

Reef Exploration L.P.
State 2 Well #1
Unit G
1980 FNL & 1980 FEL
Sec 2, T-23-S,R-31-E
Eddy County, New Mexico

Drilling Report

30-015-35678

Well Directions: From Jal NM go to 35 miles West on Hwy 128. Turn right North, on Red Road. (#798). Go 5 1/2 miles. Turn left, West, and go 1/4 mile to location.

Date: 4-26-07

Day:

Depth:

Present Operation: Stake Location

Operations Last 24 Hours: Stake State 2 Well #1 Unit G, 1980 FNL & 1980 FEL, Sec 2, T-23-S R-31-E, Eddy County, NM.

Date: 6-20-07

Day:

Depth:

Present Operation: Prep work

Operations Last 24 Hours: Permit approved by NMOCD.

Date: 7-25-07

Day:

Depth:

Present Operation: Move in.

Operations Last 24 Hours: Commence to move in drilling rig. 20" conductor set @ 40'.

Date: 7-26-07

Day: 01

Depth: 121'

Present Operation: Drilling.

Operations Last 24 Hours: Drilled 121'. Bit #1-17 1/2" w/8.5 #/gal. Spud mud. Moved in and rig up. Notify NMOCD @ 4:00 pm CST on 7-25-07. Drill 121' @ 15.5/hr. Unplug flowline.

Date: 7-27-07

Day: 02

Depth: 390'

Present Operation: Drilling.

Operations Last 24 Hours: Made 290' of 17 1/2" hole in 14 1/4 hrs w/8.7#/gal spud mud. Replace valve on pump and un plug flow line. TOH to work on flow

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line. Clean manifold and shaker. Raise flow line by adding to conductor pipe.
Wash to bottom.

Date: 7-28-07

Day: 03

Depth: 890'

Present Operation: Drilling.

Operations Last 24 Hours: Made 495' of 17 1/2" hole in 23 1/2 hrs w/9.8
#/gal, 45 vis, PH 10, mud. Surveys: 1/2° @ 590'.

Date: 7-29-07

Day: 04

Depth: 900'

Present Operation: NU and wait on cement.

Operations Last 24 Hours: Drilled 15' 17 1/2" hole. 3/4° @ 853'. Brine mud @
10#/gal, 28 vis. Run 21 jts 13 3/8", H-40, 48# STC casing to 900'. P/up shoe 3'
and cmt w/290 sx lite prem plus lead and 385 sx premium plus tail. Circ 385 sx
to pit. Nipple up and WOC.

Date: 7-30-07

Day: 05

Depth: 900'

Present Operation: TIH.

Operations Last 24 Hours: NU BOP. Wait on flange. Test stack, install bell
nipple. Make up bit and down hole motor. TIH.

Date: 7-31-07

Day: 06

Depth: 2115'

Present Operation: Drilling.

Operations Last 24 Hours: Finish TIH. Tag cement. Made 1215' in 20 3/4 hrs.
MW 10, Vis 28, PH 9.5. Surveys: 1° @ 1337, 1/2° @ 1718'.

Date: 8-01-07

Day: 07

Depth: 3236'

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Present Operation: Drilling w/down hole motor.

Operations Last 24 Hours: Drill 1121', 11" hole. MW 10, Vis 28, PH 10.

Surveys: 1/2° @ 2128, 1/2° @ 3077'.

Date: 8-02-07

Day: 08

Depth: 4083 '

Present Operation: Drilling w/down hole motor.

Operations Last 24 Hours: Drill 847', 11" hole. MW 10, Vis 28, PH 10.

Surveys: 1/2° @ 3461, 1° @ 3905'.

Date: 8-03-07

Day: 09

Depth: 4390 '

Present Operation: Drilling w/down hole motor.

Operations Last 24 Hours: Install fluid caliper, 1841 cuft. Avg hole size 12 1/4". Motor stalling, lock down w/7 pts wt. Pump 40 vis sweep. POH. LD motor and change out. TIH. Repair motor on water pmp. 3 1/4° @ 4306'.

Date: 8-04-07

Day: 10

Depth: 4433 '

Present Operation: WOC.

Operations Last 24 Hours: Drilled 43' last 24 hours. MW 10, Vis 28, Ph 9.5, rotary 70 rpms, WOB 15K, pump press 1500 psi.

TD 11" hole @ 4433' @ 8:45 am 8-3-07. POH, LD BHA. Ran 8 5/8" csg as follows:

1- 8 5/8" float shoe	1.50
1-8 5/8" 32# J-55 ST&C csg	43.19
1-8 5/8" float collar	1.00
102 - 8 5/8" 32# J-55 ST&C csg	<u>4384.19</u>
Total Run	4429.88

Halliburton cmt'd as follows: 965 sxs interfill c & 300 sxs premium plus tail end cmt. Plug down @ 3:15 am. Circ 383 sx cmt to pit. Floats held OK. WOC.

