	NU B-Section & Test same t/2000 psi (ok)
8:00	10:45	2.75	NUBOP
10:45	11:00	0.25	R/U Test Unit
11:00	4:00	5.00	Test BOP'S, Choke Manifold, Upper & Lower Kelly Valves, Kill & Choke valves: High 5000 Low 250 (ok) Test Hydril: High 2500 Low 250 (ok) - Accumulator test (ok)
4:00	6:00	2.00	R/U Flowline w/welder
6:00	10:00	4.00	P/U Bit #3 & BHA + 10 DC's off rack - TIH tag @1380'
10:00	10:30	0.50	Test Casing t/1500 psi 30 min (ok)
10:30	12:45	2.25	Drig Cement, Float Collar & 15'Cement - Test Casing t/1500 psi (ok) - Finish Drig Cement & Shoe
12:45	6:00	5.25	Drig Formation f/1430 t/1545' (BIB 20/45 wob) WOB 45/50, RPM 55/60, SPM 125, PSI 1275
		24.00	

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Drilling Data					
Hook Load: 93,000	Drag Up: 0	Drag Down: 0	Torque: 1/4 rd	Max Pull: 93,000	

Bit Data																			
Make:	Smith				Type:	F47HY			Size:	8 3/4		Serial No:		PC1357		Jet TFA:		0.331	
Bit No	DA	Jets No	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM		
3		12	12	12		1,430	In Hole	115	21.90	5.25	5.25				20/50	1/4 rd	55/60		

Mud Pumps			BHA Detail				Time Analysis			Day	Cum
Pump Press	1,275.00		Description	Jts	Length	OD	RU / RD / Move				
SPM	125.00		Bit	1	1.00	8.75	Drilling			5.25	54.75
Liner Size	6.00		Bit Sub	1	3.87	6.00	Rear / Wash			2.25	6.25
Stk Length	8.00		6" DC	1	29.17	6.00	Coring				
Pump Output	360 gpm		IB Stabilizer	1	5.63	8.75	Circ & Cond				3.00
SPR			6" DC	1	28.92	6.00	Trip/LDDP			4.00	11.75
Press			IB Stabilizer	1	6.48	8.75	Rig Service				0.25
			6" DC'S	28	817.83	6.00	Rig Repair				
							Dir. Survey				1.50
							Logging				
							Run Casing				6.50
							Cementing				3.50
							NU/ND, Test BOP			12.50	25.50
							DST				
							Problem				
							Waiting on cement				9.50
							Waiting on orders				
							Weather				
							Wellhead/Tree				4.00
							Fishing				
							Other				1.50
							TOTAL			24.00	168.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	324	Circ Vol	Reserve	Daily Mud	Daily Cost	Daily Cost	36,083
			Fuel Del	4,499	Pit Vol		Cum Mud	3,444	Cum Cost	340,598
			Fuel Stock	110	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr				AFE Completed			1,427,840

Lithology: San Andres 100% Dolomite	Shows:
BG: CG:	TG: MG:
	CDExp: ShDen:
	PP:

Remarks:

Date: 07/26/05	Preston Exploration, LLC	Report No.: 8
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Footage: 845'	Accidents: None
Depth @ RT: 2390'	Environmental:	

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 700.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 11.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF:		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	10:00	4.00	Drig f/1545' t/1733' WOB 45/50, RPM 55/60, SPM 125, PSI 1275	
10:00	10:15	0.25	WLS @1684' 1/2" - Rig Service	
10:15	11:00	12.75	Drig f/1733' t/2207' WOB 50/55, RPM 55/60, SPM 125, PSI 1325	
11:00	11:30	0.50	WLS @2158' 3/4"	
11:30	6:00	6.50	Drig f/2207' t/2390' WOB 50/55, RPM 55/60, SPM 125, PSI 1325	
BOP Drill Day tour (SIT 1 min 10 sec)				
2 cracked pin ends on 8" DC'S				
1 cracked box end on 8" DC'S				
1 damaged thread on 8" DC'S				
Total of 4 bad DC'S - plan to send them in for repair				
		24.00		

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HILTI-ARTESIA

Drilling Data					
Hook Load: 107,000	Drag Up: 0	Drag Down: 0	Torque: 1/4 rd	Max Pull: 107,000	

Bit Data																		
Make:	Smith			Type:	F47HY			Size:	8 3/4			Serial No:	PC1357			Jet TFA:	0.331	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM	
3		12	12	12		1,430	In Hole	960	33.68	23.25	28.50				50/55	1/4 rd	55/60	

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,325.00		Description	Jts	Length	OD	RU / RD / Move			
SPM	125.00		Bit	1	1.00	8.75	Drilling	23.25	78.00	
Liner Size	6.00		Bit Sub	1	3.87	6.00	Ream / Wash		6.25	
Stk Length	8.00		6" DC	1	29.17	6.00	Coring			
Pump Output	360 gpm		IB Stabilizer	1	5.63	8.75	Circ & Cond		3.00	
SPR	65.00		6" DC	1	28.92	6.00	Trip/LDDP		11.75	
Press	400.00		IB Stabilizer	1	6.48	8.75	Rig Service	0.25	0.50	
			6" DC'S	28	817.83	6.00	Rig Repair			
							Dir. Survey	0.50	2.00	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	192.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	771	Circ Vol	Reserve	Daily Mud	190	Daily Cost	17,242
1,684	1/2°		Fuel Del		Pit Vol		Cum Mud	3,634	Cum Cost	357,840
2,158	3/4°		Fuel Stock	3,728	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	90			AFE Completed		1,427,840	

Lithology: San Andres 80% Dolomite, 20% Chert	Shows:
BG: CG: TG: MG: CDEP: ShDen: PP:	

Remarks:

Date: 07/27/05	Preston Exploration, LLC	Report No.: 9
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 2994'	Footage: 604'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 700.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 11.00	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF:		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	7:45	1.75	Drig f/2390' t/2427' WOB 50, RPM 55/60, SPM 125, PSI 1325	
7:45	8:00	0.25	Rig Service	
8:00	5:00	9.00	Drig f/2427' t/2679' WOB 50, RPM 55/60, SPM 125, PSI 1325	
5:00	5:30	0.50	WLS @2630' 1 3/4"	
5:30	2:45	9.25	Drig f/2679' t/2932' WOB 45, RPM 55/60, SPM 125, PSI 1350	
2:45	3:15	0.50	WLS @2883' 1"	
3:15	6:00	2.75	Drig f/2932' t/2994' WOB 45, RPM 55/60, SPM 125, PSI 1365	
BOP Drill Eve tour (SIT 1 min 15 sec)				
<p style="font-size: 24px; margin: 0;">RECEIVED</p> <p style="font-size: 18px; margin: 0;">APR 07 2006</p> <p style="font-size: 18px; margin: 0;">MARTESIA</p>				
		24.00		

Drilling Data					
Hook Load: 115,000	Drag Up: 2,000	Drag Down: 2,000	Torque: 1/2 rd	Max Pull: 119,000	

Bit Data																	
Make:	Smith			Type:	F47HY			Size:	8 3/4		Serial No:	PC1357			Jet TFA:	0.331	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
3		12	12	12		1,430	In Hole	1,564	30.52	22.75	51.25				45/50	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,385.00		Description		Jts	Length	OD	RU / RD / Move		
SPM	125.00		Bit		1	1.00	8.75	Drilling	22.75	100.75
Liner Size	6.00		Bit Sub		1	3.87	6.00	Rear / Wash		6.25
Stk Length	8.00		6" DC		1	29.17	6.00	Coring		
Pump Output	360 gpm		IB Stabilizer		1	5.63	8.75	Circ & Cond		3.00
SPR	65.00		6" DC		1	28.92	6.00	Trip/LDDP		11.75
Press	400.00		IB Stabilizer		1	6.48	8.75	Rig Service	0.25	0.75
			6" DC'S		28	817.83	6.00	Rig Repair		
								Dir. Survey	1.00	3.00
								Logging		
								Run Casing		6.50
								Cementing		3.50
								NU/ND, Test BOP		25.50
								DST		
								Problem		
								Waiting on cement		9.50
								Waiting on orders		
								Weather		
								Wellhead/Tree		4.00
								Fishing		
								Other		1.50
								TOTAL	24.00	216.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	630	Circ Vol	Reserve	Daily Mud		Daily Cost	17,723
2,630	1 3/4°		Fuel Del		Pit Vol		Cum Mud	3,634	Cum Cost	375,563
2,883	1°		Fuel Stock	3,098	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	85			AFE Completed			1,427,840

Lithology: Glorieta 100% Dolomite	Shows:
BG: 12 CG: none TG: none MG: 22 CDExp: ShDen: PP: 	

Remarks:

Date: 07/28/05	Preston Exploration, LLC	Report No.: 10
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Footage: 474'	Accidents: None	Environmental:
Depth @ RT: 3468'			

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake: 11.00	Cl: 1200.00		
Type: Fresh H2O	PV:	HHP: 0 / 99.4	%W: 99.40	PH: 11.00	Ca: 800.00		
Mud In: 8.4	YP:	Solids: 0.50	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Ex.Lime:	%LGS:	PM:	MF:		
FL Temp:	Gels:		MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	12:15	6.25	Drig f/2994' t/3153' WOB 45, RPM 55/60, SPM 125, PSI 1365	
12:15	12:30	0.25	Rig Service	
12:30	12:45	12.25	Drig f/3153' t/3406' WOB 45, RPM 55/60, SPM 125, PSI 1365	
12:45	1:15	0.50	WLS @3357' 2"	
1:15	6:00	4.75	Drig f/3406' t/3468' WOB 40/45, RPM 55/60, SPM 125, PSI 1365	
BOP Drill Morn tour (SIT 1 min 10 sec)				
		24.00		

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OOD-ARTECH

Drilling Data					
Hook Load: 127,000	Drag Up: 0	Drag Down: 0	Torque: 1/2 rd	Max Pull: 127,000	

