

March 21, 1997

U.S. Dept. of the Interior
Bureau of Land Management
1717 West Second Street
Roswell, New Mexico 88201

ATTN: Mr. Gary Gourley

New Mexico Oil Conservation Div.
P.O. Box 2088
Santa Fe, New Mexico

ATTN: Mr. Bill Lemay

Re: Subsequent Commercial Determination
Santa Fe Energy Resources, Inc.
Gaucho Unit #1
Unit Agreement #NMNM94480X
Sec. 29, T-22-S, R-34-E
Lea County, New Mexico

Gentlemen:

Santa Fe Energy Resources, Inc., Operator of the Gaucho Unit #1, has recently drilled and completed as a discovery well the captioned well in the Morrow Formation and does hereby submit this commercial determination as required in the Gaucho Unit Agreement No. NMNM94480X. This well was completed in the Morrow Formation on 10/22/96. A Four Point test was conducted on 10/29/96 and the well flowed at an absolute open flow (AOF) of 4.1 MMCFPD. This well began producing in December of 1996. It has produced 156 MMCF and 1.4 MBO to date (3/21/97) and is currently producing 3030 MCFPD and 16 BCPD at a 3100# flowing tubing pressure. The estimated ultimate recovery for this well is 4 BCF.

This Subsequent Commercial Determination information is being submitted as requested by the Bureau of Land Management, as a follow-up to the original Commercial Determination filed November 15, 1996 to supply additional production information.

Please find attached:

1. Volumetric calculations based on a net pay thickness of 14', a 320 acre drainage radius, an average porosity of 9.6% and a water saturation of 31%. The calculated gas reserves are 4.0 BCF based on a 87% recovery factor.
2. A production forecast indicating an EUR of 4.0 BCF.



3. Economics based on a \$2000/month operating cost. The economics indicate a cash flow total of \$2,474,000.

4. Drilling and completion report.

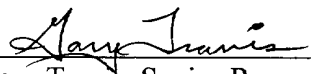
Accordingly, Santa Fe Energy's evaluation indicates that the Gaucho Unit #1 is commercial, in that it is capable of producing commercial gas volumes from the Morrow formation, and should receive a participating area under the terms of the Gaucho Unit Agreement.

Santa Fe Energy is currently drilling the Gaucho Unit #2 well in section 29, T-22-S, R-34-E and has proposed the Gaucho Unit #4 in section 20, T-22-S, R-34-E.

If you have any questions or require additional information is needed please call me at (915) 686-6613.

Sincerely,

Santa Fe Energy Resources, Inc.

By: 
Gary Travis, Senior Reservoir Engineer



RESERVES DATA SHEET

VERSION 2.0 3/14/94

"Version 2.1 3/09/96"

WELL NAME **Gaucha Unit #1**FIELD Wildcat

OPERATOR SFER

COUNTY Lea

W.I./I.I

STATE NM

ENGINEERING DATA

[illegible]

