

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

**OIL CONSERVATION DIVISION**  
310 Old Santa Fe Trail, Room 206  
Santa Fe, New Mexico 87503

WELL API NO.	30-025-33385
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.	E-3003, LG-0478, VA-0604
7. Lease Name or Unit Agreement Name	
Gallagher State Com	
8. Well No.	2EE
9. Pool name or Wildcat	Wildcat

**SUNDRY NOTICES AND REPORTS ON WELLS**  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER	2. Name of Operator Amerind Oil Company Limited Partnership
3. Address of Operator 415 West Wall, Suite 500, Midland TX 79701-4467	4. Well Location Unit Letter 6 : 2646 Feet From The North Line and 2299 Feet From The West Line Section 2 Township 16S Range 35E NMPM Lea County
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3992' GL, 4008' KB	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
<b>NOTICE OF INTENTION TO:</b>	<b>SUBSEQUENT REPORT OF:</b>
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: Deepen & temporarily abandon <input checked="" type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

PLEASE SEE ATTACHED.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE James E. Yeley TITLE Agent DATE 08/12/1999  
TYPE OR PRINT NAME James E. Yeley TELEPHONE NO. (915) 682-8217

(This space for State Use)  
ORIGINAL SIGNED BY CHRIS WILLIAMS  
DISTRICT I SUPERVISOR

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
CONDITIONS OF APPROVAL, IF ANY: 2A S Big Dog Strawn

AUG 20 1999

# AMERIND OIL COMPANY, LTD.

## DAILY OPERATIONS

Page 1

### GALLAGHER STATE COM #2-X

Target hole location 2300' FNL & 2300' FEL @ 12,320' TVD

Section 2, T16S, 35E

Lea County, New Mexico

Elev. 4008' KB

Key Energy Services. Rig No. 306

- 04/02/99 PBTB 11,762', TD 11,797' (driller). Ran gyro survey. Found hole location 67' N and 6' E of surface location at 11,500' tie-in point.
- 05/09/99 MIRU drilling equipment.
- 05/10/99 SD Sunday.
- 05/11/99 11,590'. LD 2-7/8" prod tbg: Installed BOP. Released pkr. POOH. TIH open ended to 11,590'. Attempted to load wellbore w/ fresh water, but could not circulate. Pumped 50 sx Class "H" cmt. Pulled 10 stands. WOC 2 hrs. TIH to 11,590'. Loaded wellbore w/ fresh water (100% returns). Pumped 50 sx Class "H" cmt with good returns throughout. Pulled 10 stands, increased pressure to 2700 psig (good squeeze). Started laying down 2-7/8" prod tbg.
- 05/12/99 11,562'. Drilling firm cmt @ 11,562'. Finished laying down 2-7/8" prod. tbg. Installed automatic driller and geolograph. TIH w/ 4 3/4" tri-cone rock bit, six 3-1/2" OD drill collars, plus 367 jts 2-7/8" PH-6 work string. Tagged cmt @ 11,498".
- 05/13/99 11,753'. POOH with basket. Drilled firm cmt to 11,600' (cmt plug 11,498' - 11,600', 102'). Circ clean. Hydrostatically tested to 3000 psi for 15 min. TIH and tagged fill @ 11,717'. Washed 3' to 11,720'. Tagged metal. Circ clean. POOH, recovered 1-1/2" sinker bar, swab jars and top section of swab mandrel, leaving ± 15" bottom sec of swab mandrel. TIH w/wire studded 4' mill shoe basket. Tagged @ 11,738'. Washed and drilled 15' to 11,753'. Circ clean and start POOH.
- 05/14/99 11,816' drlg, shale. Finished POOH. Recovered several pieces of metal and rubber. (All junk accounted for except the no-go on bottom of swab assembly). Rigged up sand line and made 2 runs w/ 4-1/2" O.D. magnet. (Recovered some metal shavings). TIH w/ 4-3/4" O.D. tri-cone rock bit, six 3-1/2" O.D. drill collars. Drilled 4' of cement to 11,758'. Drilled float collar @ 11,758', drilled shoe jt (while drilling shoe jt metal indications decreased to none @ 11,785', 26' into shoe jt). Drilled float shoe. Begin drilling new formation @ 11:30 PM. Drlg w/ fresh water. Began mud logging @ 11,800'.