Bit Data																	
Make:	Smith			Type:	F47HY			Size:	8 3/4		Serial No:	PC1357			Jet TFA:	0.331	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Flt	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
3		12	12	12		1,430	In Hole	2,038	27.36	23.25	74.50				40/45	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis			Day	Cum	
Pump Press	1,365.00		Description	Jts	Length	OD	RU / RD / Move					
SPM	125.00		Bit	1	1.00	8.75	Drilling			23.25	124.00	
Liner Size	6.00		Bit Sub	1	3.87	6.00	Rearm / Wash				6.25	
Stk Length	8.00		6" DC	1	29.17	6.00	Coring					
Pump Output	360 gpm		IB Stabilizer	1	5.63	8.75	Circ & Cond				3.00	
SPR	65.00		6" DC	1	28.92	6.00	Trip/LDDP				11.75	
Press	400.00		IB Stabilizer	1	6.48	8.75	Rig Service			0.25	1.00	
			6" DC'S	28	817.83	6.00	Rig Repair					
			TOTAL				892.90	Dir. Survey			0.50	3.50
								Logging				
								Run Casing				6.50
								Cementing				3.50
								NU/ND, Test BOP				25.50
								DST				
								Problem				
								Waiting on cement				9.50
								Waiting on orders				
								Weather				
								Wellhead/Tree				4.00
								Fishing				
								Other				1.50
								TOTAL			24.00	240.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	844	Circ Vol	Reserve	Daily Mud	320	Daily Cost	16,635
3,357	2°		Fuel Del		Pit Vol		Cum Mud	3,954	Cum Cost	392,098
			Fuel Stock	2,254	Siby Vol		AFE Dry Hole			959,900
			Pot Wtr	80			AFE Completed			1,427,840

Lithology: Glorieta 100% Dolomite	Shows: 17
BG: 1 CG: TG: MG: 17 CDExp: ShDen: PP:	

Remarks:

Date: 07/29/05	Preston Exploration, LLC	Report No.: 11
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Footage: 222'	Accidents: None
Depth @ RT: 3690'		Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	W/L: NC	Cake:	Cl: 1000.00		
Type: Fresh H2O	PV:	HHP:	%W: 99.40	PH: 10.50	Ca: 700.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF:	K:		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF:		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	7:00	1.00	WLS @3419' 1 3/4" (Had 2 misruns) - Kelly cracked at bottom box end (top of thread)
7:00	10:00	3.00	TOH (no drag) & L/O Stabilizers (OG) - Break Kelly
10:00	12:00	2.00	R/D & L/O Cracked Kelly
12:00	1:45	1.75	M/U Bit #4 & P/U BHA - TIH w/DC'S & 1 Std DP
1:45	4:00	2.25	P/U another Kelly - Install new Corr Ring
4:00	5:45	1.75	Finish TIH
5:45	7:00	1.25	Finish R/U Kelly & Wash t/Btm
7:00	6:00	11.00	Drig f/3468' t/3690' (BIB 20/45)WOB 45/50, RPM 55/60, SPM 125, PSI 1275
<p>Bit #3 had 74.5 Drig hrs rated 2-2-IG had fluid wash around jet ports - Did not rerun BOP Drill all tours (while tripping & drilling - Avg SIT 1 min 20 sec) Pason R/U Mudlogging unit t/system (per Mitch Honeycutt) Had 5800 gallons fuel delivered @1.8825 per gal +tax</p>			
		24.00	

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Drilling Data					
Hook Load: 136,000	Drag Up: 2,000	Drag Down: 2,000	Torque: 1/4 rd	Max Pull: 138,000	

Bit Data																		
Make:	Smith				Type:	F47HY			Size:	8 3/4		Serial No:		PB8821		Jet TFA:	0.351	
Bit No	DA	Jets	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
No		Size	Size	Size	Size	Size	In	Out	Ftg	Hrs	Hrs	Hrs				Bit		
3		12	12	12			1,430	3,468	2,038	27.36	23.25	74.50	2	2	IG	40/45	1/4 rd	55/60
4		12	12	13			3,468	In Hole	222	20.18	11.00	11.00				40/50	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,275.00	1,275.00	Description	Jts	Length	OD	RU / RD / Move			
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling	11.00	135.00	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rearm / Wash	0.25	6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.00	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP	6.50	18.25	
Press	475.00	455.00	IB Stabilizer	1	6.94	8.75	Rig Service		1.00	
			6" DC'S	28	817.83	6.00	Rig Repair	5.25	5.25	
							Dir. Survey	1.00	4.50	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	264.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	477	Circ Vol	Reserve	Daily Mud		Daily Cost	40,683
3,419	1 3/4°		Fuel Del	5,800	Pit Vol		Cum Mud	3,954	Cum Cost	432,781
			Fuel Stock	7,045	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	70			AFE Completed			1,427,840

Lithology: Glorieta 100% Dolomite	Shows:
BG: 3 CG: TG: 47 MG: 6 CDEP: ShDen: PP: 	

Remarks:

Date: 07/30/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 12
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 4112'	Footage: 422'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1300.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.50	PH: 10.50	Ca: 880.00		
Mud in: 8.4	YP:	O/W Ratio: 0 / 99.5	%Oil:	PF: 0.15	K: 0.25		
Mud Out: 8.5	Gels:	Solids: 0.40	%LGS:	PM:	MF: 0.25		
FL Temp:	Gels:	Exlime:	MBT:	LCM:	Lost:		

Operations				Details	
From	To	Hrs			
6:00	7:30	1.50	Drig f/3690' t/3722' WOB 45, RPM 60, SPM 125, PSI 1275		
7:30	8:00	0.50	WLS @3673' 2 1/2" - Rig Service		
8:00	5:45	9.75	Drig f/3722' t/3875' WOB 45/48, RPM 60, SPM 125, PSI 1275		
5:45	6:00	0.25	W/O Pason - SPR #2 475 PSI, 65 SPM		
6:00	8:15	2.25	Drig f/3875' t/3944' WOB 45/48, RPM 60, SPM 124, PSI 1275		
8:15	8:45	0.50	WLS @3895' 2 1/2"		
8:45	6:00	9.25	Drig f/3944' t/4112' WOB 45/50, RPM 60, SPM 124, PSI 1275		
			BOP Drill Day tour (SIT 1 min 5 sec)		
		24.00			

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Drilling Data					
Hook Load: 137,000	Drag Up: 2,000	Drag Down: 2,000	Torque: 1/4 rd	Max Pull: 139,000	

Bit Data																	
Make: Smith	Type: F47HY	Size: 8 3/4	Serial No: PB8821	Jet TFA: 0.351													
Bit No	DA	Jets No	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
4		12	12	13		3,468	In Hole	644	19.08	22.75	33.75				40/45	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,275.00	1,275.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling	22.75	157.75	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond	0.25	3.25	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		18.25	
Press	475.00	455.00	IB Stabilizer	1	6.94	8.75	Rig Service		1.00	
			6" DC'S	28	817.83	6.00	Rig Repair		5.25	
							Dir. Survey	1.00	5.50	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	288.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	806	Circ Vol	Reserve	Daily Mud	538	Daily Cost	17,953
3,673	2 1/2°		Fuel Del		Pit Vol		Cum Mud	4,492	Cum Cost	450,734
3,895	2 1/2°		Fuel Stock	6,239	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	75			AFE Completed		1,427,840	

Lithology: Glorieta 90% Dolomite, 10% Limestone	Shows:
BG: 4	CG: TG: MG: CDExp: ShDen: PP:

Remarks:

Date: 07/31/05	Preston Exploration, LLC	Report No.: 13
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 4521'	Footage: 409'
Environmental:	

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1300.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.50	PH: 10.50	Ca: 880.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.5	%Oil:	PF: 0.15	K:		
Mud Out: 8.5	Gels:	Solids: 0.30	%LGS:	PM: 0.25	MF: 0.25		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations				Details	
From	To	Hrs			
6:00	12:30	6.50	Drig f/4112' 1/4228' WOB 45/50, RPM 60, SPM 124, PSI 1275		
12:30	12:45	0.25	Rig Service		
12:45	1:00	0.25	WLS @4179 2 1/4"		
1:00	5:00	16.00	Drig f/4228' 1/4513' WOB 48/50, RPM 60, SPM 124, PSI 1300		
5:00	5:30	0.50	WLS @4464 2"		
5:30	6:00	0.50	Drig f/4513' 1/4521' WOB 50/55, RPM 60, SPM 124, PSI 1300		
BOP Drill Eve tour (SIT 1 min 15 sec)					
		24.00			

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Drilling Data					
Hook Load: 148,000	Drag Up: 2,000	Drag Down: 1,000	Torque: 1/2 rd	Max Pull: 148,000	

Bit Data																	
Make:	Smith			Type:	F47HY			Size:	8 3/4		Serial No:	PB8821			Jet TFA:	0.351	
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
No	No	Size	Size	Size	Size	In	Out	Fig	Hrs	Hrs	Hrs				Bit		
4		12	12	13		3,468	In Hole	1,053	18.56	23.00	56.75				45/55	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis			Day	Cum	
Pump Press	1,300.00		Description	Jts	Length	OD	RU / RD / Move				40.00	
SPM	124.00		Bit	1	1.00	8.75	Drilling			23.00	180.75	
Liner Size	6.00		Bit Sub	1	3.87	6.00	Ream / Wash				6.50	
Stk Length	8.00		6" DC	1	29.17	6.00	Coring					
Pump Output	357 gpm		IB Stabilizer	1	6.50	8.75	Circ & Cond				3.25	
SPR	65.00		6" DC	1	28.92	6.00	Trip/LDDP				18.25	
Press	475.00		IB Stabilizer	1	6.94	8.75	Rig Service			0.25	1.25	
			6" DC'S	28	817.83	6.00	Rig Repair				5.25	
			TOTAL				894.23	Dir. Survey			0.75	6.25
								Logging				
								Run Casing				6.50
								Cementing				3.50
								NU/ND, Test BOP				25.50
								DST				
								Problem				
								Waiting on cement				9.50
								Waiting on orders				
								Weather				
								Wellhead/Tree				4.00
								Fishing				
								Other				1.50
								TOTAL			24.00	312.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	704	Circ Vol	Reserve	Daily Mud		Daily Cost	16,515
4,179	2 1/4°		Fuel Del	5,535	Pit Vol		Cum Mud	4,492	Cum Cost	467,249
4,464	2°		Fuel Stock	140	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr				AFE Completed			1,427,840

