

N.M. OIL CONS. COMMISSION
DRAWER DD
ARTESIA, NM 88211

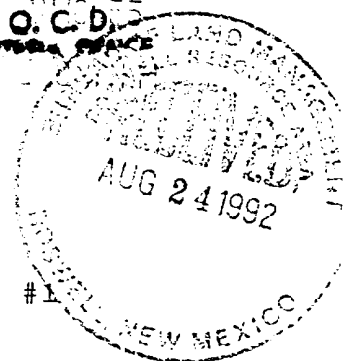
RECEIVED

SEP 04 1992

SNOW OIL & GAS, INC.

P.O. Box 1277, Andrews, Texas 79714
Phone: (915) 524-2371 Fax: (915) 524-4993

O.C.D.
OFFICE



August 12, 1992

RE: Tanner Federal #1

MM 8064-0

35-145-77E

BLM-ARRA
MINERALS MANAGEMENT SERV
ROYALTY PAYMENT PROGRAM
P.O. BOX 5810
DENVER, CO 80217

Gentlemen,

Snow Oil & Gas, Inc. has been evaluating the referenced well and has determined that we are approaching an economic break-even point in operating the compressor and selling to Signal Fuels versus Phillips' low pressure line and selling on a 72% of proceeds basis. We are currently selling 300+ MCFD and figure that 250 MCFD @ \$1.50/MCF is the break-over point(see exhibit "A").

Before we change to a low pressure system, another Atoka zone at 8252'-8260' needs to be evaluated. This zone looks as good or better than the existing zone at 8237'-8244'(see exhibit "B") and has an excellent chance of increasing our present flow rate and therefore increasing revenue.

Enclosed is an AFE(exhibit "D"), for your consideration, showing costs for a proposed recompletion to this lower Atoka zone. Procedures for this recompletion are as follows:

1. Run static pressure gradient survey (exhibit "C") to determine if there is a fluid restriction. This has already been done and there was no fluid to restrict gas flow into the wellbore and out the tubing.
2. Perforate the subject zone to see if zone will flow naturally with no initial stimulation.
3. If flow does not increase naturally, stimulate the subject zone with small low strength acid job to break down new perms and increase transmissibility from the formation to the well bore. Nitrogen will be added to part of the treatment and displacement to enhance the recovery of the treatment fluid and clean up the well.
4. Return to production.

Snow Oil & Gas needs a copy of the AFE returned to us signed in the appropriate spot as to consent or non consent of this action.

If you have any questions, please advise.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sam L. Snow". The signature is fluid and cursive, with the first name "Sam" being more prominent.

Sam L. Snow

SLS/cc
Enclosures
sls11

LEASE TANNER FED #1 SNOW OIL & GAS, INC.
 DAY OIL/BBL WTR/BBL GAS MCF TBG PRESS CHOKE SIZE

MAY, 1992
 REMARKS

1	0.00	0	321	185	OPEN	Exhibit A
2	0.00	"	327	185	" "	
3	0.00	"	329	185	" "	
4	0.00	"	329	185	" "	
5	0.00	"	329	180	" "	
6	1.67	"	329	185	" "	
7	1.67	"	329	180	" "	
8	0.00	"	327	180	" "	
9	0.00	"	321	180	" "	
10	0.00	"	329	180	" "	
11	1.67	"	316	180	" "	
12	1.67	"	295	180	" "	
13	0.00	"	295	180	" "	
14	1.67	"	295	180	" "	
15	0.00	"	302	180	" "	
16	1.67	"	316	180	" "	
17	0.00	"	313	180	" "	
18	0.00	"	313	180	" "	
19	1.67	"	313	180	" "	
20	1.67	"	313	180	" "	
21	0.00	"	297	180	" "	
22	0.00	"	294	180	" "	
23	0.00	"	301	180	" "	
24	0.00	"	298	180	" "	
25	0.00	"	290	400	" "	E/D DOWN 12 HOURS
26	1.67	"	291	180	" "	
27	0.00	"	289	180	" "	
28	0.00	"	297	180	" "	
29	1.67	"	292	180	" "	
30	0.00	"	297	180	" "	
31	1.67		293	180		
TOT.	16.70	0	9,848			MONTHLY TOTAL
TOT.	31					PRODUCING DAYS
	EST. OIL SALES		0.00		.53	AVG OIL GROSS
	EST. GAS SALES MCF		0.00		9,848	AVG GAS MCF/DAY