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Drilling Report

Date: 8-05-07

Day: 11

Depth: 4433 '

Present Operation: Testing BOP stack.

Operations Last 24 Hours: Drilled 0' last 24 hours. MW 10, Vis 28, Ph 9.5. WOC. Attempt to set slips. C/N move 8 5/8" csg. Cut off csg. Weld plate over 13 3/8" csg. Set BOP stack and NU. RU Monahans BOP Testers. Test BOP stack.

Date: 8-06-07

Day: 12

Depth: 4800 '

Present Operation: Drlg 7 7/8" hole @ 15 fph

Operations Last 24 Hours: Drilled 367' last 24 hours. MW 8.8, Vis 29, Ph 12. 2° @ 4449', 1 1/2° @ 4732'. Rotary 55 rpms, WOB 10 K, pmp pressure 1200 psi. Finish testing BOP's. PU 7 7/8" bit and BHA. TIH. Tag cmt @ 4372'. Drl out cmt & shoe. Spud 7 7/8" hole @ 2:30 pm 8-5-07.

Date: 8-07-07

Day: 13

Depth: 4850 '

Present Operation: LD Fish

Operations Last 24 Hours: Drilled 50' last 24 hours. MW 8.8, Vis 29, Ph 12. Rotary 55 rpms, WOB 10 K, pmp pressure 1200 psi. Drl to 4850', motor stalled out. POH. Motor parted. WO fishing tools. PU Weatherford fishing tools and TIH. Wash over and catch fish. Chain out of hole, recover 100% of fish. Start LD fish.

Date: 8-08-07

Day: 14

Depth: 5340 '

Present Operation: Drlg 7 7/8 hole @ 31 fph

Operations Last 24 Hours: Drilled 490' last 24 hours. MW 8.8, Vis 29, Ph 12. Surveys: 1° @ 4954'. Rotary 55 rpms, WOB 10 K, pmp pressure 1500 psi. Finish LD fish and fishing tools. Pu new BHA and TIH. Resume Drlg.

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Date: 8-09-07

Day: 15

Depth: 6117'

Present Operation: TOH F/ Crack

Operations Last 24 Hours: Drilled 777' last 24 hours. MW 9, Vis 29, Ph 8.5.

Surveys: 1 1/2° @ 5366', 1 1/2° @ 5808'. Rotary 65 rpms, WOB 18 K, pmp pressure 1250 psi. Drl to 6088'. POH for hole in DP. LD 1 Bad JT. TIH and Resume Drlg. Drl to 6117'. Start TOH for hole in DP.

Date: 8-10-07

Day: 16

Depth: 6705'

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

Operations Last 24 Hours: Drilled 588' last 24 hours. MW 9.2, Vis 30, Ph 8.5.

Surveys: 1 1/2° @ 6222'. Rotary 65 rpms, WOB 18 K, pmp pressure 1300 psi. Finish TOH. LD bad joint. Finish TOH to check rest of string and install float. TIH with BHA #5. Resume Drlg.

Date: 8-11-07

Day: 17

Depth: 7025'

Present Operation: Drlg 7 7/8" hole @ 21 fph

Operations Last 24 Hours: Drilled 320' last 24 hours. MW 8.7, Vis 30, Ph 8.5.

Surveys: 1 1/2° @ 6222'. Rotary 65 rpms, WOB 18 K, pmp pressure 650 psi. Lost Returns @ 6726'. DRL to 6857'. POH for hole in DP. Found 2 cracks. Finish POH LD BHA. PU new BHA and TIH. Wash to bottom. Resume DRLG.

Date: 8-12-07

Day: 18

Depth: 7286'

Present Operation: LD DP

Operations Last 24 Hours: Drilled 261' last 24 hours. MW 8.7, Vis 30, Ph 9.

Rotary 65 rpms, WOB 18 K, pmp pressure 1000 psi. DRL to 7286'. POH for hole in DP. Found crack in DP. Start LD all DP.

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Date: 8-13-07

Day: 19

Depth: 7425'

Present Operation: Drlg 7 7/8" hole @ 29 fhp

Operations Last 24 Hours: Drilled 139' last 24 hours. MW 8.4, Vis 28, Ph 9. Rotary 65 rpms, WOB 18 K, pmp pressure 1050 psi. Finish LD DP. Unload and prep to PU DP. PU DP. Resume Drlg.