Lithology: Bone Spring 100% Limestone	Shows:
BG: 5	CG: 10
TG: 19	MG: 19
CDEP: 	ShDen:
PP: 	

Remarks:

Date: 08/01/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 14
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 4966'	Footage: 445'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1630	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1100.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 10.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF: 0.15	K:		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF: 0.40		
FL Temp:	Gels:	ExtLine:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	11:30	5.50	Drig f/4521' t/4640' WOB 50/55, RPM 60, SPM 124, PSI 1300	
11:30	11:45	0.25	Rig Service - SPR thru choke 420 PSI @65 SPM	
11:45	7:00	7.25	Drig f/4640' t/4798' WOB 50/55, RPM 60, SPM 124, PSI 1300	
7:00	8:00	1.00	WLS (had 2 misruns)	
8:00	9:30	1.50	Drig f/4798' t/4830' WOB 50/55, RPM 60, SPM 124, PSI 1300	
9:30	10:00	0.50	WLS @4799' 4"	
10:00	6:00	8.00	Drig f/4830' t/4966' WOB 45, RPM 60, SPM 124, PSI 1300	
BOP Drill Morn tour (SIT 1 min 20 sec)				
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		24.00		

Drilling Data					
Hook Load: 153,000	Drag Up: 1,000	Drag Down: 3,000	Torque: 1/4 rd	Max Pull: 154,000	

Bit Data																	
Make: Smith	Type: F47HY	Size: 8 3/4	Serial No: PB8821	Jet TFA: 0.351													
Bit No	DA	Jets No	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
4		12	12	13		3,468	In Hole	1,498	18.96	22.25	79.00				45/55	1/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press		1,300.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM		124.00	Bit	1	1.00	8.75	Drilling	22.25	203.00	
Liner Size		6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.50	
Stk Length		8.00	6" DC	1	29.17	6.00	Coring			
Pump Output		357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.25	
SPR		65.00	6" DC	1	28.92	6.00	Trip/LDDP		18.25	
Press		420.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	1.50	
			6" DC'S	28	817.83	6.00	Rig Repair		5.25	
							Dir. Survey	1.50	7.75	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	336.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	777	Circ Vol	Reserve	Daily Mud	1,786	Daily Cost	18,301
4,799	4°		Fuel Del		Pit Vol		Cum Mud	6,278	Cum Cost	485,550
			Fuel Stock	4,758	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	140			AFE Completed		1,427,840	

Lithology: Bone Spring 100% Limestone	Shows:					
BG: 6	CG: 36	TG: 9	MG: 9	CDEP: 9	ShDen:	PP:

Remarks: Mud cost includes transportation charge \$1200

Date: 08/02/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 15
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 5300'	Footage: 334'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1600	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1100.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 10.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF: 0.15	K: 0.40		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF: 0.40		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	7:15	1.25	Drig #4966' t/4987' WOB 45, RPM 60, SPM 124, PSI 1300
7:15	7:45	0.50	WLS @4939' 4°
7:45	9:30	1.75	Drig #4987' t/5019' WOB 45, RPM 65, SPM 124, PSI 1300
9:30	9:45	0.25	Rig Service & SPR thru choke (65 SPM 460 PSI)
9:45	1:15	3.50	Drig #5019' t/5082' WOB 45, RPM 65, SPM 124, PSI 1300
1:15	1:30	0.25	Rig Repair (airline rotary clutch)
1:30	5:30	4.00	Drig #5082' t/5145' WOB 45, RPM 65, SPM 124, PSI 1350
5:30	6:00	0.50	WLS @5096' 4°
6:00	6:00	12.00	Drig #5145' t/5300' WOB 40, RPM 65, SPM 124, PSI 1350
BOP Drill Day tour (SIT 1 min 5 sec)			
		24.00	

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Drilling Data					
Hook Load: 160,000	Drag Up: 2,000	Drag Down: 3,000	Torque: 1/4 rd	Max Pull: 162,000	

Bit Data																					
Make:	Smith				Type:	F47HY			Size:	8 3/4		Serial No:			PB8821			Jet TFA:		0.351	
Bit No	DA	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM				
4	No	12	12	13		3,468	In Hole	1,832	18.05	22.50	101.50				40/45	1/4 rd	60/65				

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,350.00	1,350.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling	22.50	225.50	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rearm / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.25	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		18.25	
Press	460.00	460.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	1.75	
			6" DC'S	28	817.83	6.00	Rig Repair	0.25	5.50	
							Dir. Survey	1.00	8.75	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	360.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	645	Circ Vol	Reserve	Daily Mud		Daily Cost	20,865
4,939	4°		Fuel Del		Pit Vol		Cum Mud	6,278	Cum Cost	506,415
5,096	4°		Fuel Stock	4,113	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	140			AFE Completed			1,427,840

Lithology: Bone Spring 80%Limestone - 20%Shale	Shows:
BG: 6 CG: 64 TG: MG: CDEP: ShDen: PP:	

Remarks: Running lite WOB - deviation in wellbore (max 4°)

Date: 08/03/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 16
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 5577'	Footage: 277'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1630	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1100.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 10.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF: 0.15	K: 0.40		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM: 0.40	MF: 0.40		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations			
From	To	Hrs	Details
6:00	6:30	0.50	Drig f/5300' t/5306' WOB 40, RPM 65, SPM 124, PSI 1350
6:30	7:00	0.50	WLS @5254' 3 1/2"
7:00	12:30	5.50	Drig f/5306' t/5398' WOB 42/44, RPM 60/65, SPM 124, PSI 1375
12:30	2:00	1.50	TOH w/23 Stds DP - R/U L/D Machine
2:00	7:30	5.50	L/D 71 Jts DP t/rack - P/U RT Mill TODC'S - P/U 71 Jts DP (new hardband) - R/D L/D Machine - Finish TIH & Wash t/Btm
7:30	11:30	4.00	Drig f/5398' t/5473' WOB 42/44, RPM 60/65, SPM 124, PSI 1375
11:30	12:00	0.50	WLS @5424' 3"
12:00	6:00	6.00	Drig f/5473' t/5577' WOB 45, RPM 60/65, SPM 124, PSI 1400
			BOP Drill Eve tour (SIT 1 min 10 sec)
		24.00	

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Drilling Data					
Hook Load: 164,000	Drag Up: 2,000	Drag Down: 3,000	Torque: 1/4 rd	Max Pull: 166,000	

Bit Data																	
Make:	Smith			Type:	F47HY		Size:	8 3/4		Serial No:	PB8821			Jet TFA:	0.351		
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
4		12	12	13		3,488	In Hole	2,109	17.95	16.00	117.50				40/45	1/4 rd	60/65

Mud Pumps			BHA Detail				Time Analysis				Day	Cum
Pump Press	1,400.00	1,400.00	Description	Jts	Length	OD	RU / RD / Move				Day	Cum
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling				16.00	241.50
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rear / Wash					6.50
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring					
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond					3.25
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP				7.00	25.25
Press	460.00	460.00	IB Stabilizer	1	6.94	8.75	Rig Service					1.75
			6" DC'S	28	817.83	6.00	Rig Repair					5.50
			RT Tool	1	6.30	7.38	Dir. Survey				1.00	9.75
							Logging					
							Run Casing					6.50
							Cementing					3.50
							NU/ND, Test BOP					25.50
							DST					
							Problem					
							Waiting on cement					9.50
							Waiting on orders					
							Weather					
							Wellhead/Tree					4.00
							Fishing					
							Other					1.50
							TOTAL				24.00	384.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	639	Circ Vol	Reserve	Daily Mud	904	Daily Cost	21,121
5,254	3 1/2°		Fuel Del		Pit Vol		Cum Mud	7,182	Cum Cost	527,536
5,424	3°		Fuel Stock	3,474	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	135			AFE Completed		1,427,840	

Lithology: Bone Spring 90% Limestone - 10% Shale	Shows:
BG: 9 CG: 17 TG: 68 MG: CDExp: ShDen: PP: 	

Remarks:

Date: 08/04/05	Preston Exploration, LLC	Report No.: 17
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Footage: 425'	Accidents: None
Depth @ RT: 6002'	Environmental:	

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1630	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1100.00		
Type: Fresh H2O	PV:	HTHP:	%W: 99.40	PH: 10.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.4	%Oil:	PF: 0.15	K:		
Mud Out: 8.5	Gels:	Solids: 0.50	%LGS:	PM:	MF: 0.40		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details	
From	To	Hrs			
6:00	9:15	3.25	Drig f/5577' t/5631' WOB 45, RPM 60/65, SPM 124, PSI 1400		
9:15	9:30	0.25	Rig Service & SPR thru choke (65 SPM 460 PSI)		
9:30	1:00	3.50	Drig f/5631' t/5695' WOB 45, RPM 60/65, SPM 124, PSI 1400		
1:00	1:30	0.50	WLS @5645' 1 1/2"		
1:30	4:00	14.50	Drig f/5695' t/5979' WOB 50, RPM 60/65, SPM 124, PSI 1400		
4:00	4:45	0.75	WLS @5930' 1"		
4:45	6:00	1.25	Drig f/5979' t/6002' WOB 50, RPM 60/65, SPM 124, PSI 1400		
BOP Drill Morn tour (SIT 1 min 10 sec)					
Fuel delivered 6000 gallons @1.9050/gal + tax					
		24.00			

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Drilling Data					
Hook Load: 168,000	Drag Up: 5,000	Drag Down: 3,000	Torque: 1/2 rd	Max Pull: 175,000	

