

Operator - Enserch Exploration, Inc.  
P.O. Box 4815  
Midland, Texas 79704-4815

Lease - Edwin Collier

Well - No. 1

Location - Sec. 29, T4S, R33E  
1980' FSL, 660' FEL  
Roosevelt County, New Mexico

Pools to be Commingled - Peterson (Miss) Pool  
Undesignated (Penn) Pool

Attached is a copy of Form C-116 showing the amount of oil, water, and gas produced from the Penn formation during the 24-hour test.

Before completing the Penn, the Mississippian formation was perforated and swabbed for 8.5 hours; 16 bbls of oil were recovered, along with a good show of gas. This zone, however, was not potentialized.

Current Status -

The subject well was perforated from 7999'-8008' (total shot=10') through the Penn formation and treated with 2000 gallons of 15% MCA acid. A potential test was run on September 1, 1981, recovering 58 BOPD, 61 MCFPD, and 7 BWPD. Currently, the well is pumping approximately 10 BOPD. The Mississippian was perforated from 8074'-8096' (total shot=28'), and was acidized with 5500 gallons of MOD-101.

A bottom hole pressure survey was not run on the subject well. However, a pressure build-up test was run on two offsetting wells, the Collier "A" No. 1 on the Mississippian, and the Taylor No. 1 testing the Penn formation. From these, estimated reservoir pressures are:

Mississippian - 2826 psi  
Penn Formation - 2793 psi

Fluid Description - Oil recovered during the potential test on the subject well indicated a gravity of 44.3° API. The gravity of the oil recovered during swabbing of the Mississippian was not determined. However, Mississippian oil produced from the offset Collier "A" No. 1 has a gravity of 43.0° API.

The subject well was completed in July 1981, therefore, oil production from both zones is considered newly discovered and will receive a price of \$35.00/bbl.