

Oil Co., S. Form Approved
N.M. DIV-Dist 2 DMB No. 1004-0135
1301 W. Grand Avenue Expires November 30, 2000
Artesia, NM 88210
NM 105538

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

9/26/2001

KUKUI OPERATING COMPANY

SARGENT CANYON 31 FEDERAL #1 (NM - 105538)
SEC. 31 - T 19S - R21E , EDDY COUNTY, NM

COMPLETION PROCEDURES - ATOKA SANDS

- 1.) MIRU Key Energy rig (Artesia). Spot pipe racks.
Deliver 7,200' of 2 7/8", 6.5 lbs./ft, J-55, EUE tbg. (new) from Tarpon Pipe in Midland. Call Randy Crook @ 915 - 683 - 8777 for tubing.

Call ABB Vetco Gray (Marvin in Odessa 915-580-6602) for tubing head installation. Have tbg. head & 2 9/16" x 5M tree delivered at same time. ABB will make final csg. cut and head installation.
- 2.) Nipple up 7 1/16" 5M BOPs. PU 4 3/4" tooth bit, scraper for 5 1/2", 17.0 lbs/ft csg., & 2 7/8" tbg. GIH to ~ 7,300' PBTD. Tally tbg. string. MIRU pump/vacuum transport & circulate hole with clean 2% KCL water. Circulate out a minimum of 160 bbls. POH & stand tbg. string. Release rental bit & scraper.
- 3.) Schedule COMPUTALOG Hobbs District for wireline work (505-392-7770). MIRU COMPUTALOG wireline truck. Run CBL/CCL/GR log from PBTD (~ 7,300') to 200' above TOC (est. TOC @ 5,800'). POOH with tools.

Evaluate CBL to ensure TOC is 500 ft. above top perms. ie. 6,463'

GIH w/ 4" expendable carrier guns (.43" dia. Holes) and perforate Atoka.

7,137' - 7,140' 4 spf Dens./Neutron log depths
7,091' - 7,094' 4 spf
6,993' - 6,998' 4 spf
6,963' - 6,968' 4 spf

RDMO wireline equipment.
- 4.) GIH with 5 1/2" , 17.0 lbs./ft. Baker Retrievmatic Pkr. & 2 7/8" tbg.

Set packer @ ~ 6,930' w/ 20,000 lbs. compression or as instructed by tool operator. Test pkr. to 2,000 psi.
ND BOPE. NU 2 9/16" x 5M tree. RU flowline to pit.
- 5.) MIRU Schlumberger acid equipment. Swab / flow tbg. dry. Perform breakdown acid job as per recommendation. Max. WHP of 5,000 psi. Place 1,000 psi on annulus prior to treatment and monitor during job.
- 6.) Flow back treatment to pit. Evaluate results and prepare for frac if required.

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- 7.) Load tbgs with treated KCL water to kill well. ND tree. NU BOPs.
POH & LD Retrievalmatic pkr.

GIH with 5 1/2", 17 lbs/ft. production packer set @ ~6,930'.
Load annulus with 2% treated KCL water. Test packer to 2,000 psi.
ND BOPs & NU 2 9/16" 5M tree. RU flowlines to pit.

RDMO workover rig. Spot and load frac tanks.

- 8.) MIRU Schlumberger frac equipment. Install wellhead isolation tool.
Test all surface equipment to 7,000 psi. Conduct safety meeting.

Frac Atoka sands with 70 quality N2 foam and 45,000 lbs. 20/40 sand
pumped down 2 7/8" tbg. @ ~12 bpm. Maintain 2,000 psi annulus
pressure. Do not exceed 6,500 psi max. WHP.

Record ISIP, 5, 10, & 15 min. SIPs.

- 9.) Initiate flowback as instructed based on fluid break test. Flow well to
reserve pit until all load is recovered. Install test separator and conduct
4 point test as required by OCD.