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Daily Operations Report
Penroc "9" State No.1
Lea County, New Mexico

February 4, 2000

Slide from 9795' to 9800'. Rotated from 9800' to 9917. Last 10' or so, bit slowed and then quit drilling. TOH. All cones still attached but buttons gone. LD Anadrill equipment. Close BOP and SDFN at 10 p.m. Will go in the hole a.m. with bit, PH-6 and drill pipe, circulate hole w/ 2% KCL and spot 5000 gal. 20% HCL. Etc.

EDC:\$13,000

ECC:\$259,000

February 5, 2000

TIH w/ rental work string. Tagged TD @ 9917' (no fill). RU Schlumberger (Dowell). Circulated hole clean with 2% KCL water and spotted 25 bbls of 20% NEFE acid across the open hole. POH to above the window. Close annulus and broke down formation ARO 1.04 bpm and 1506 psi. SD pumping. One min press dropped to 64#. Acidized with remaining 90 bbls of acid ARO 2900#. Max 3100#. ISIP ? Dowell says 1300#. In 15 minutes 600#. Too dark. Rig down Dowell. SDFN. Acid load: 170 bbls + loss while drlg.

EDC: \$15,000

ECC:\$274,000

February 6, 2000 (work done this date)

:AOL. Well on a slight vacuum. TOH w/ work string and started laying down same. 8:30 a.m. derrick hand got hit below the lips with drill pipe. SD and took the hand to Hobbs Emergency Room. Resumed operations with relief hand at noon. LD all DP and PH-6 tubing. Put protectors on same. Fork lift loaded work string and moved pipe racks and production string to the well. Will pick up 4 joints beveled collar tubing and full bore packer a.m. Hope to start swabbing shortly after lunch time.

EDC: \$3000

ECC:\$277,000

February 7, 2000

A.O.L. PU four joints 2 7/8" N-80 w/ beveled collars (125.69'), one expansion joint (4.4'), one 5 1/2" x 2 7/8" Arrowset IX packer, one 2 7/8" (1.1') Seating Nipple, and 273 joints of 2 7/8" (8558.85') tubing. Top of SN at 8572' and bottom of tail joint at 8585'. ND BOP, Set packer w/ 10,000# compression. NU well head. Ready to swab at 1:30 p.m. Swabbed 4 hours and made 15 runs. Starting fluid level 2200' from surface. Load water first 9 runs. Last two runs were acid water and show of oil and gas. Ending fluid level at 4200'. Total recovered by swabbing: 70 bbls. To recover: 230 bbls.