Exhibit A

SNOW OIL & GAS, INC.
P.O. BOX 1277
ANDREWS, TEXAS 79714
PH. (915) 524-2371
FAX. (915) 524-4993

LSE23
(2 WEEK REPORT)

LEASE: TANNER FEDERAL
CONTRACT: GRAY PUMPING

MONTH: June DATE 1 TO 16

DAY	T.P.F.	DIFF.	STATIC	RATE	PROD.	STOCK	TANK GAUGE	TANK GAUGE	RMKS
1	140/180	14	850	270	0	223.78	11-2		
2	140/195	16	860	290	0	223.78	11-2		
3	140/160	17	780	285	5.01	228.79	11-5		
4	140/180	19	700	286	0	228.79	11-5		
5	140/180	20	680	290	0	228.79	11-5		
6	130/180	20	710	295	0	228.79	11-5		
7	130/180	18	740	286	0	228.79	11-5		
8	130/180	18	760	290	0	228.79	11-5		
9	130/180	18	760	290	0	228.79	11-5		
10	130/180	17	760	281	1.67	230.46	11-6		
11	140/180	16	780	277	1.67	232.13	11-7		
12	140/180	14	870	273	0	232.13	11-7		
13	140/180	14	870	273	0	232.13	11-7		
14	140/180	15	840	278	0	232.13	11-7		
15	140/180	16	820	284	0	232.13	11-7		
16	140/180	16	830	285	1.67	233.80	11-8		

ENDING STOCK: 233.80

RUNS: 0

BEGINNING STOCK: 223.78

PRODUCTION: 10.02

REMARKS: _____

Exhibit A

SNOW OIL & GAS, INC.
 P.O. BOX 1277
 ANDREWS, TEXAS 79714
 PH. (915) 524-2371
 FAX. (915) 524-4993

LSE23
 (2 WEEK REPORT)

LEASE: TANNER FEDERAL
 CONTRACT: GRAY PUMPING

MONTH: June DATE 17 TO 30

DAY T.P.F. DIFF. STATIC RATE PROD. STOCK TANK GAUGE TANK GAUGE RMKS

17	140/180	16	820	284	1.67	235.47	11'9"		
18	140/180	16	770	275	0	235.47	11'9"		
19	130/180	18	700	278	0	235.47	11'9"		
20	130/180	17	720	274	0	235.47	11'9"		
21	130/180	17	740	278	1.67	237.14	11'10"		
22	130/180	16	820	284	0	237.14	11'10"		
23	130/180	16	770	275	0	237.14	11'10"		
24	130/180	16	770	275	0	237.14	11'10"		
25	130/180	15	820	275	0	237.14	11'10"		
26	130/180	14	840	268	0	237.14	11'10"		
27	140/180	14	860	272	0	237.14	11'10"		
28	140/180	14	880	275	0	237.14	11'10"		
29	140/180	14	840	268	0	237.14	11'10"		
30	140/180	14	850	270	0	237.14	11'10"		
1	140/180	14	840	268	0	237.14	11'10"		