Bit Data																		
Make:	Smith			Type:	F47HY			Size:	8 3/4		Serial No:	PB8821			Jet TFA:	0.351		
Bit No	DA	Jets	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
No	No	Size	Size	Size	Size	Size	In	Out	Ftg	Hrs	Hrs	Hrs				Bit		
4		12	12	13			3,468	In Hole	2,534	18.10	22.50	140.00				46/50	1/2 rd	60/65

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	SPM	Liner Size	Description	Jts	Length	OD	RU / RD / Move			
1,400.00	124.00	6.00	Bit	1	1.00	8.75	Drilling	22.50	40.00	
8.00	65.00	6.00	Bit Sub	1	3.87	6.00	Rearm / Wash		6.50	
357 gpm	65.00	8.00	6" DC	1	29.17	6.00	Coring			
460.00	460.00	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.25	
		65.00	6" DC	1	28.92	6.00	Trip/LDDP		25.25	
		460.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	2.00	
			6" DC'S	28	817.83	6.00	Rig Repair		5.50	
			RT Tool	1	6.30	7.38	Dir. Survey	1.25	11.00	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	408.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	780	Circ Vol	Reserve	Daily Mud	Daily Cost	Daily Cost	28,724
5,645	1 1/2"		Fuel Del	6,000	Pit Vol		Cum Mud	7,182	Cum Cost	556,260
5,930	1"		Fuel Stock	8,301	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	130			AFE Completed			1,427,840

Lithology: Bone Spring 100% Limestone	Shows:
BG: 28 CG: 24 TG: MG: 124 CDExp: ShDen: PP: 	
Remarks:	

Date: 08/05/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 18
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 6533'	Footage: 531'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1630	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 1200.00		
Type: Fresh H2O	PV:	HHP:	%W: 99.20	PH: 10.50	Ca: 800.00		
Mud In: 8.4	YP:	O/W Ratio: 0 / 99.2	%Oil:	PF: 0.40	K: 		
Mud Out: 8.5	Gels:	Solids: 0.90	%LGS:	PM: 	MF: 0.65		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	1:30	7.50	Drig f/6002' t/6168' WOB 55, RPM 60/65, SPM 124, PSI 1400	
1:30	2:00	0.50	Rig Service & SPR thru choke (65 SPM 460 PSI)	
2:00	8:00	6.00	Drig f/6168' t/6326' WOB 55, RPM 60/65, SPM 124, PSI 1425	
8:00	8:30	0.50	WLS @6277' 1"	
8:30	6:00	9.50	Drig f/6326' t/6533' WOB 55, RPM 60/65, SPM 124, PSI 1450	
			BOP Drill Day tour (SIT 1 min 10 sec)	
		24.00		

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Drilling Data					
Hook Load: 175,000	Drag Up: 7,000	Drag Down: 5,000	Torque: 1/2 rd	Max Pull: 182,000	

Bit Data																	
Make:	Smith			Type:	F47HY			Size:	8 3/4		Serial No:	PB8821			Jet TFA:	0.351	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
4		12	12	13		3,468	In Hole	3,065	18.80	23.00	163.00				55	1/2 rd	60/65

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,425.00	1,450.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling	23.00	287.00	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.25	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		25.25	
Press	460.00	460.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.50	2.50	
			6" DC'S	28	817.83	6.00	Rig Repair		5.50	
			RT Tool	1	6.30	7.38	Dir. Survey	0.50	11.50	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	432.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	837	Circ Vol	Reserve	Daily Mud	791	Daily Cost	18,216
6,277	1°		Fuel Del		Pit Vol		Cum Mud	7,973	Cum Cost	574,476
			Fuel Stock	7,464	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	125			AFE Completed		1,427,840	

Lithology: Bone Spring 100% Limestone	Shows:
BG: 10	CG: 116
TG: 	MG: 25
CDEP: 	ShDen:
PP: 	

Remarks: **Will add KCL to obtain 3% in Drig Fluid @6600'**

Date: 08/06/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 19
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 6938'	Footage: 405'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1630	Vis: 28.00	Sand:	WL: NC	Cake:	Cl: 35,000		
Type: Cut Brine	PV:	HTHP:	%W: 99.00	PH: 10.50	Ca: 680.00		
Mud In: 8.7	YP:	O/W Ratio: 0 / 99	%Oil:	PF: 0.20	K: 0.45		
Mud Out: 8.7+	Gels:	Solids: 1.30	%LGS:	PM:	MF: 0.45		
FL Temp:	Gels:	Ext.Lime:	MBT:	LCM:	Lost:		

Operations				Details	
From	To	Hrs			
6:00	12:45	6.75	Drig f/6533' t/6642' WOB 55, RPM 60/65, SPM 124, PSI 1450		
12:45	1:00	0.25	Rig Service & SPR thru choke (65 SPM 480 PSI)		
1:00	11:00	10.00	Drig f/6642' t/6800' WOB 55, RPM 60/65, SPM 124, PSI 1450		
11:00	11:45	0.75	WLS @6750' 1" (had 1 misrun)		
11:45	6:00	6.25	Drig f/6800' t/6938' WOB 55, RPM 60/65, SPM 124, PSI 1450		
BOP Drill Day tour (SIT 1 min 10 sec)					
Added 300 sks KCL to Drig Fluid Included in day 1 cost & added to previous on cost sheet.\$52,633 total / Location & Road \$43,570 + \$8,913 Pit Lining C/O charging pump on #1 Mud Pump (no downtime)					
		24.00			

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Drilling Data					
Hook Load: 186,000	Drag Up: 2,000	Drag Down: 2,000	Torque: 1/2 rd	Max Pull: 188,000	

Bit Data																					
Make:	Smith					Type:	F47HY			Size:	8 3/4		Serial No:			PB8821			Jet TFA:	0.351	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM				
4		12	12	13		3,468	In Hole	3,470	18.66	23.00	186.00				55	1/2 rd	60/65				

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,425.00	1,450.00	Description	Jts	Length	OD	RU / RD / Move			
SPM	124.00	124.00	Bit	1	1.00	8.75	Drilling	23.00	310.00	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rearm / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	357 gpm	357 gpm	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.25	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		25.25	
Press	460.00	480.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	2.75	
			6" DC'S	28	817.93	6.00	Rig Repair		5.50	
			RT Tool	1	6.30	7.38	Dir. Survey	0.75	12.25	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem			
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		1.50	
							TOTAL	24.00	456.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	786	Circ Vol	Reserve	Daily Mud	6,021	Daily Cost	23,680
6,750	1°		Fuel Del	6,678	Pit Vol		Cum Mud	13,994	Cum Cost	598,156
			Fuel Stock	120	Stby Vol		AFE Dry Hole		959,900	
			Pat Wtr				AFE Completed		1,427,840	

Lithology: Bone Spring 100% Limestone	Shows:
BG: 6	CG: 68
TG: 27	CDExp: ShDen: PP:
Remarks:	

Date: 08/08/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 21
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Fill Mud Pits w/9.3 Cut Brine	Accidents: None
Depth @ RT: 7637'	Footage: 422'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1700	Vis: 28.00	Sand:	WL: NC	Cake:	CI: 40000.00		
Type: Cut Brine	PV:	HTHP:	%W: 97.00	PH: 11.00	Ca: 1000.00		
Mud In: 8.7+ / 9.3	YP:	O/W Ratio: 0 / 97.0	%Oil:	PF: 0.20	K:		
Mud Out: 8.7+	Gels:	Solids: 2.90	%LGS:	PM:	MF: 0.45		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:		

Operations				Details	
From	To	Hrs			
6:00	8:15	2.25	Drig t/7215' t/7272' WOB 55, RPM 60/65, SPM 126, PSI 1450		
8:15	9:15	1.00	WLS @7223' 1° - Rig Service & SPR thru choke (65 SPM 500 PSI)		
9:15	10:15	13.00	Drig t/7272' t/7637' WOB 55, RPM 60/65, SPM 126, PSI 1450		
10:15	12:45	2.50	Had 8" Drig break @7612-7620 - P/U check flow (no flow) - make connection @7625' (no flow) Drig ahead t/7637' flow increased t/100%, lost 225 psi on Stand Pipe gauge - P/U Circ thru choke 65 spm 550 psi on DP 200-300 on Casing 15-20 flare		
12:45	6:00	5.25	Well shut in: SIDDP 180 SICP 230 - Calculates t/9.2 mud wt needed- monitor SIDDP & SICP - 15 min SIDPP 240 SICP 320 30 min SIDPP 330 SICP 430 - 1 hr SIDPP 380 SICP 500 - 1 1/2 hr SIDPP 385 SICP 520 - 2 hr SIDPP 390 SICP 530 2 1/2 hr SIDPP 400 SICP 550 - 3 hr SIDPP 380 SICP 580 - 3 1/2 hr SIDPP 380 SICP 580 - 4 hr SIDPP 360 SICP 580 4 1/2 hr SIDPP 360 SICP 580 - 5 hr SIDPP 360 SICP 580		
			While well shut in: jetting & cleaning mud pits t/fill w/9.3 brine water		
			BOP Drill The real thing Eve tour (SIT 1 min 25 sec)		
		24.00			

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Drilling Data					
Hook Load: 197,000	Drag Up: 6,000	Drag Down: 6,000	Torque: 1/2 rd	Max Pull: 209,000	

Bit Data																	
Make:	Smith			Type:	F37HY			Size:	8 3/4		Serial No:	PC0876		Jet TFA:	0.389		
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM
5		13	13	13		7,011	In Hole	626	27.82	15.25	22.50				55	1/2 rd	60/65

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,450.00	1,450.00	Description	Jts	Length	OD	RU / RD / Move			
SPM	125.00	125.00	Bit	1	1.00	8.75	Drilling	15.25	335.50	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	362.00	362.00	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.50	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		32.75	
Press	500.00	500.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	3.25	
			6" DC'S	28	820.92	6.00	Rig Repair		6.75	
			RT Tool	1	6.30	7.38	Dir. Survey	0.75	13.00	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem kill well	7.75	7.75	
							Waiting on cement		9.50	
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		6.00	
							TOTAL	24.00	504.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	642	Circ Vol		Daily Mud	3,958	Daily Cost	20,513
7,223	1°		Fuel Del		Pit Vol	260	Cum Mud	17,952	Cum Cost	647,176
			Fuel Stock	5,470	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	115			AFE Completed		1,427,840	

