

Reef Exploration L.P.
State 2 Well #2
Unit G
660 FNL & 1980 FEL
Sec 2, T-23-S,R-31-E
Eddy County, New Mexico

Drilling Report

30-015-35674

Well Directions: From Jal NM go to 35 miles West on Hwy 128. Turn right North, on Red Road. (#798). Go $\frac{3}{4}$ miles. Turn left, West, and go $\frac{1}{2}$ mile to location.

Date: 9-5-07

Day: 0

Depth:

Present Operation:

Operations Last 24 Hours: MIRU Patterson UTI rig #512. Gave notice of spud to NMOCD.

DDC: \$42,727

CDC: \$42,727

Date: 9-6-07

Day: 0

Depth:

Present Operation:

Operations Last 24 Hours: Continued MIRU Patterson UTI rig #512. Had to shut down due to truck drivers hours. Waiting on trucks.

DDC: \$15,010

CDC: \$57,737

Date: 9-7-07

Day: 1

Depth: 147

Present Operation: Drlg 17 $\frac{1}{2}$ " hole @ 28 fph.

Operations Last 24 Hours: Drilled 147' in the last 24 hours. MW 8.7, Vis 54. Rotary 100 rpms, WOB 45 K, pmp press 500 psi. Finish MIRU Patterson UTI Rig #512. Spud 17 $\frac{1}{2}$ " hole @ 11:30 pm 9-6-07.

DDC: \$33,310

CDC: \$91,047

Date: 9-8-07

Day: 2

Depth: 640

Present Operation: Drlg 17 $\frac{1}{2}$ " hole @ 24 fph.

Operations Last 24 Hours: Drilled 493' in the last 24 hours. MW 9.1, Vis 49, Ph 9. Rotary 90 rpms, WOB 45 K, pmp press 1000 psi. Trip for bit @ 243'.

DDC: \$26,536

CDC: \$117,583

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Drilling Report

Date: 9-9-07

Day: 3

Depth: 700

Present Operation: NU BOP.

Operations Last 24 Hours: Drilled 60' in the last 24 hours. MW 9.1, Vis 49, Ph 9. Dev Surveys: 1/2" @ 655'. Rotary 90 rpms, WOB 45 K, pmp press 1000 psi. TD 17 1/2" hole @ 700' @ 9:30 am 9-8-07. Circ and cond hole. POH. Run 13 3/8" csg as follows:

1-13 3/8" Texas pattern guide shoe	0.75
1-13 3/8" 48# H-40 ST&C csg	44.66
1-13 3/8" float collar	1.50
15-13 3/8" 48# H-40 ST&C csg	<u>663.28</u>
Total run	710.19

Set pipe @ 700'. Ran 6 cent. Halliburton cmt'd as follows: 255 sxs prem plus lite w/.125 pps Poly flake and 1% KCL and 300 sxs Prem plus w/1% KCL. Plug down @ 6:00 pm 9-8-07. Circ 221 sxs to surface. WOC 4 hrs. Cut off pipe weld on head. Start NU BOP's.

DDC: \$110,991

CDC: \$228,574

Date: 9-10-07

Day: 4

Depth: 943

Present Operation: Drl 11" hole @ 61 fph.

Operations Last 24 Hours: Drilled 243' in the last 24 hours. Rotary 60 rpms, WOB 12 K, pmp press 1100 psi. Finish NU BOP's and test, OK. TIH and tag cmt @ 642'. Drl out cmt and float collar. Test casing to 1000 psi, OK. Finish drlg out cmt and shoe. Spud 11" hole @ 3:15 pm 9-9-07. Drl to 715'. POH w/plugged bit. 5 juts plugged w/rubber. TIH. Resume drlg. Drl to 733'. Bit plugged again. TOH. C/O motor from Halliburton to Jaguar. TIH. Resume drlg.

DDC: \$33,173

CDC: \$261,747

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Drilling Report

Date: 9-11-07

Day: 5

Depth: 2650

Present Operation: Drl 11" hole @ 65 fph.