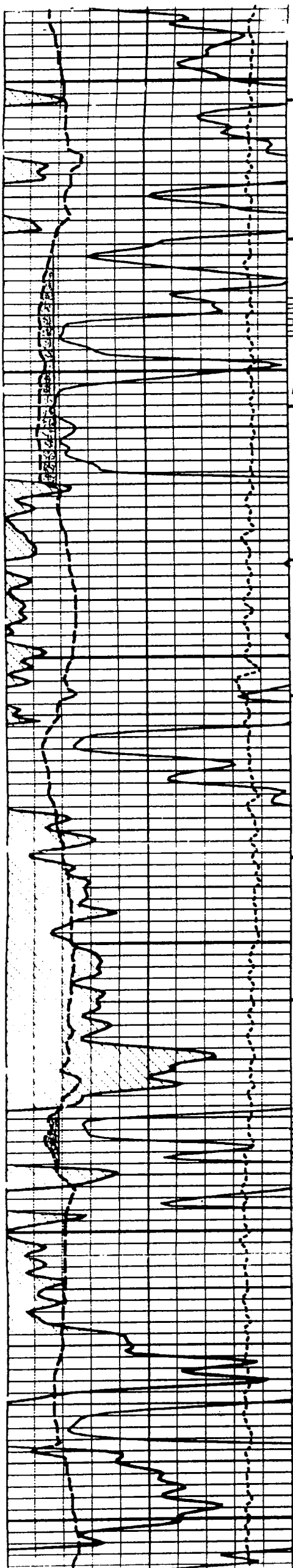
ENDING STOCK: 237.14

RUNS: 0

BEGINNING STOCK: 223.78

PRODUCTION: 13.36

REMARKS: _____



8200

2.5 PF
Existing

proposed

8200

8300

Existing

8400

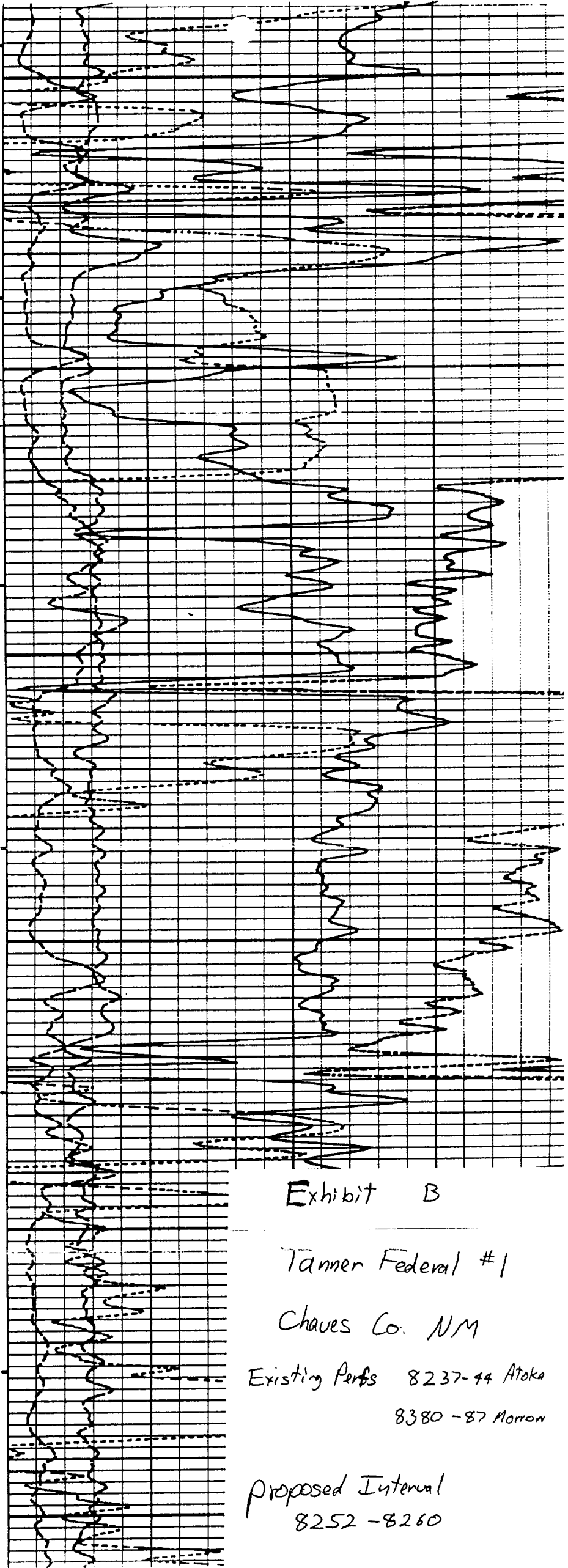


Exhibit B

Tanner Federal #1

Chaves Co. NM

Existing Perfs 8237-44 Atoka

8380-87 Morrow

Proposed Interval
8252-8260

JARREL SERVICES, INC.
Box 1230
Hobbs, New Mexico 88240

<<Static Gradient Survey>>

COMPANY: Snow Oil & Gas Company
LEASE: Tanner Federal
FIELD: Buffalo Valley
COUNTY: Chaves
STATUS: Shut in
PERFORATIONS FROM: 8237 ft
DEPTH: 8307 ft

Date: 08/04/92 @ 11:00 am
CONTACT: Sam Snow
WELL: #1
ZONE: Penn
STATE: New Mexico
OPERATOR: Newman
TO: 8377 ft
TEMPERATURE: 145°F

TABULAR DATA

DEPTH (ft)	PRESSURE (psi)	GRADIENT (psi/ft)	EXPLANATIONS
0	316		
1000	326	0.010	
2000	338	0.012	
3000	349	0.011	
4000	361	0.012	
5000	374	0.013	
6000	384	0.010	
7000	397	0.013	
8000	412	0.015	
8307	417	0.016	

NOTE: Explanations are included to clarify calculated data points.