Lithology: Wodfcamp 100% Limestone	Shows:
BG: 228 CG: TG: MG: 310 CDExp: ShDen: PP: 	

Remarks:

Date: 08/09/05	Preston Exploration, LLC	Report No.: 22
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 7968'	Footage: 331'
Environmental: None	

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time:		Vis: 28.00	Sand:	W/L: NC	Cake:	Cl: 130,000	
Type: Cut Brine	PV:		HThp:	%W: 97.00	PH: 10.50	Ca: 800.00	
Mud In: 9.3	YP:		O/W Ratio: 0 / 97.0	%Oil:	PF: 0.15	K:	
Mud Out: 9.3+	Gels:		Solids: 1.50	%LGS:	PM:	MF: 0.25	
FL Temp:	Gels:		Ext.Lime:	MBT:	LCM:	Lost:	

Operations				Details
From	To	Hrs		
6:00	7:00	1.00	Build Kill Fluid	
7:00	10:00	3.00	Kill well w/9.3 Cut Brine - Well under control	
10:00	10:30	0.50	C/O Rotating Head Bearing Assembly (leaking)	
10:30	11:30	1.00	Build Volume in Pits	
11:30	12:00	0.50	WLS @7578' 3°	
12:00	8:15	8.25	Drig f/7637' t/7817' WOB 45, RPM 60/65, SPM 123, PSI 1450	
8:15	8:30	0.25	Rig Service & SPR thru choke (65 SPM 550 PSI)	
8:30	9:30	1.00	WLS @7768' 3°	
9:30	6:00	8.50	Drig f/7817' t/7968' WOB 40, RPM 60/65, SPM 123, PSI 1450	
BOP Drill all tours (Avg SIT 1 min 25 sec)				
		24.00		

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Drilling Data					
Hook Load: 202,000	Drag Up: 18,000	Drag Down: 7,000	Torque: 3/4 rd	Max Pull: 220,000	

Bit Data																	
Make:	Smith			Type:	F37HY			Size:	8 3/4		Serial No:	PC0876			Jet TFA:	0.389	
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
No	No	Size	Size	Size	Size	In	Out	Ftg	Hrs	Hrs	Hrs				Bit		
5		13	13	13		7,011	In Hole	957	24.38	16.75	39.25				40/45	3/4 rd	60/65

Mud Pumps			BHA Detail				Time Analysis				Day	Cum
Pump Press	1,450.00	1,450.00	Description	Jts	Length	OD	RU / RD / Move					
SPM	123.00	123.00	Bit	1	1.00	8.75	Drilling				16.75	352.25
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash					6.50
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring					
Pump Output	355.00	355.00	IB Stabilizer	1	6.50	8.75	Circ & Cond					3.50
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP					32.75
Press	550.00	540.00	IB Stabilizer	1	6.94	8.75	Rig Service				0.25	3.50
			6" DC'S	28	820.92	6.00	Rig Repair				0.50	7.25
			RT Tool	1	6.30	7.38	Dir. Survey				1.50	14.50
							Logging					
							Run Casing					6.50
							Cementing					3.50
							NU/ND, Test BOP					25.50
							DST					
							Problem kill well				5.00	12.75
							Waiting on cement					9.50
							Waiting on orders					
							Weather					
							Wellhead/Tree					4.00
							Fishing					
							Other					6.00
							TOTAL				24.00	528.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	582	Circ Vol	Daily Mud	Daily Cost	21,298		
7,578	3°		Fuel Del	4,888	Pit Vol	Cum Mud	17,952	Cum Cost	668,474	
7,768	3°		Fuel Stock	110	Stby Vol	AFE Dry Hole			959,900	
			Pot Wtr			AFE Completed			1,427,840	

Lithology: Canyon 50% Sand - 30% Shale - 20% Limestone	Shows:
BG: 76 CG: 45 TG: 158 MG: 158 CDExp: ShDen: PP:	

Remarks: **Well having deviation problems again - Mud up planned f/8200' - losing a little fluid t/Canyon**

Date: 08/11/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 24
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 8442'	Footage: 200'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1100	Vis: 32.00	Sand: 0.00	WL: 12.00	Cake: 1 / 32	Cl: 122,000		
Type: Dynazan	PV: 4.00	HTHP: 0.00	%W: 95.50	PH: 10.00	Ca: 1,200		
Mud In: 9.5	YP: 3.00	O/W Ratio: 0 / 95.5	%Oil: 0.00	PF: 0.05	K: 0.40		
Mud Out: 9.5+	Gels: 2 / 3	Solids: 4.30	%LGS: 0.00	PM: 0.05	MF: 0.40		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost: 50 bbls		

Operations				Details			
From	To	Hrs					
6:00	11:45	5.75	Drig f/8242' t/8291' WOB 45, RPM 60/65, SPM 110, PSI 1250				
11:45	12:00	0.25	Rig Service & SPR thru choke (#1 Pump 65 / 580 - #2 Pump 65 / 560)				
12:00	2:00	14.00	Drig f/8291' t/8417' WOB 45/50, RPM 60/65, SPM 110, PSI 1250				
2:00	3:00	1.00	WLS @8368' 1"				
3:00	6:00	3.00	Drig f/8417' t/8442' WOB 50/55, RPM 60/65, SPM 110, PSI 1250				
			BOP Drill Eve tour (SIT 1 min 25 sec)				
			Morning Tour Crew no shows				
			5500 gallons fuel delivered @1.9775 per gallon + Tax				
		24.00					

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Drilling Data					
Hook Load: 210,000	Drag Up: 20,000	Drag Down: 10,000	Torque: 3/4 rd	Max Pull: 230,000	

Bit Data																	
Make:	Smith			Type:	F37HY			Size:	8 3/4		Serial No:	PC0876		Jet TFA:	0.389		
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
5	No	13	13	13		7,011	In Hole	1,431	17.24	22.75	83.00				45/55	3/4 rd	60/65

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,250.00	1,240.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	110.00	110.00	Bit	1	1.00	8.75	Drilling	22.75	396.25	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.50	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	316.00	316.00	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.75	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		32.75	
Press	580.00	560.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	4.00	
			6" DC'S	28	820.92	6.00	Rig Repair		7.25	
			RT Tool	1	6.30	7.38	Dir. Survey	1.00	17.75	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem		12.75	
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		6.00	
							TOTAL	24.00	576.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	845	Circ Vol		Daily Mud	6,984	Daily Cost	35,961
8,368	1°		Fuel Del	5,500	Pit Vol	345 bbls	Cum Mud	24,916	Cum Cost	723,244
			Fuel Stock	9,401	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	95			AFE Completed		1,427,840	

Lithology: Strawn 70% Limestone - 30 % Shale	Shows:
BG: 4	CG: TG: MG: 32
	CDEP: ShDen: PP:

Remarks: At 6:30 am CST Lost 250 PSI @ Standpipe - Checking Surface Equipment - Preparing t/Pump Softline t/find hole

Date: 08/12/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 25
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 8667'	Footage: 225'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1500	Vis: 32.00	Sand: 10.00	WL: 10.00	Cake: 1 / 64	Cl: 110000.00		
Type: Dynazan	PV: 3.00	HThp: 96.00	%W: 96.00	PH: 10.00	Ca: 640.00		
Mud In: 9.5+	YP: 2.00	O/W Ratio: 0 / 96	%Oil: 0.00	PF: 0.05	K: 0.40		
Mud Out: 9.6	Gels: 2 / 2	Solids: 2.00	%LGS: 0.00	PM: 0.05	MF: 0.40		
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost: 75 bbls		

Operations			
From	To	Hrs	Details
6:00	7:30	1.50	Pump Softline - TOH (chain out) found hole 19 stds 1 single (hole 21" f/Pin end)
7:30	9:00	1.50	P/U Kelly check PSI (ok) - TIH & Wash t/Btm (no fill)
9:00	3:30	6.50	Drig f/8442' t/8512' WOB 55, RPM 60/65, SPM 110, PSI 1250
3:30	3:45	0.25	Rig Service & SPR thru choke (#1 Pump 65 / 580 - #2 Pump 65 / 580)
3:45	6:00	14.25	Drig f/8512' t/8667' WOB 55, RPM 60/65, SPM 110, PSI 1250
			BOP Drill Morn tour (SIT 1 min 25 sec)
			No Morning Tour Crew (daylight & evenings working 12 hrs each)
		24.00	

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Drilling Data					
Hook Load: 212,000	Drag Up: 20,000	Drag Down: 10,000	Torque: 3/4 rd	Max Pull: 235,000	

Bit Data																		
Make:	Smith				Type:	F37HY			Size:	8 3/4		Serial No:	PC0876			Jet TFA:	0.389	
Bit No	DA	Jets No	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM	
5		13	13	13		7,011	In Hole	1,656	15.96	20.75	103.75				55	3/4 rd	60/65	

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,250.00	1,240.00	Description	Jts	Length	OD	RU / RD / Move			
SPM	110.00	110.00	Bit	1	1.00	8.75	Drilling	20.75	417.00	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rearm / Wash	0.25	6.75	
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	316.00	316.00	IB Stabilizer	1	6.50	8.75	Circ & Cond		3.75	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP	2.75	35.50	
Press	580.00	560.00	IB Stabilizer	1	6.94	8.75	Rig Service	0.25	4.25	
			6" DC'S	28	820.92	6.00	Rig Repair		7.25	
			RT Tool	1	6.30	7.38	Dir. Survey		17.75	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem		12.75	
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		6.00	
							TOTAL	24.00	600.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	848	Circ Vol	Daily Mud	5,254	Daily Cost	22,059	
			Fuel Del	7,808	Pit Vol	Cum Mud	30,170	Cum Cost	745,303	
			Fuel Stock	80	Stby Vol	AFE Dry Hole			959,900	
			Pat Wtr			AFE Completed			1,427,840	