Note: At ± 11,850' kickoff point, directional plan is 67.65° azimuth (northeast) w/ inclination building @ 18°/100' to 71.30° at end of curve @ approx 12,242' MD. Hold angle to top of est Morrow Sand at 12,782' MD. (Target loc. has not changed, however this directional plan is revised from original).

# AMERIND OIL COMPANY, LTD.

## DAILY OPERATIONS

### GALLAGHER STATE COM #2-X

Page 2

Lea County, New Mexico

05/15/99 11,850' TIH w/ mud motor. Mud wt. 9.7, vis 38, WL16, pH 7, CI 150,000 clean. Displaced hole with 9.6 lb. cut brine. Mudded up w/ Xanthan gum/ white starch system. POOH, standing drill collars in derrick. PU bit #3 (4-3/4" HTC STR 44C), mud motor, float, bent sub, two 3-1/2" O.D. Monel drill collars. Top Atoka Lime approx 11,845' (-7,837').

05/16/99 11,962' MD, drlg (112' in 17-1/4 drlg hrs). Mud wt 9.2, vis 39, WL 8, pH 7, CI 162,000. Top "Ocean" sand @ 11,942' MD, 11,940' TVD (-7,932'). Drlg brk 11,942' to 11,947' MD, drilled avg 7 min/ft above & below brk, 3 min ft in brk, gas incr to 50 units, sand generally appears tight, no fluor or cut. Drlg ahead. Inclination 19.85° , azimuth 56.83° @ 11,962'.

05/17/99 12,086' MD, drlg (124' in 21-3/4 drlg hrs). Mud wt 9.8, vis 39, WL 10, pH 7, CI 162,000. Inclination 34.4° , azimuth 58.10° @ 12,056'.

05/18/99 12,146' MD, drlg (60' in 11 drlg hrs). Mud wt 9.8, vis 40, WL 9, pH 7, CI 160,000. Trip for bit #4 (STR 44C) @ 12,094'. At 12,087': incl. 40.14° , azm 59.57°.

Note: Revised projected top Morrow sand is 12,400' TVD (80' lower than original prognosis), therefore directional plan has been modified: from current TD, azimuth to target is 69° and inclination at end of curve is 65.5° (about 6° less inclination than prior plan).

05/19/99 12,201' MD, TIH. (55' in 9-1/4 drlg hrs.) Mud wt 9.8, vis 41, WL 10, pH 7, CI 166,000. Reached EOC (end of curve) at 12,201': incl. 65° , azm 65° . POOH. PU bit #5 (STR 44C), mud motor, float, 1.5° bent sub, two 3-1/2" Monel drill collars. (Bit #4 had 10 broken teeth; HTC will adjust cost).

05/20/99 12,304' MD, drlg (103' in 19-1/2 drlg hrs). Mud wt 9.9, vis 41, WL 9, pH 7, CI 156,000. At 12,242': incl. 62.67° , azm 64.46° .

05/21/99 12,437' MD, drlg (133' in 21-3/4 drlg hrs). Mud wt 9.9, vis 37, WL 10, pH 7, CI 170,000. At 12,400': incl. 57.27° , azm 72.78° (17' below and 11' to left of target), therefore well within bounds.