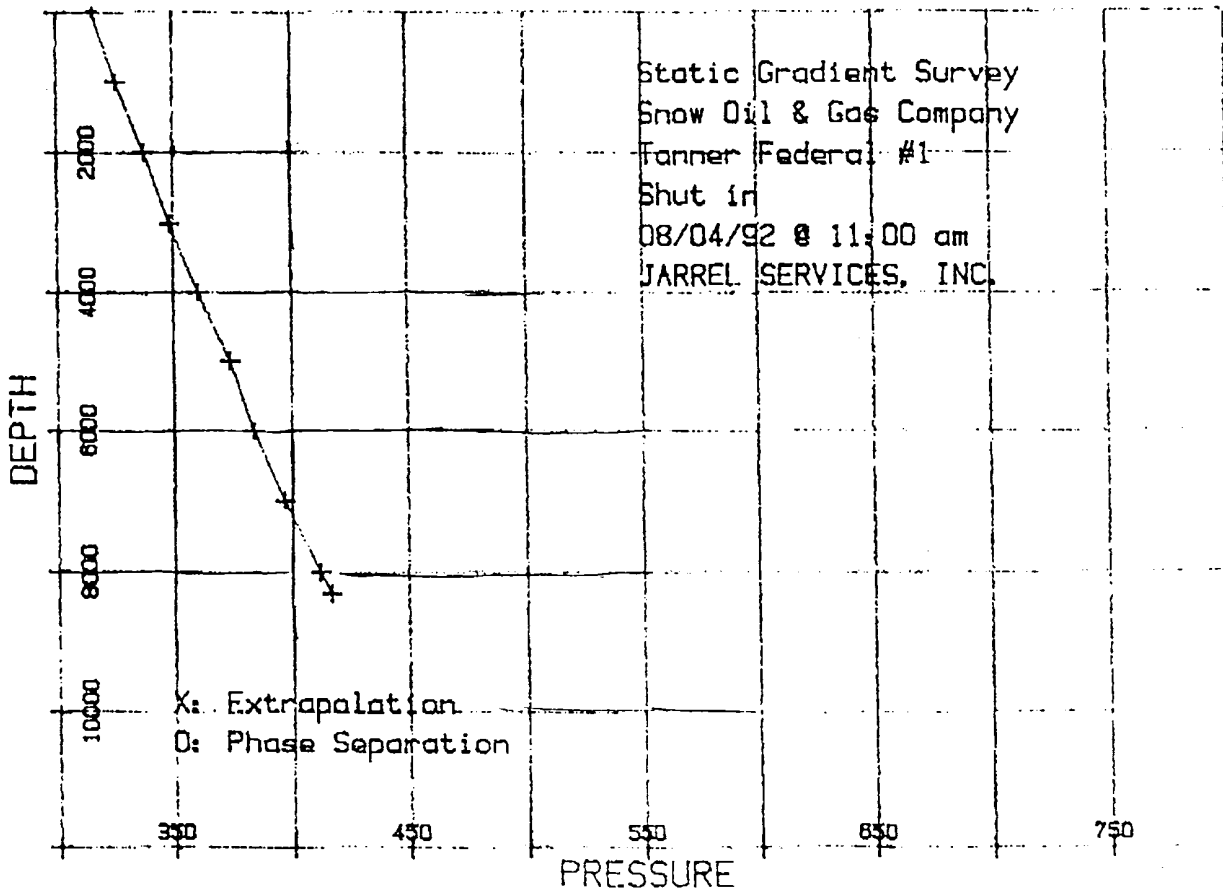


EXHIBIT "D"
SNOW OIL & GAS, INC.
WELL COST ESTIMATE

LEASE/WELL NAME: TANNER FEDERAL #1 PREPARED BY: SLS DATE: 8/12/92
COUNTY/STATE: CHAVES/NEW MEXICO APPROVED BY: DATE:
PROPOSED TOTAL DEPTH 8,476 AFE TYPE: WORKOVER

ESTIMATED COSTS
AFE NOMENCLATURE

ITEM	DESCRIPTION	INTANG. COSTS Days: (DAYS/)	TANG. COSTS (DAYS/)	COMPL. COSTS (DAYS/)	DRYHOLE COST (DAYS/)
01	Construction (location, roads, etc).....				
02	Surface restoration.....				
03	Move in, Move out... (STANDBY RIG TIME).....				
04	Contractor Fees-Footage(\$/ft) DRLG RIG.....				
05	Contractor Fees-Compl.(1550\$/day).2 DAYS SERV/UNT			3100 *	
06	Environmental Fire & Safety.....			200	
07	Mud & Materials.....				
08	Drilling Fluid Handling Equipment.....				
09	Specialty fluids & chemicals.....				
10	Engineering Services - Stake Location.....				
11	Salt/Brine Water.....				
12	Salt Water Disposal.....				
13	Water.....			600	
14	Casing Accessories.....				
15	Surface cmt & Intermediate cmt.....				
16	Longstring cement, services & accessories.....			600	
17	Wireline Logging..Pressure Survey.....				
18	Fuel.....				
19	BOP.....				
20	Drill/work string rentals - subsurface.....				
21	Packer Rentals.....				