Lithology: Strawn 70% Limestone - 30 % Shale	Shows:
BG: 8 CG: 35 TG: MG: CDExp: ShDen: PP:	

Remarks:

Date: 08/14/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 27
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 9031'	Footage: 123'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1800	Vis: 32.00	Sand: 8.00	WL: 8.00	Cake: 1 / 32	Cl: 96000.00		
Type: Dynazan	PV: 3.00	HHP: 97.00	%W: 97.00	PH: 10.00	Ca: 600.00		
Mud In: 9.5	YP: 2.00	O/W Ratio: 0 / 97	%Oil: 0.00	PF: 0.05	K: 0.40		
Mud Out: 9.5	Gels: 2 / 2	Solids: 2.40	%LGS: 2.50	PM: 80 bbls	MF: 0.40		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost:		

Operations				Details
From	To	Hrs		
6:00	12:15	6.25	Drig f/8908' t/8985' WOB 55, RPM 60, SPM 110, PSI 1325	
12:15	12:45	0.50	Rig Service & SPR thru choke (#1 Pump 65 / 580 - #2 Pump 65 / 560)	
12:45	2:00	1.25	Drig f/8985' t/9000' WOB 55, RPM 60, SPM 110, PSI 1325	
2:00	8:00	6.00	TOH f/Bit - Stabilizers OG 1/4" L/O same	
8:00	10:15	2.25	P/U Bit #6 & BHA - TIH w/DC'S & 5 Stds DP	
10:15	11:30	1.25	SCDL 70'	
11:30	2:15	2.75	Finish TIH & Wash t/Btm (no fill)	
2:15	6:00	3.75	Drig f/9000' t/9031' (BIB25/55)WOB 55, RPM 60, SPM 110, PSI 1325	
			Shaker shutting off / possible due to wet connection (rain heavy at times) lost 35 bbls over shaker Rig has electrician on way	
			BOP Drill Eve tour on trip (SIT 1 min 15 sec)	
		24.00		

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Drilling Data					
Hook Load: 220,000	Drag Up: 18,000	Drag Down: 15,000	Torque: 3/4 rd	Max Pull: 245,000/trip	

Bit Data																				
Make:	Hughes				Type:	GX-44C				Size:	8 3/4			Serial No:	5076012			Jet TFA:	0.389	
Bit No	DA	Jets Size	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM		
5	No	13	13	13		7,011	9,000	1,989	14.82	7.50	134.25	BT 4	B3	IG	55	3/4 rd	60			
6		13	13	13		9,000	In Hole	31	8.27	3.75	3.75				25/55	3/4 rd	60			

Mud Pumps			BHA Detail				Time Analysis				Day	Cum
Pump Press	SPM	Liner Size	Description	Jts	Length	OD	RU / RD / Move					
1,325.00	110.00	6.00	Bit	1	1.00	8.75	Drilling				11.25	40.00
110.00	6.00	8.00	Bit Sub	1	3.87	6.00	Ream / Wash					451.25
6.00	8.00	316.00	6" DC	1	29.17	6.00	Coring					6.75
8.00	316.00	65.00	IB Stabilizer	1	6.20	8.75	Circ & Cond					3.75
316.00	65.00	560.00	6" DC	1	28.92	6.00	Trip/LDDP				11.00	46.50
65.00	560.00		IB Stabilizer	1	4.98	8.75	Rig Service				0.50	5.00
			6" DC'S	28	820.92	6.00	Rig Repair				1.25	8.50
			RT Tool	1	6.30	7.38	Dir. Survey					18.50
							Logging					
							Run Casing					6.50
							Cementing					3.50
							NU/ND, Test BOP					25.50
							DST					
							Problem					12.75
							Waiting on cement					9.50
							Waiting on orders					
							Weather					
							Wellhead/Tree					4.00
							Fishing					
							Other					6.00
							TOTAL				24.00	648.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	Circ Vol	Pit Vol	Daily Mud	Daily Cost	Cum Mud	Cum Cost	
			430	590	305	1,781	29,798	32,776	795,156	
			6,615							959,900
			140							1,427,840

Lithology: Strawn 100% Limestone	Shows:
BG: 6	CG: TG:
	MG: 8
	CDExp: ShDen:
	PP:

Remarks:

Date: 08/15/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 28
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 9269'	Footage: 238'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1800	Vis: 32.00	Sand: 8.00	WL: 8.00	Cake: 1 / 32	Cl: 86,000		
Type: Dynazan	PV: 3.00	HTHP: 97.00	%W: 97.00	PH: 10.00	Ca: 480.00		
Mud In: 9.4+	YP: 2.00	O/W Ratio: 0 / 97	%Oil: 0.00	PF: 0.15	K: 0.50		
Mud Out: 9.4+	Gels: 2 / 2	Solids: 2.70	%LGS: 2.70	PM: 0.50	MF: 0.50		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost: 40 bbls		

Operations				Details
From	To	Hrs		
6:00	10:15	4.25	Drig f/9031' t/9078' WOB 55/60, RPM 60, SPM 110, PSI 1325	
10:15	12:45	2.50	Rig Repair (Electrician needed)	
12:45	6:00	17.25	Drig f/9078' t/9269' WOB 55/60, RPM 60, SPM 110, PSI 1325	
			BOP Drill Morn tour (SIT 1 min 25 sec)	
		24.00		

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Drilling Data					
Hook Load: 220,000	Drag Up: 18,000	Drag Down: 12,000	Torque: 3/4 rd	Max Pull: 240,000	

Bit Data																		
Make:	Hughes			Type:	GX-44C			Size:	8 3/4			Serial No:	5076012			Jet TFA:	0.389	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM	
6		13	13	13		9,000	In Hole	269	10.65	21.50	25.25				55/60	3/4 rd	60	

Mud Pumps			BHA Detail				Time Analysis				Day	Cum	
Pump Press	SPM	Liner Size	Stk Length	Pump Output	SPR	Press	Description	Jts	Length	OD	RU / RD / Move	Day	Cum
1,325.00	110.00	6.00	8.00	316.00	65.00	580.00	Bit	1	1.00	8.75	Drilling	21.50	40.00
							Bit Sub	1	3.87	6.00	Ream / Wash		472.75
							6" DC	1	29.17	6.00	Coring		6.75
							IB Stabilizer	1	6.20	8.75	Circ & Cond		3.75
							6" DC	1	28.92	6.00	Trip/LDDP		46.50
							IB Stabilizer	1	4.98	8.75	Rig Service		5.00
							6" DC'S	28	820.92	6.00	Rig Repair	2.50	11.00
							RT Tool	1	6.30	7.38	Dir. Survey		18.50
											Logging		
											Run Casing		6.50
											Cementing		3.50
											NU/ND, Test BOP		25.50
											DST		
											Problem		12.75
											Waiting on cement		9.50
											Waiting on orders		
											Weather		
											Wellhead/Tree		4.00
											Fishing		
											Other		6.00
											TOTAL	24.00	672.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	694	Circ Vol	605	Daily Mud	606	Daily Cost	17,411
			Fuel Del		Pit Vol	350	Cum Mud	33,382	Cum Cost	812,567
			Fuel Stock	5,921	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	135			AFE Completed			1,427,840

Lithology: Atoka 40%Chert - 30%Shale - 30%Limestone	Shows:
BG: 17 CG: TG: MG: 121 CDExp: ShDen: PP:	
Remarks:	

Date: 08/16/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 29
API: 30-015-33763		Permit No.: 0

Well: Cemetary '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Russell Bryant	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 9420'	Footage: 151'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1400	Vis: 33.00	Sand: 7.20	WL: 7.20	Cake: 1 / 32	CI: 88,000.00		
Type: Dynazan	PV: 4.00	HTHP:	%W: 97.00	PH: 10.50	Ca: 440.00		
Mud In: 9.4	YP: 3.00	O/W Ratio: 0 / 97	%Oil: 0.00	PF: 0.15	K: 0.55		
Mud Out: 9.4	Gels: 2 / 2	Solids: 2.80	%LGS: 2.90	PM: 0.15	MF: 0.55		
FL Temp:	Gels:	ExLime:	MBT:	LCM:	Lost: 25 bbls		

Operations			
From	To	Hrs	Details
6:00	11:00	5.00	Drig f/9269' t/9332' WOB 55/60, RPM 60, SPM 110, PSI 1325
11:00	11:15	0.25	Rig Service & SPR thru choke (#1 Pump 65 / 580 - #2 Pump 65 / 560)
11:15	5:00	5.75	Drig f/9332' t/9395' WOB 55/60, RPM 60, SPM 110, PSI 1325
5:00	6:00	1.00	WLS @9342' 1°
6:00	4:00	10.00	Rig Repairs (WO torque convertor #2 Floor Engine - C/O w/Mechanic)
4:00	6:00	2.00	Drig f/9395' t/9420' WOB 55/60, RPM 60, SPM 110, PSI 1325
			BOP Drill Morn tour (SIT 1 min 30 sec)
		24.00	

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Drilling Data					
Hook Load: 229,000	Drag Up: 16,000	Drag Down: 16,000	Torque: 3/4 rd	Max Pull: 245,000	

Bit Data																		
Make:	Hughes			Type:	GX-44C			Size:	8 3/4			Serial No:	5076012			Jet TFA:	0.389	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM	
6		13	13	13		9,000	In Hole	420	11.05	12.75	38.00				55/60	3/4 rd	60	

