

ACTIVITY SUMMARY

ALLANCE CORPORATION

State "AJ" No.1

2310'FNL &2310'FEL

Sec. 33-18S-36E, Lea Co., N.M.

16 JULY-Rigged up on well and began re-entry with a 7-5/8" bit. circulated heavy mud and circulation loss control material out of 8-5/8" casing. Tagged the first cement plug at 1,764'. Drilled out 175 foot of cement and shut down.

17 July-Drilled out plug at 4,866' and started drilling on plug at 6020. Pulled bit back into casing at 5,000' and shut down.

18 July-Drilled out of plug at 6160'. Circulated heavy mud out of well bore until tagged next cement plug at 7256'. Drill through plug at 7,319'. Difficulty in circulating almost dry mud and large wads of circulation loss control material to the surface. Bit began plugging up with shale and circulation loss control material at 8,413'. Pulled bit back into casing and shut down.

19 July-Shut down.

20 July-Well bore cleaned out to 9,121 with several shale bridges and heavy mud. Set down on and drilled out sand stone at 10,310'. Circulated work string clean and shut down.

21 July-Shale, limestone and slight show of oil and gas back in returns from 10,550'. Tagged and drilled out plug at 10,975. Well cleaned out to 11,040' with great quantities of shale back. Tubing plugged and work string and collars pulled out of well and cleared. Bit run back on bottom but drilling slowly with heavy returns of black shale.

22 July-Stalled at 11,198'. Unable to make any more hole as shale continues to cave into well bore. Shut down to wait for mud plant.

23 July-Well mudded up and cleaned out to 11,612'.

24 July-Well bore cleaned out to original TD of 12,152'.

25-26 July-Operations shut down to prepare to run casing.

27 July-7 5/8" bit run back to TD to make sure well bore was clean. Several small rubble bridges and 5' of fill circulated out of hole. Workstring stacked in rig. Float collar and float shoe separated by 41' joint of 20# 5-1/2" N-80 casing run in hole under 1959' of 20 pound per foot N-80 5-1/2 inch casing followed