Operations Last 24 Hours: Drilled 1707' in the last 24 hours. MW 10, vis 29, PH 9. Dev Surveys: 1/2° @ 1059, 1/2° 1501, 1/2° @ 1944, 1/2° 2387'. Rotary 60 rpms, WOB 12 K, pmp press 1500 psi.

DDC: \$27,246

CDC: \$288,993

Date: 9-12-07

Day: 6

Depth: 3464

Present Operation: Drl 11" hole @ 21 fph.

Operations Last 24 Hours: Drilled 814' in the last 24 hours. MW 10, vis 29, PH 9. Dev Surveys: 1/2° @ 2830, 1/2° 3273. Rotary 80 rpms, WOB 18 K, pmp press 1400 psi.

DDC: \$24,336

CDC: \$313,329

Date: 9-13-07

Day: 7

Depth: 3686

Present Operation: W/o parts for rig

Operations Last 24 Hours: Drilled 222' in the last 24 hours. MW 10, vis 29, PH 8.5. Dev Surveys: 1/2° @ 3478. Rotary 70 rpms, WOB 18 K, pmp press 1400 psi. Drl to 3478'. Bit or motor torqued up. POH and LD motor. Cut Drlg line. Wait on new motor. TIH to resume Drlg. Kelly started leaking. Make repairs. Resume drlg. Drl to 3686'. Kelly hose leaking. W/o new Kelly hose.

DDC: \$28,749

CDC: \$342,078

Date: 9-14-07

Day: 8

Depth: 4445

Present Operation: Circ samples for Lamar lime

Operations Last 24 Hours: Drilled 759' in the last 24 hours. MW 10, vis 29, PH 9. Dev Surveys: 1/2° @ 3732', 2° @ 4175'. Rotary 70 rpms, WOB 18 K, pmp press 1450 psi. Replace Kelly hose. Wash to bottom. Resume drlg. Run fluid caliper @ 4200'. Circ bottoms up @ 4430'. Drl 15 more feet. Circ samples.

DDC: \$26,396

CDC: \$368,474

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Drilling Report

Date: 9-15-07

Day: 9

Depth: 4445

Present Operation: Testing Wellhead

Operations Last 24 Hours: Drilled 0' in the last 24 hours. MW 10, vis 29, PH 9. Dev Surveys: 2° @ 4445'. Con't circ. POH to run 8 5/8" csg run 8 5/8" csg As Follows:

1-8 5/8" Saw tooth shoe	1.50
1-8 5/8" 32# J-55 ST&C Csg	42.85
1-8 5/8" Float Collar	1.00
-8 5/8" 32# J-55 ST&C csg	4399.65
Total Run	4445.00

Pipe set @ 4445'. Ran 20 cent. Halliburton cmt'd as follows: 1800 5x5 interfil "C" and 300 5x5 premium plus. Plug down @ 9:45 PM 9-14-07. Circ 614 5x5 to surface. ND stack set slips. Cut off csg. Install head and test.

DDC: \$168,274

CDC: \$536,748

Date: 9-16-07

Day: 10

Depth: 4676

Present Operation: Drlg 7 7/8" hole @ 33 fph

Operations Last 24 Hours: Drilled 231' in the last 24 hours. MW 8.4, vis 28, PH 10. Dev Surveys: 1/2° @ 4643'. Rotary 70 rpms, WOB 18 K, pmp press 1270 psi. Finish testing wellhead, ok. Test BOP, ok, TIH and Tag cmt @ 4325'. Drl out cmt and float collar. Test csg to 1000 psi, ok. Drl out cmt and shoe. Spud 7 7/8" hole at 2:00 AM 9-16-07

DDC: \$42,769

CDC: \$579,517

Date: 9-17-07

Day: 11

Depth: 6110

Present Operation:

Operations Last 24 Hours: Drilled 1434' in the last 24 hours. MW 8.4, vis 28, PH 10. Dev Surveys: 1/2° @ 4643', 1/2° @ 5085', 1° @ 5528', 1/2° @ 5960. Rotary 70 rpms, WOB 18 K, pmp press 1450 psi.

DDC: \$16,882

CDC: \$596,399

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Drilling Report

Date: 9-18-07

Day: 12

Depth: 7210

Present Operation: Drlg 7 7/8" hole @ 44 fph

Operations Last 24 Hours: Drilled 1100' in the last 24 hours. MW 8.8, vis 28, PH 10. Dev Surveys: 1/2° @ 6375', 1° @ 6851'. Rotary 70 rpms, WOB 18 K, pmp press 1450 psi.

DDC: \$25,296

CDC: \$621,695

Date: 9-19-07

Day: 13

Depth: 8180

Present Operation: Drlg 7 7/8" hole @ 33 fph

Operations Last 24 Hours: Drilled 970' in the last 24 hours. MW 8.9, vis 29, PH 10.5. Dev Surveys: 1/2° @ 7301', 1/2° @ 7713', 1/2° @ 8155'. Rotary 70 rpms, WOB 18 K, pmp press 1450 psi.

DDC: \$40,819

CDC: \$662,514

Date: 9-20-07

Day: 14

Depth: 8500

Present Operation: RU Loggers

Operations Last 24 Hours: Drilled 320' in the last 24 hours. MW 8.9, vis 29, PH 9.5. Dev Surveys: 1° @ 8420'. Rotary 70 rpms, WOB 18 K, pmp press 1450 psi. TD 7 7/8" hole @ 9:00PM 9-19-07. Circ and Cond hole. POH LD BHA. Start RU Halliburton Logging.

DDC: \$24,019

CDC: \$686,533

Date: 9-21-07

Day: 15

Depth: 8500

Present Operation: LDDP

Operations Last 24 Hours: Drilled 0' in the last 24 hours. MW 8.9, vis 29, PH 9.5. Run open hole logs. Lost signal on emiral, POH, Module on tool burned up. Wait on parts. Make 2nd attempt to run emiral. Tool shorted out, only tool available. RD Halliburton WL. PU bit and TIH. Circ to run csg. Start POH LDDP.

DDC: \$44,569

CDC: \$731,102

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Drilling Report

Date: 9-22-07

Day: 16

Depth: 8500

Present Operation: CIRC DV TOOL

Operations Last 24 Hours: Drilled 0' in the last 24 hours. Finish LDDP. Run

5 1/2" csg as follows:

1-5 1/2" Down jet shoe	1.75'
1-5 1/2" 15.50 #I-80 LT&C csg	43.98'
1-5 1/2" Float Collar	1.25'
47- 5 1/2" 15.50 #I-80 LT&C csg	2048.88'
1-5 1/2" DV Tool	3.00'
<u>146- 5 1/2" 15.50 #I-80 LT&C csg</u>	<u>6414.14</u>
Total Run	8513.00'

Pipe set @ 8513'. Ran 50 cent & 4 cmt bsks. Halliburton cmt'd as follows: 1st stage- 400 5x5 hall super H with 3# lsk Gilstone, 1#lsk salt, 0.5% Halad 344, 0.4% CFR-3, 0.3% HR7. Bump Plug @ 3:30AM. Open DV Tool and circ.

DDC: \$199,678

CDC: \$930,780

Date: 9-23-07

Day: 17

Depth:

Present Operation:

Operations Last 24 Hours: Finish Circ DV tool. Circ out 170 5x5. Hall cmt 2nd stage—400 5x5 interful H with 0.3% CFR3, 0.125 #lsk poly flake and 200 5x POZ premium cmt with 5#1 bbl salt, 0.4% HALAD 9, 0.4% CFR3. Bump plug at 10:45AM 9-22-07. WOC 4 hrs. ND BOP, Set slips with 120 k and cut off pipe. Install head and test to 2500 psi, ok. Clean out pits. Rig released @ 10:00PM 9-22-07.

DDC: \$65,085

CDC: \$995,865