Mud Pumps			BHA Detail				Time Analysis				Day	Cum	
Pump Press	SPM	Liner Size	Stk Length	Pump Output	SPR	Press	Description	Jts	Length	OD	RU / RD / Move	Day	Cum
1,325.00	110.00	6.00	8.00	316.00	65.00	580.00	Bit	1	1.00	8.75	Drilling	12.75	485.50
							Bit Sub	1	3.87	6.00	Ream / Wash		6.75
							6" DC	1	29.17	6.00	Coring		
							IB Stabilizer	1	6.20	8.75	Circ & Cond		3.75
							6" DC	1	28.92	6.00	Trip/LDDP		46.50
							IB Stabilizer	1	4.98	8.75	Rig Service	0.25	5.25
							6" DC'S	28	820.92	6.00	Rig Repair	10.00	21.00
							RT Tool	1	6.30	7.38	Dir. Survey	1.00	19.50
											Logging		
											Run Casing		6.50
											Cementing		3.50
											NU/ND, Test BOP		25.50
											DST		
											Problem		12.75
											Waiting on cement		9.50
											Waiting on orders		
											Weather		
											Wellhead/Tree		4.00
											Fishing		
											Other		6.00
											TOTAL	24.00	696.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	644	Circ Vol	616	Daily Mud	5,338	Daily Cost	22,533
9,342	1°		Fuel Del		Pit Vol	325	Cum Mud	38,720	Cum Cost	835,100
			Fuel Stock	5,277	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	130			AFE Completed			1,427,840

Lithology: Atoka 100%Limestone	Shows:
BG: 8 CG: TG: MG: 46 CDExp: ShDen: PP:	

Remarks:

Date: 08/17/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 30
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Drig 8 3/4" Hole	Accidents: None
Depth @ RT: 9764'	Footage: 344'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1400	Vis: 35.00	Sand: 5.00	WL: 7.60	Cake: 1 / 32	Cl: 88,000.00		
Type: Dynazan	PV: 5.00	HHP: 0 / 97.3	%W: 97.30	PH: 10.00	Ca: 360.00		
Mud In: 9.5	YP: 4.00	O/W Ratio: 0 / 97.3	%Oil: 0.00	PF: 0.10	K: 0.60		
Mud Out: 9.5	Gels: 2 / 3	Solids: 3.00	%LGS: 3.00	PM: 1.00	MF: 0.60		
FL Temp:	Gels:	ExLine:	MBT: 1.00	LCM:	Lost: 55 bbls		

Operations				Details
From	To	Hrs		
6:00	1:00	7.00		Drig f/9420' t/9522' WOB 55/60, RPM 60, SPM 110, PSI 1350
1:00	1:15	0.25		Rig Service & SPR thru choke (#1 Pump 65 / 600 - #2 Pump 65 / 580)
1:15	3:15	2.00		Drig f/9522' t/9553' WOB 55/60, RPM 60, SPM 110, PSI 1350
3:15	3:45	0.50		Work Tight Spot (pulled 295 Max) Tight spot as bushing coming out of table (acts like something fell in on top of stab)
				Mud in good shape - never saw tight spot again
3:45	6:00	14.25		Drig f/9553' t/9764' WOB 55/60, RPM 60, SPM 110, PSI 1350
				BOP Drill Day tour (SIT 1 min 10 sec)
		24.00		

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Drilling Data					
Hook Load: 235,000	Drag Up: 20,000	Drag Down: 14,000	Torque: 1 1/4 rds	Max Pull: 295,000	

Bit Data																	
Make: Hughes	Type: GX-44C	Size: 8 3/4	Serial No: 5076012	Jet TFA: 0.389													
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
6		13	13	13		9,000	In Hole	764	12.47	23.25	61.25				55/60	11/4 rd	60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,350.00	1,340.00	Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	110.00	110.00	Bit	1	1.00	8.75	Drilling	23.25	508.75	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash		6.75	
Slk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	316.00	316.00	IB Stabilizer	1	6.20	8.75	Circ & Cond		3.75	
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		46.50	
Press	600.00	580.00	IB Stabilizer	1	4.98	8.75	Rig Service	0.25	5.50	
			6" DC'S	28	820.92	6.00	Rig Repair		21.00	
			RT Tool	1	6.30	7.38	Dir. Survey		19.50	
							Logging			
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem		12.75	
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other tight hole	0.50	6.50	
							TOTAL	24.00	720.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	648	Circ Vol	640	Daily Mud	3,633	Daily Cost	21,476
			Fuel Del		Pit Vol	340	Cum Mud	42,353	Cum Cost	856,576
			Fuel Stock	4,629	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	120			AFE Completed		1,427,840	

Lithology: Miss Barnett Shale: 90%Shale - 10%Limestone	Shows:
BG: 21	CG: 41
TG: 41	MG: 253
CDExp: 5	ShDen: 1.00
PP: 1.00	

Remarks:

Date: 08/18/05	Preston Exploration, LLC	Report No.: 31
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Logging w/Halliburton	Accidents: None
Depth @ RT: 9820'	Footage: 56'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1400	Vis: 35.00	Sand: 	WL: 7.60	Cake: 1 / 32	Cl: 89,000.00		
Type: Dynazan	PV: 6.00	HTHP: 	%W: 97.30	PH: 10.00	Ca: 320.00		
Mud In: 9.5	YP: 5.00	O/W Ratio: 0 / 97.3	%Oil: 0.00	PF: 0.10	K: 		
Mud Out: 9.5	Gels: 3 / 5	Solids: 3.30	%LGS: 3.40	PM: 	MF: 0.60		
FL Temp: 	Gels: 	ExLime: 	MBT: 1.00	LCM: 	Lost: 25 bbls		

Operations				Details	
From	To	Hrs			
6:00	10:30	4.50	Drig f/9764' t/9820' WOB 60/65, RPM 55/60, SPM 110, PSI 1350		
10:30	12:30	2.00	Circulate Samples		
12:30	1:30	1.00	WLS @9803' 3/4"		
1:30	3:45	2.25	Short Trip 20 stds (No Drag - No Fill) - Waited 30 min before TIH		
3:45	7:00	3.25	Circulate & Condition Mud (Spot 50 bbl High Vis Pill on Btm)		
7:00	2:00	7.00	TOH w/SLM f/Logs (chain out 30 stds) - L/O IB Stabilizers - Safety Meeting w/Rig & 3rd party personnel		
2:00	6:00	4.00	R/U Halliburton & Logging w/same		
SLM 9821'					
Drillers Depth 9820'					
Loggers Depth 9812'					
		24.00			

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Drilling Data					
Hook Load: 240,000	Drag Up: 20,000	Drag Down: 18,000	Torque: 1 1/4 rds	Max Pull: 265,000	

Bit Data																	
Make: Hughes	Type: GX-44C	Size: 8 3/4	Serial No: 5076012	Jet TFA: 0.389													
Bit No	DA	Jets	Jets	Jets	Jets	Depth	Depth	Cum	ROP	Drig	Cum	T	B	G	Wt on	Torq	RPM
6		13	13	13		9,000	9,820	820	12.47	4.60	65.75	2	2	IG	55/60	11/4 rd	55/60

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,350.00	1,340.00	Description	Jts	Length	OD	RU / RD / Move			40.00
SPM	110.00	110.00	Bit	1	1.00	8.75	Drilling		4.50	513.25
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Ream / Wash			6.75
Stk Length	8.00	8.00	6" DC	1	29.17	6.00	Coring			
Pump Output	316.00	316.00	IB Stabilizer	1	6.20	8.75	Circ & Cond		5.25	9.00
SPR	65.00	65.00	6" DC	1	28.92	6.00	Trip/LDDP		9.25	55.75
Press	600.00	580.00	IB Stabilizer	1	4.98	8.75	Rig Service			5.50
			6" DC'S	28	820.92	6.00	Rig Repair			21.00
			RT Tool	1	6.30	7.38	Dir. Survey		1.00	20.50
							Logging		4.00	4.00
							Run Casing			6.50
							Cementing			3.50
							NU/ND, Test BOP			25.50
							DST			
							Problem			12.75
							Waiting on cement			9.50
							Waiting on orders			
							Weather			
							Wellhead/Tree			4.00
							Fishing			
							Other			6.50
							TOTAL		24.00	744.00

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	645	Circ Vol	643	Daily Mud	3,264	Daily Cost	22,599
9,803	3/4°		Fuel Del		Pit Vol	325	Cum Mud	45,617	Cum Cost	879,175
			Fuel Stock	3,984	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	110			AFE Completed			1,427,840

Lithology: No Report/Loggers left location @12:30 pm cst 8/17/05	Shows:
BG: CG: TG: MG: CDExp: ShDen: PP:	
Remarks: 	

Date: 08/19/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 32
API: 30-015-33763		Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Preparing t/LDDP	Accidents: None
Depth @ RT: 9820'	Footage: 0'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production							

Mud System							
Time: 1200	Vis: 35.00	Sand: 	WL: 7.60	Cake: 1 / 32	Cl: 89,000.00		
Type: Dynazan	PV: 6.00	HHP: 	%W: 97.30	PH: 10.00	Ca: 320.00		
Mud In: 9.5	YP: 5.00	O/W Ratio: 0 / 97.3	%Oil: 0.00	PF: 0.10	K: 		
Mud Out: 9.5	Gels: 3 / 5	Solids: 3.30	%LGS: 3.40	PM: 	MF: 0.60		
FL Temp: 	Gels: 	Ex.Lime: 	MBT: 1.00	LCM: 	Lost: 25 bbls		

Operations				Details
From	To	Hrs		
6:00	10:00	16.00		Logging w/Halliburton
10:00	3:30	5.50		TIH & Wash 80' t/Btm (5' fill)
3:30	6:00	2.50		Circulate & Condition - Spot 45bbl High Vis Pill - (R/U L/D Machine)
				Held Safety Meeting w/Rig & 3rd Party personnel
		24.00		

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Drilling Data				
Hook Load: 240,000	Drag Up: 20,000	Drag Down: 18,000	Torque: 	Max Pull: 265,000

Bit Data																		
Make:	Hughes				Type:	GX-44C			Size:	8 3/4		Serial No:	5076012			Jet TFA:	Open	
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftq	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM	
RR6		open	open	open		9,820	9,820	wiper trip			65.75							