22	Tanks (rentals).....				
23	Other Rentals.....				
24	Transportation.....				
25	Disposal Services (Offsite).....				
26	Tubular Inspection.....				
27	Cased Hole Logs.....				
28	Perforating.....			2100	
29	Production Testing.....				
30	Swabbing				
31	Stimulation - acidizing.....			6698	
32	Stimulation - fracturing.....				
33	Casing crews and laydown.....				
34	BOP testing & Inspections.....				
35	Mudlogging....(10 days/\$285/day).....				
36	Engineering/Lab/Technical/Geol. Services.....				
37	Roustabout and contract labor.....				
38	Miscellaneous.....				
39	Company Supervision and Overhead..3 day @ 2.75...			825	
40	Contingency (%).....				
41	Casing.....				
42	Casing.....				
43	Tubing.....				
44	Fittings & other.....				
45	Tank Battery.....				
46	Downhole equipment-Anchors/Pump.....				
47	Pumping Unit and Prime Mover.....				
48	Power.....				
49	Rods.....\$1.18/ft....7,000'				
50	Wellhead equipment.....				
51	Miscellaneous Supplies.....				
TOTALS.....				14123	

TOTAL WELL COST ESTIMATE.....
TOTAL LEASEHOLD COST.....
TOTAL AFE.....14123
DRY HOLE COST.....

*Rig time may not be needed

W.I. OWNER APPROVAL _____ W.I. OWNER NON-APPROVAL _____
COMPANY NAME: _____ APPROVED BY: _____
TITLE: _____ DATE: _____