Date: 8-14-07

Day: 20

Depth: 8239'

Present Operation: Drlg 7 7/8" hole @ 30 fhp

Operations Last 24 Hours: Drilled 814' last 24 hours. MW 8.4, Vis 29, Ph 9. Rotary 65 rpms, WOB 18 K, pmp pressure 1050 psi.

Date: 8-15-07

Day: 21

Depth: 8446'

Present Operation: Logging

Operations Last 24 Hours: Drilled 261' last 24 hours. MW 8.4, Vis 28, Ph 9. Surveys: 1° @ 3430. Rotary 65 rpms, WOB 20 K, pmp pressure 1050 psi. TD 7 7/3" hole @ 8446 @ 1:30 PM 8-14-07. CIRC and COND hole. POH. RU Halliburton logging. Start logging well.

Date: 8-16-07

Day: 22

Depth: 8446'

Present Operation: Running 5 1/2" casing.

Operations Last 24 Hours: Drilled 0' last 24 hours. MW 8.4, Vis 28, Ph 9. Surveys: 1° @ 8480. Finish running logs. TIH. Circ and cond hole. POH LDDP and DC's. Start running 5 1/2" csg.

Date: 8-17-07

Day: 23

Depth: 8446'

Present Operation: RD Halliburton

Operations Last 24 Hours: MW 8.4, Vis 28, Ph 9. Surveys: Finish running 5 1/2" csg

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1-5 1/2" Float Shoe	1.75
1-5 1/2" 17# L-80 LT & C csg	45.73
1-5 1/2" Float collar	1.25
46-5 1/2" 17# L-80 LT & C csg	2002.62
1-5 1/2" Open hole packer	8.42
1-5 1/2" DV Tool	3.00
141-5 1/2" 17# L-80	<u>6344.23</u>
Total	8407.00

Set pipe @ 8407'. Top of 3 marker joints @ 6355.65', 6957.85, & 7478.55'.
Halliburton cmt'd w/15 bbls super flush, 375 sxs super PBH w/additives. Bump
plug and inflate pkr. Open DV tool and circ 6 hrs. Cmt DV tool w/15 bbls super
flush, 205 sxs interfill c and 525 sxs premium 50/50 poz w/additives. Close DV
tool. Start rigging down Halliburton.

Date: 8-18-07

Day: 24

Depth: 8446'

Present Operation: Rig Released.

Operations Last 24 Hours: Drilled 0' last 24 hours. . Finish Rd Halliburton. No
BOP. Install wellhead. Jet pits. Rig released @ 10:00 AM 8-17-07

REEF EXPLORATION, LP.

State "2" #1

1980' FNL & 1980' FEL

Sec 2, T23S, R31E

Livingston Ridge; Delaware, SE (96149)

Eddy County, New Mexico

Permanent Wellbore Data

Spud Date: 7/25/07
 Compl Date:
 KB Elev., Ft: 3448.5'
 GL Elev., Ft: 3430' Set 40' of 20" conductor
 KB 18.5'

17-1/4" hole

Surface Casing

Size	No Jts	Wt.	Grade	Jt Type	Depth, Ft
13 3/8"	21	48.0	H-40	ST&C	897

Cement: 835 Sx TOC: Surface (circ-385 Sks)
 Date: 7/29/2007

11" hole

8 5/8", 32#, J-55, ST&C

Intermediate Casing

Size	No Jts	Wt.	Grade	Jt Type	Depth, Ft
8 5/8"	103	32.0	J-55	ST&C	4388'

Cement: 1,265 Sx TOC: Surface Circ 383 sks
 Date: 8/4/2007

7 7/8" hole

Size	No Jts	Wt.	Grade	Jt Type	Depth, Ft
5 1/2"	185	17.0	L-80	LT&C	8338.32
5 1/2"	3	17.0	L-80	LT&C	68.68
Total depth					8407

The 4 joints are flag joints (short for logging)

ID - 4.892", drift - 4.767", IYP - 7740#, JS - 338,000#

Capacity - .0232 bbls/ft

Cement 375 Sx TOC: ??? Stage 1

Cement 730 Sx TOC: ??? Stage 2

TD: 8446' PBTD: 8358' Date: 8/16/2007

Set Weight, Lb: ?????#

Tank Battery:

Data On This Completion

API #: 30-015-35678
 Property Code: 36570
 OGRID #: 246083
 Drilling AFE #: 07DC006
 Date: Activity

Reached TD on 8/15/07

08/15/07: Halliburton Services ran Spectral
 Density, Dual Spaced Neutron Log
 High Resolution Induction Log,
 From TD to 4435'

DV TOOL (6389')

ECP (Expandable Casing Packer) (6386')

PBTD: 8358'

TD: = 8446'

Landed casing at 8407'

Prepared by R. M. Sentz 08/17/07