OPERATOR: Union Oil Company of California

LEASE: Pipeline "16" State

WELL NO.: 1

POOL: Undesignated (Quail Ridge-Bone Springs)

LOCATION: 1980' FNL and 1980' FEL, Unit Letter G, Section 16,

Township 19 South, Range 34 East.

Lea County, New Mexico

DRILL STEM TESTS

No. 1 - 13,350' to 13,606', Morrow formation, 3000' water blanket. Opened tool for 15 minute pre-flow with no blow for 3 minutes, then had blow. Shut in for 1 hour ISIP. Opened tool for 1 hour, fairly good blow on 1/4" choke, opened to 3/4" choke, flowed to pit at estimated 130 MCF/D. Pulled tool, recovered 3000' gas cut water blanket, 282' gas cut drilling mud, and 3798' gas cut water. Sample chamber had 2.10 cu. ft. gas at 2000 psi, 2100 cc formation water. 15 minute IFP 1753 to 2034 psi, 1 hour FSIP 6540 psi, 1 hour FFP 2143 to 3168 psi, 4 hour FSIP 6540 psi, IHP 6863 psi, FHP 6845 psi. Bottom hole temperature 170 deg.