05/22/99 12,469' MD, circ. @ 12,179' (32' in 4.5 hrs). Mud wt. 9.8, vis 38, WL 8, pH 7, CI 160,000. Top Brunson Sand 12,442' MD, 12,258' TVD (-8,250'). Drlg brk 12,442' to 12,467': drilled avg 13 min/ft above brk, 5 min/ft in brk, sandstone, no fluor, no cut, gas incr. to 20 units. Drilled to 12,469' MD. Circulated bottom up. Attempted to run survey. Pump pres increased and was unable to obtain survey readings. PU on drill string with heavy drag, worked bit to 12,138' and pulled free in 3-1/2 hrs. (331' heavv drao). POOH & LD BHA. TIH w/ 4-3/4" bit #6 (re-run #3) & crossover sub. Washing to btm.

05/23/99 12,469' MD, POOH to exchange MWD tool. Mud wt. 9.9, vis 37, WL 10, pH 7, CI 149,000. Reamed from 12,138' tp 12,235'. Could not get below 12,235' without rotating drill string. POOH. TIH w/ bit #7 (STR 44C) and steerable mud motor assembly. MWD tool malfunctioned.

# AMERIND OIL COMPANY, LTD.

## DAILY OPERATIONS

### GALLAGHER STATE COM #2-X

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Lea County, New Mexico

- 05/24/99 12,469' MD, wash & ream @ 12,305'. Mud wt 10.1, vis 41, WL 10, pH 7, CI 149,000. Finished POOH. Changed out MWD tool. TIH w/ 1.83" bent housing and 3-3/4" mud motor (previously using 3-1/2" motor). Washed & reamed from 12,156' to 12,235'. Could not ream past 12,235'. Drilled 10' to 12,244' and got back into existing hole. Washed & reamed from 12,244' to 12,305', making steady progress now.
- 05/25/99 12,469' MD, POOH w/ fish. Mud wt 10, vis 41, WL 10.4, pH 7, CI 159,000. Washed & reamed to 12,360'. Drill string stuck @ 12,360'. Could not work free, but did have partial circulation. RU wireline unit & ran freepoint. Could not get below 12,284'. DP 10% free @ 12,284', 100% free @ 12,275'. Backed off 2-7/8" drill tbg @ 11,762'. POOH. TIH w/ 4" Bumber sub, jars & six 3-1/4" DC. Screwed into fish & jarred from 12,360' to 12,190' & pulled free. Prep to plug back to curved portion of hole and drill new hole (see accompanying letter).
- 05/26/99 12,469' MD, circ @ 12,123' to set kickoff plug. Mud wt 10, vis 43, WL 8, pH 7, CI 160,000. Finished POOH, recovered fish. Found Monel flex jt's bent. Second connection from top of assembly was fluid-washed. Unable to pull MWD tool out of btm two Monel flex jts. (Tool damage being investigated for cause). Repaired rig brakes. TIH w/ 13' slotted 2-7/8" tbg jt w/ btm rounded & plugged. Unable to get below 12,123'. Prep to set 50 sx CI "H" kickoff plug.
- 05/27/99 PBTD 11,982', WOC. Mud wt 10, vis 41, WL 8, pH 7, CI 160,000. Set 50 sx class "H" w/ 0.20% D-13, 0.50% D-65. (Slurry weight 17.50 ppg, yld 0.94 cu ft/ sx). Plug down @ 6:30 AM MDT (5/26/99). POOH. TIH w/ 4-3/4" bit and change over. Tagged @ 11,982'. Spot bit @ 11,729' and circulate. Prep to dress off plug.
- 05/28/99 12,096', WOC. Mud wt 10, vis 41, WL 98, pH 10.5, CI 163,000. TIH, washed and drilled soft, then progressively harder cement to 12,090'. Drilled hard cement from 12,090' to 12,096', but insufficient amount of cement remaining to use as kickoff plug. Set 2nd side track cement plug: batch mixed 35 sx class "H" w/ 0.50% D-65, 0.20% D-13. (Slurry wt 17.50 ppg, yld 0.94 cu ft/ sx). Plug down 9:00 PM (5/27/99). Pulled 10 stands of drill tbg to 11,473'. Reverse circulated to clear drill string.

(Note: On first attempt to set the 2nd plug, Dowell could not get cement density above 16.7 ppg, so this batch was discarded. Waited on Dowell several hours; no invoice for this job).

# AMERIND OIL COMPANY, LTD.

## DAILY OPERATIONS

### GALLAGHER STATE COM #2X-ST

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#### Lea County, New Mexico

- 05/29/99 11,987' MD, drlg cmt. Mud wt 10.1, vis 41, WL 9.8, pH 10.5, CI 163,000. TIH. Tagged cement @ 11,873'. Drilled very hard cement to 11,987'.
- 05/30/99 12,026' MD, drlg cmt. Mud wt 10, vis 38, WL 19, pH 11.5, CI 140,000. Drilled very hard cement to 12,020'. Circulated clean. POOH. TIH w/ 3° kickoff assembly.
- 05/31/99 12,037' MD, TIH. Mud wt 9.6, vis 43, WL 8.2, pH 8.5, CI 134,000. Drilled 4-3/4" hole w/ diamond sidetrack bit to 12,037'. Replaced mud system (to dispose of cement-contaminated mud) @ 12,035'. POOH. TIH w/ bit (STR 44C) and 3° kickoff assembly.
- 06/01/99 12,109' MD, drlg sand (72' in 16-3/4 hrs). Mud wt 9.6, vis 44, WL 8.8, pH 8, CI 135,000. At 12,064': incl 29.23°, azm 42.8°. Projected @ 12,218' EOC (end of curve): incl. 58°, azm 54°.
- 06/02/99 12,141' MD, drlg shale (32' in 10-3/4 hrs). Mud wt 9.6, vis 42, WL 9, pH 7.5, CI 135,000. Mud motor failed @ 12,140'. Pumped 15 bbl high vis sweep. POOH. TIH w/ new bit, new motor. Wash 34' to btm, no fill.
- 06/03/99 12,227' MD, drlg shale (86' in 23-1/2 hrs). Mud wt 9.6, vis 42, WL 8.4, pH 7.5, CI 132,000. At 12,190': incl 46.89°, azm 58.96°. 15 bbl sweep @ 12,225'.
- 06/04/99 12,263' MD, drlg shale (36' in 9-1/2 hrs). Mud wt 9.8, vis 45, WL 8, pH 7.5, CI 130,000. Reached EOC (end of curve) at 12,259', pumped 15 bbl sweep. Survey at 12,221', incl 51.24°, azm 63.48°. POOH. Pick up new bit (STR 44C). Reset mud motor angle to 1.83°, changed MWD. TIH. Washed 90' to bottom (no fill).
- 06/05/99 12,349' MD, drlg shale & 5% sand (86' in 23-1/4 hrs). Mud wt 9.8, vis 43, WL 7, pH 7.5, CI 140,000. At 12,284': incl 55.08°, azm 64.83°. Resumed mud logging @ 12,300'.
- 06/06/99 12,415' MD, working pipe (66' in 18-1/2 hrs). Mud wt 9.8, vis 42, WL 9, pH 7, CI 140,000. At 12,315': incl 54.32°, azm 65.80°. Top Brunson Sand 12,376' MD, 12,259' TVD (-8,251'). Drlg brk 12,376' to 391', gas incr. from 6 units to 21 units. At 12,354' began experiencing bit torquing & motor stalling. At 12,415' had heavy drag while making a connection.
- 06/07/99 12,415' MD, TIH. Mud wt 9.9, vis 50, WL 5, pH 7, CI 142,000. Worked drill string free. Pulled up 4 jts. Circulated and mixed mud. Significant amount of shale across shaker. Washed & reamed to 12,370', mud motor failed. POOH. Repaired rig brakes. TIH w/ new bit & motor.

# AMERICAN OIL COMPANY, L.P.D.

## DAILY OPERATIONS

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### GALLAGHER STATE COM #2X-ST

Lea County, New Mexico

- 06/09/99 12,508' MD, lime, working stuck pipe (69' in 21-1/4 hrs). Mud wt 10, vis 52, WL 5, pH 7, CI 142,000. At 12,471': incl 53.51°, azm 64.27°. Top Morrow Lime 12,450' MD, 12,303' TVD (-8,295'). At 12,508', reciprocated drill string to make a connection, and encountered drag on second pass. Pump pres & torque increased. then unable to move drill string. Prep to RU wireline & free point.
- 06/10/99 12,508' MD. Working pipe. Mud wt 10, vis 52, WL 5.2, pH 7, CI 140,000. Could not work drill tbg free. Rigged up wireline unit. Ran free point, found tbg stuck @ 12,360'. Backed off tbg @ 11,752'. POOH. TIH w/ bumper sub, jars, six 3-1/4" OD drill collars. Screwed into fish and jarred from 12,508' to 12,364'. Jars failed due to heavy use. Waiting on wireline crew while working pipe. Prep to back off tbg below jars, change jars, resume jarring.
- 06/11/99 12,508' MD. Jarring pipe. Mud wt 10, vis 54, WL 5, pH 7, CI 142,000. RU wireline unit. Backed off drill tbg @ 11,677' (2 jts below jars). POOH, changed jars. TIH. Screwed into fish & resumed jarring from 12,364' to 12,328'. (36' in 11 hrs.) Jars beginning to weaken, but pipe is still moving, slowly.
- 06/12/99 12,508' MD, POOH. Mud wt 10, vis 55, WL 5, pH 7, CI 142,000. Jarred 1/2 foot in 4 hrs. RU wire wireline unit. Backed off drill pipe @ 11,699' (1 jt below tools). POOH. TIH w/ screw-in sub, bumper sub, jars, eight 3-1/4" OD drill collars and accelerator. Screwed into fish. Jarred ± 1' in 1/2 hr (from 12,328' to 12,329') and jars failed. RU wireline unit. Backed off drill pipe @ 11,723'. Started POOH.
- 06/13/99 12,508' MD, prep to free point. Mud wt 10.1, vis 56, WL 4.6, pH 7, CI 142,000. Finished POOH. Changed jars. TIH. Screwed into fish. Jarred from 12,329' to 12,325' (4' in 15 hrs). No movement last 3 hrs. Jarring w/ 160,000 lb pull (maximum pull rating of jars). (Released Anadrill @ 8:00 am 6-12-99.)
- 06/14/99 12,508' MD, jarring. Mud wt 10.0, vis 55, WL 5, pH 7, CI 139,000. Jarred on fish while waiting for wireline crew. RU wire line unit. Free point tbg. Found 100% free @ 12,184' (could not get tools below 12,184'). Backed off tbg @ 12,155', leaving 3 jts of tbg and Anadrill BHA in hole. POOH. TIH w/ 1 jt 2-7/8" PH-6 DP w/ screw-in tip, bumper sub, jars, 10 jts heavy weight 2-7/8" DP (20 lb/ft), and accelerator. Screwed into fish @ 12,155' (with some difficulty). Jarred fish from 12,325' to 12,323' (2' in 5-1/2 hrs). Unable to circulate or rotate. Presently jarring w/ 150,000 lb pull (maximum pull rating of jars), making slight progress.
- 06/15/99 12,508' MD, prep to abandon well. Mud wt 10.1, vis 55, WL 5, pH 7, CI 140,000. Jarred fish from 12,323' to 12,321' (2' in 9.5 hrs). Increased pull to ± 170,000 lb. No movement last 1-1/2 hrs. Rigged up wireline unit. Could not get tools below 12,170'. Backed off tbg @ 12,155'. POOH. Prep to abandon well.
- 06/16/99 Finished POOH. Lay down tools and collars. TIH open ended to 11,850'. Set 42 sx CI "H" cement plug from 11,531' to 11,850' (319'). POOH. Lay down rental tbg string. Start nipple down BOP stack, and rigging down.
- 06/17/99 Released pulling unit @ 12:00 midnight 6/16/99.

FINAL REPORT FOR GALLAGHER STATE COM #2X.