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	1,200.00		Description	Jts	Length	OD	RU / RD / Move		40.00	
SPM	110.00		Bit	1	1.00	8.75	Drilling		513.25	
Liner Size	6.00	6.00	Bit Sub	1	3.87	6.00	Rear / Wash		6.75	
Stk Length	8.00	8.00	6" DC'S	30	879.01	6.00	Coring			
Pump Output	316.00		RT Tool	1	6.30	7.38	Circ & Cond	2.50	11.50	
SPR	65.00	65.00					Trip/LDDP	5.50	61.25	
Press	600.00	580.00					Rig Service		5.50	
							Rig Repair		21.00	
							Dir. Survey		20.50	
							Logging	16.00	20.00	
							Run Casing		6.50	
							Cementing		3.50	
							NU/ND, Test BOP		25.50	
							DST			
							Problem		12.75	
							Waiting on cement		9.50	
							Waiting on orders			
							Weather			
							Wellhead/Tree		4.00	
							Fishing			
							Other		6.50	
							TOTAL	24.00	768.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	3,691	Circ Vol	643	Daily Mud		Daily Cost	51,418
			Fuel Del		Pit Vol	325	Cum Mud	45,617	Cum Cost	930,593
			Fuel Stock	293	Stby Vol		AFE Dry Hole			959,900
			Pot Wtr	90			AFE Completed			1,427,840

Lithology:	Shows:									
BG:	CG:	TG:	MG:	CDEP:	ShDen:	PP:				
Remarks:										

Date: 08/20/05	Preston Exploration, LLC Daily Drilling Report	Report No.: 33
API: 30-015-33763		Permit No.: 0

Well: Cemetery 'Z' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Circulating w/Rig between Cement Stages	Accidents: None
Depth @ RT: 9820'	Footage: 0'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production	08/19/05	5 1/2"	17.00#	N-80	9820'	B-Section	

Mud System							
Time:		Vis: 36.00	Sand:		WL: 7.60	Cake: 1 / 32	Cl: 89,000.00
Type: Dynazan		PV: 6.00	HTHP:		%W: 97.30	PH: 10.00	Ca: 320.00
Mud In: 9.5		YP: 5.00	O/W Ratio: 0 / 97.3		%Oil: 0.00	PF: 0.10	K:
Mud Out: 9.5		Gels: 3 / 5	Solids: 3.30		%LGS: 3.40	PM: 	MF: 0.60
FL Temp:		Gels:	Ext.lime:		MBT: 1.00	LCM: 	Lost:

Operations			
From	To	Hrs	Details
6:00	3:00	9.00	LDDP & 2 RT Tools - Break Kelly - LDDC'S & B/O Bit & Bit Sub
3:00	8:30	5.50	R/U Casing Crew - Held Safety Meeting w/Rig & 3rd party personnel - Running 5 1/2" Casing
8:30	9:30	1.00	WOW (lightning)
9:30	11:00	1.50	Finish Running 5 1/2" 17# N-80 Casing Total of 220 Jts Set @9820' - DV Tool @7820'
11:00	12:00	1.00	Install Cement Head w/BJ - Circulate w/Rig pump (R/D Casing Crew & L/D Machine)
12:00	1:30	1.50	Held Safety Meeting w/Rig & 3rd party personnel - Test Lines 1/5000 psi - Cement 1st Stage w/BJ: 650 sks 50/50-2 Class H
			Drop Plug & Displace w/H2O & Mud, Plug Down @1:30 & Float Held
1:30	2:15	0.75	Drop Bomb t/open DV Tool - Circulate off tool w/BJ - 150 Sks Cmt t/surface -
2:15	6:00	3.75	Circulate w/Rig pump between Cement stages
		24.00	

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Drilling Data				
Hook Load: 152,000	Drag Up: 5,000	Drag Down: 2,000	Torque: 	Max Pull: 155,000

Bit Data																	
Make:	Type:				Size:		Serial No:		Jet TFA:								
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM

Mud Pumps			BHA Detail				Time Analysis		Day	Cum
Pump Press	350.00	250.00	Description	Jts	Length	OD	RU / RD / Move			
SPM	115.00	80.00					Drilling		513.25	
Liner Size	6.00	6.00					Ream / Wash		6.75	
Stk Length	8.00	8.00					Coring			
Pump Output	331.00	230.00					Circ & Cond	4.75	16.25	
SPR							Trip/LDDP	9.00	70.25	
Press							Rig Service		5.50	
							Rig Repair		21.00	
							Dir. Survey		20.50	
							Logging		20.00	
							Run Casing	7.00	13.50	
							Cementing	2.25	5.75	
							NU/ND, Test BOP		25.50	
							DST			
							Problem		12.75	
							Waiting on cement		9.50	
							Waiting on orders			
							Weather	1.00	1.00	
							Wellhead/Tree		4.00	
							Fishing			
							Other		6.50	
							TOTAL	24.00	792.00	

Survey Data			Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	317	Circ Vol	620	Daily Mud	Daily Cost	162,053	
			Fuel Del		Pit Vol	450	Cum Mud	45,617	Cum Cost	1,092,646
			Fuel Stock	3,374	Stby Vol		AFE Dry Hole		959,900	
			Pot Wtr	75			AFE Completed		1,427,840	

Lithology:	Shows:									
BG:	CG:	TG:	MG:	CDExp:	ShDen:	PP:				

Remarks: **String Wt is for 5 1/2" Casing on last Jt**
Lightning was very severe around Rig, actually hitting derrick once - Co Rep shut down operation for safety reasons (1 hour)

Date: 08/21/05	Preston Exploration, LLC	Report No.: 34
API: 30-015-33763	Daily Drilling Report	Permit No.: 0

Well: Cemetery '2' #2	Rig: Patterson - UTI #510	Spud Date: July 20, 2005
Co., St.: Eddy, NM	Toolpusher: Rafael Ramirez	TD: 9,900'
Location: Section 2 - T20S - R25E	Foreman: Charles Troxell	Directional: No

Activity @ RT: Rig released @12:30 am CST 8/21/05	Accidents: None
Depth @ RT: 9820'	Footage: 0'
	Environmental:

Casing	Date	Size	Weight	Grade	Set@	Top@	EMW Test
Conductor	07/01/05	20"	Structural	LP	40'	GL	
Surface	07/20/05	13 3/8"	68 & 61#	K55	380'	A-Section	
Intermediate	07/24/05	9 5/8"	40.00#	N-80	1430'	B-Section	
Liner							
Liner							
Production	08/19/05	5 1/2"	17.00#	N-80	9820'	B-Section	

Mud System					
Time:	Vis:	Sand:	WL:	Cake:	Cl:
Type:	PV:	HTHP:	%W:	PH:	Ca:
Mud In:	YP:	O/W Ratio:	%Oil:	PF:	K:
Mud Out:	Gels:	Solids:	%LGS:	PM:	MF:
FL Temp:	Gels:	Ex.Lime:	MBT:	LCM:	Lost:

Operations			
From	To	Hrs	Details
6:00	8:30	2.50	Circulate w/Rig pump between Cement stages
8:30	10:00	1.50	Cmt 2nd Stage w/BJ:470 sks 50/50-2 Class H - Drop Plug & Displace w/Fresh H2O (182 bbls) - Plug Down & DV Tool held
			Full returns while Cementing Yield 1.30 Wt 14.2 - R/D BJ
10:00	12:00	2.00	NDBOP @B-Section & P/U same
12:00	1:00	1.00	Set Casing Slips w/Cameron Str Wt 152,000
1:00	4:00	3.00	Finish NDBOP & Set out same
4:00	6:00	2.00	NUTH & Test same t/4000 Psi (ok)
6:00	12:30	6.50	Clean & Jet Pits
			Release Rig @12:30 am CST 8/21/05
			Rig fuel was 3124 gallons when released
			 Rig plans on moving 8/21/05 - Location is very muddy
			 All rentals released by 8/20/2005 - some are unable to P/U equipment because of condition of location (very muddy)
			All charges stopped 8/20/2005 (except Supervision 8/21/05)
			This is Final Report for Cemetery '2' #2 Well
			Thanks for the work & God Bless!
		18.50	

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Drilling Data				
Hook Load:	Drag Up:	Drag Down:	Torque:	Max Pull:

Bit Data																	
Make:	Type:				Size:		Serial No:			Jet TFA:							
Bit No	DA No	Jets Size	Jets Size	Jets Size	Jets Size	Depth In	Depth Out	Cum Ftg	ROP	Drig Hrs	Cum Hrs	T	B	G	Wt on Bit	Torq	RPM

Mud Pumps		BHA Detail			Time Analysis		Day	Cum
Pump Press	SPM	Description	Jts	Length	OD	RU / RD / Move		
		Float Shoe	1	1.50	5.50	Drilling		40.00
		5 1/2" Casing	1	45.53	5.50	Ream / Wash		513.25
		Stk Length	1	1.30	5.50	Coring		6.75
		5 1/2" Casing	43	1,950.17	5.50	Circ & Cond	2.50	18.75
		DV Tool	1	2.25	5.50	Trip/LDDP		70.25
		5 1/2" Casing	176	7,825.93	5.50	Rig Service		5.50
						Rig Repair		21.00
						Dir. Survey		20.50
						Logging		20.00
						Run Casing		13.50
						Cementing	1.50	7.25
						NU/ND, Test BOP	6.00	31.50
						DST		
						Problem		12.75
						Waiting on cement		9.50
						Waiting on orders		
						Weather		1.00
						Wellhead/Tree	2.00	6.00
						Fishing		
						Other Clean Pits	6.50	13.00
						TOTAL	18.50	810.50

Survey Data		Rig Inventory		Mud Volumes		Mud Costs		Operations Costs	
MD	Angle	Direction	Fuel used	250	Circ Vol	Daily Mud	Daily Cost	Daily Cost	53,285
9,803	3/4°		Fuel Del		PR Vol	Cum Mud	45,617	Cum Cost	1,145,931
			Fuel Stock	3,124	Stby Vol	AFE Dry Hole			959,900
			Pot Wtr	empty		AFE Completed			1,427,840

Lithology:	Shows:
BG:	CG:
TG:	MG:
CDEP:	ShDen:
	PP:

Remarks:
