

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
2040 Pacheco St.
Santa Fe, NM 87505

WELL API NO. 30-025-07965
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-7194
7. Lease Name or Unit Agreement Name Ralph Lowe State
8. Well No. 2
9. Pool name or Wildcat Hobbs, E. (San Andres)

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 checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>
2. Name of Operator EnerQuest Resources, LLC
3. Address of Operator P.O. Box 11150, Midland, Texas 79702

4. Well Location Unit Letter <u>D</u> : <u>330</u> Feet From The <u>North</u> Line and <u>330</u> Feet From The <u>West</u> Line Section <u>32</u> Township <u>18S</u> Range <u>39E</u> NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)
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11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input checked="" 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: <input 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.

See Attached EnerQuest Resources, LLC Daily Workover Report.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.	
SIGNATURE <u>Christopher P. Renaud</u>	TITLE <u>Vice President-Engineering</u> DATE <u>5/19/97</u>
TYPE OR PRINT NAME <u>Christopher P. Renaud</u>	TELEPHONE NO. <u>(915) 685-3116</u>

(This space for State Use)

Orig. Signed by
Paul Eantz
Geologist

APPROVED BY _____	TITLE _____	DATE _____
CONDITIONS OF APPROVAL, IF ANY:		

MAY 27 1997

ENERQUEST RESOURCES, LLC

DAILY WORKOVER REPORT

Well Name: Ralph Lowe State No. 2

Operator: EnerQuest Resources, LLC

Location: 330' FNL & 330' FWL
Sec. 32, T-18-S, R-39-E
Lea County, NM

Project: E. Hobbs (San Andres)
San Andres Deepening

Elevation: 3602' GL
3613' KB

Contractor: Pool Company
Denver City, Tx

1997

05-13: (24 hr report). MIRUSU , drilling equipment, pre-mix pit, power swivel, H2S safety equipment & 2 7/8" workstring. NUBOP. POH & LD 140 jts 2 7/8" tbg. RIH w/used 4 3/4" bit, bit sub, 6-3 1/2" DC's, & 125 jts 2 7/8" tbg. Tag up @ 4108'. Rig up power swivel & dry drill w/10# brine from 4108'-4111'. Bit jumping & torquing up for 30 min & then smoothed out. POH w/workstring & bit & bit skirts were dented in, indicating bit was hitting on metal. RIH w/4 3/4 inch tapered mill to 4108'. Pumped 250 bbls of 10 ppg 35 vis mud w/10#/bbl LCM & never broke circ. Hole volume est @ 125 bbls. Ordered more mud & brine water. Mix up 250 bbls of 10 lb/gal brine mud, 34 vis & 30#/bbl LCM. Commence milling tight spot @ 4108'-4111' & pumping LCM mud at report time of 7:00 am CST 5-13-97.

DWC: \$14,265

CWC: \$14,265

05-14: (24 hr report). Break circ w/10 ppg, 35 vis, 30 lb/bbl LCM mud. Mill from 4111-4115'. POH w/mill. RIH w/2nd mill. Tagged up 6 stands (approx 365'), above 4115' (hit tight spot). POH w/mill #2 & ordered out another mill. Mill #2 calipered the same as Mill #1 but must be slightly larger OD. (No charge for Mill #2). Run tapered Mill #3 (4 3/4" OD), & tagged up 4' high @ 4111'. Commence milling @ 4111' & made 6" in 4 hrs. Used mill as a casing swedge. Kept getting stuck. POH w/mill. RIH w/3 7/8" bit, bit sub, 2-3 1/2" DC's, 4 3/4" string mill, 4-3 1/2" DC's, & 2 7/8" work string. Got 3 7/8" bit to 4116' w/string mill @ 4054'. Tag up there & commence milling. Only made 6" in 4 hrs. Mill seems to be cutting & bit not tagging. TOH w/workstring. Mill shows absolutely no wear. Bit severely torn up. Prep to RIH w/lead impression block in attempt to identify downhole problem.

DWC: \$9,100

CWC: \$23,365

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EnerQuest Resources, LLC
Ralph Lowe State No. 2
Sec. 32, T-18-S, R-39-E
Lea County, NM

DAILY WORKOVER REPORT

1997

05-15: (Work day 5-14-97) RIH w/4 3/4" impression block on tbg. Tag up @ 4111' KB. Set 5000# on block & POH. Inspect impression block & obtained picture of smooth bottom w/what looks like a 3/4" sucker rod on the side. Indention in side of block is approx 3/4" wide & tapers up. Decision made to abandon State Lowe No. 2 location & attempt deepening on State Lowe No. 1. RIH w/2 7/8" workstring & POH laying down same. RIH w/drill collars & lay down same. Rig down all reverse equipment, tanks, mud logging trailer, etc. & begin moving to Ralph Lowe State No. 1. FINAL REPORT.
DWC: \$5,110 CWC: \$28,475