PREPARED BY

LEASE : GAUCHO UNIT
WELL : 000001
RESERVOIR : MORROW
ST, CNTY : NM , LEA
OPERATOR : SFEER
LOCATION : 29 22S 34E

DATE : 03/21/97
TIME : 13:09:23
DBS FILE : ECON97
SETUP FILE : PLAN97FL
SEQ NUMBER : 55

I N P U T D A T A										C A L C U L A T E D D A T A			
ITEM	SCHEDULING RATES			SCHEDULE UNTIL			PROCEDURE	ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE	
405 START	12/96												
410 GAS	3000.00	30.00	M/D	4.03	BCF		EXP	X	4025.000	1/14	23.61	91250. 913.	
415 OIL/GAS	.00	X	B/M	TO	LIFE		LOG	TIME		1/14			
505 OPC/T	2000.00	X	\$/M	PEG MAJ	LIFE		SCH	ELOE		1/14	2000.000	2000.000	
510 PRI/GAS	1.8200	X	\$/M	TO	LIFE		SCH	PGAS		1/14	1.820	1.820	
515 PRI/OIL	18.2500	X	\$/B	TO	LIFE		SCH	POIL		1/14	18.250	18.250	
520 STX/OIL	8.12	X	%	TO	LIFE		PC	.00		1/14	.081	.081	
525 S /34	.00	X	\$	TO	LIFE		PC	.00		1/14			
530 STX/GAS	8.00	X	%	TO	LIFE		PC	.00		1/14	.080	.080	
535 STX/NGL	8.00	X	%	TO	LIFE		PC	.00		1/14	.080	.080	
540 ATX	.90	X	%	TO	LIFE		PC	.00		1/14	.009	.009	
546 S /102	S/34	X	\$/B	TO	LIFE		MUL	70.00		1/14			
552 S /106	S/106	X	\$/B	TO	LIFE		PLUS	102.00		1/14			
558 PRI/NGL	.0000	.0000	\$/B	TO	LIFE		FLAT	.00		1/14			
564 PRI/SGS	.0000	.0000	\$/M	TO	LIFE		FLAT	.00		1/14			
690 S /101	1/96	1.0191 .9534	1.0191 #							3/96			
691 "	X .9863	1.0191 .9863	1.0191 1.0191 #							8/96			
692 "	X .9863	1.0191 .9863	1.0191 1.0191 #							1/97			
693 "	X .9205	1.0191 .9863	1.0191 .9863 #							6/97			
694 "	X 1.0191	1.0191 .9863	1.0191 .9863 #							11/97			
695 "	X 1.0191	800*1 #								8/64			
700 NET/WI	50.0000	D	%	TO	LIFE		FLAT	.00		1/14	.500	.500	
720 NET/NIC	40.3125	D	%	TO	LIFE		FLAT	.00		1/14	.403	.403	
740 NET/NIG	40.3125	D	%	TO	LIFE		FLAT	.00		1/14	.403	.403	
OVERLAYS	SCHEDULING RATES			SCHEDULE UNTIL			PROCEDURE	ULTIMATE	LAST	EFF. DECL	INIT. RATE	FINAL RATE	
905 S 37	- .08	X	\$/M	TO	LIFE		PLUS	37.00		1/14			
906 S/70	S/70	X	U/M	TO	LIFE		MUL	101.00		1/14			
907 S/71	S/71	X	U/M	TO	LIFE		MUL	101.00		1/14			
908 S/72	S/72	X	U/M	TO	LIFE		MUL	101.00		1/14			
909 S/73	S/73	X	U/M	TO	LIFE		MUL	101.00		1/14			
910 S/74	S/74	X	U/M	TO	LIFE		MUL	101.00		1/14			

911 S/75	S/75	X	U/M	TO	LIFE	MUL	101.00	1/14
912 S/76	S/76	X	U/M	TO	LIFE	MUL	101.00	1/14
913 S/77	S/77	X	U/M	TO	LIFE	MUL	101.00	1/14
914 S/78	S/78	X	U/M	TO	LIFE	MUL	101.00	1/14

RESERVE PARAMETERS

ITEM

201 LOSS NO 1.00
202 WEIGHT

PROJECT ASSUMPTIONS

BASE DATE : 12/96	TIME FRAMES : 24*1 15*12 996	DISC. FREQUENCY : MID	OTHER QUAL :
P.W. DATE : 12/96	FW &-AGE : 15.0	OWNER QUAL :	
REPORT DATE : 12/96	PROD QUAL :		

LEASE : GAUCHO UNIT
WELL : 000001
RESERVOIR : MORROW
ST, CNTY : NM , LEA
OPERATOR : SFER
LOCATION : 29 22S 34E

DATE : 03/21/97
TIME : 13:09:23
DBS FILE : ECON97
SETUP FILE : PLAN97FL
SEQ NUMBER : 55

R E S E R V E S A N D E C O N O M I C S

AS OF DATE: 12/96

-END- MO-YR	GROSS PRODUCTION			NET PRODUCTION			PRICES			WELL COUNT	TOTAL	
	OIL ---MBBLS---	GAS ---MMCF---		OIL ---MBBLS---	GAS ---MMCF---		OIL ---\$/BBL---	GAS ---\$/MCF---	NGL ---\$/BBL---		NET REVENUE -----M\$-----	
12-96	.340	91.957		.137	37.070		18.250	1.740	.000	1.00	67.005	
1-97	.333	89.916		.134	36.247		18.250	1.740	.000	1.00	65.518	
2-97	.294	79.414		.118	32.014		18.250	1.740	.000	1.00	57.866	
3-97	.318	85.969		.128	34.656		18.250	1.740	.000	1.00	62.642	
4-97	.301	81.356		.121	32.797		18.250	1.740	.000	1.00	59.281	
5-97	.304	82.196		.123	33.135		18.250	1.740	.000	1.00	59.892	
6-97	.288	77.785		.116	31.357		18.250	1.740	.000	1.00	56.678	
7-97	.291	78.588		.117	31.681		18.250	1.740	.000	1.00	57.263	
8-97	.284	76.843		.115	30.977		18.250	1.740	.000	1.00	55.993	
9-97	.269	72.720		.108	29.315		18.250	1.740	.000	1.00	52.988	
10-97	.272	73.470		.110	29.618		18.250	1.740	.000	1.00	53.535	
11-97	.257	69.527		.104	28.028		18.250	1.740	.000	1.00	50.662	
1997	3.551	959.741		1.432	386.895		18.250	1.740	.000	1.00	699.323	
12-97	.260	70.245		.105	28.318		18.250	1.740	.000	1.00	51.185	
1-98	.249	67.399		.101	27.170		18.250	1.740	.000	1.00	49.111	
2-98	.244	65.903		.098	26.567		18.250	1.740	.000	1.00	48.021	
3-98	.238	64.440		.096	25.978		18.250	1.740	.000	1.00	46.955	
4-98	.233	63.010		.094	25.401		18.250	1.740	.000	1.00	45.913	
5-98	.228	61.612		.092	24.837		18.250	1.740	.000	1.00	44.894	
6-98	.223	60.244		.090	24.286		18.250	1.740	.000	1.00	43.898	
7-98	.218	58.907		.088	23.747		18.250	1.740	.000	1.00	42.923	
8-98	.213	57.600		.086	23.220		18.250	1.740	.000	1.00	41.971	
9-98	.208	56.321		.084	22.705		18.250	1.740	.000	1.00	41.039	
10-98	.204	55.071		.082	22.201		18.250	1.740	.000	1.00	40.128	
11-98	.199	53.849		.080	21.708		18.250	1.740	.000	1.00	39.238	
1998	2.718	734.603		1.096	296.137		18.250	1.740	.000	1.00	535.275	
11-99	2.073	560.151		.836	225.811		18.250	1.740	.000	1.00	408.159	
11-00	1.583	427.895		.638	172.495		18.250	1.740	.000	1.00	311.789	
11-01	1.209	326.865		.488	131.768		18.250	1.740	.000	1.00	238.173	
11-02	.924	249.690		.372	100.656		18.250	1.740	.000	1.00	181.939	
11-03	.706	190.736		.284	76.890		18.250	1.740	.000	1.00	138.981	
11-04	.539	145.702		.217	58.736		18.250	1.740	.000	1.00	106.167	
11-05	.412	111.300		.166	44.868		18.250	1.740	.000	1.00	81.100	
11-06	.315	85.021		.127	34.274		18.250	1.740	.000	1.00	61.952	
11-07	.240	64.947		.097	26.182		18.250	1.740	.000	1.00	47.324	
11-08	.184	49.613		.074	20.000		18.250	1.740	.000	1.00	36.151	
11-09	.140	37.899		.057	15.278		18.250	1.740	.000	1.00	27.615	
11-10	.107	28.950		.043	11.671		18.250	1.740	.000	1.00	21.095	
11-11	.082	22.115		.033	8.915		18.250	1.740	.000	1.00	16.114	
REM	.017	4.659		.007	1.878		18.250	1.740	.000	1.00	3.395	
TOT	14.800	3999.887		5.966	1612.454		18.250	1.740	.000	1.00	2914.552	

LEASE : GAUCHO UNIT
WELL : 000001
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R E S E R V E S A N D E C O N O M I C S

AS OF DATE: 12/96

-END- MO-YR	NET ADVAL & SEV TAX	OPERATING EXPENSE	OPERATIONS CASHFLOW	TANGIBLE	NET CAPITAL COSTS	TOT EQUITY	NET OVERHEAD	BEFORE TAX CASHFLOW	CUM BTAX CASHFLOW	CUM DISC CASHFLOW
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
12-96	5.918	1.000	60.087	.000	.000	.000	.000	60.087	60.087	59.738
1-97	5.787	1.000	58.731	.000	.000	.000	.000	58.731	118.818	117.452
2-97	5.111	1.000	51.755	.000	.000	.000	.000	51.755	170.573	167.722
3-97	5.533	1.000	56.109	.000	.000	.000	.000	56.109	226.683	221.590
4-97	5.236	1.000	53.045	.000	.000	.000	.000	53.045	279.727	271.926
5-97	5.290	1.000	53.603	.000	.000	.000	.000	53.603	333.330	322.203
6-97	5.006	1.000	50.672	.000	.000	.000	.000	50.672	384.002	369.180
7-97	5.058	1.000	51.206	.000	.000	.000	.000	51.206	435.208	416.103
8-97	4.946	1.000	50.047	.000	.000	.000	.000	50.047	485.255	461.433
9-97	4.680	1.000	47.308	.000	.000	.000	.000	47.308	532.562	503.785
10-97	4.728	1.000	47.806	.000	.000	.000	.000	47.806	580.369	546.089
11-97	4.475	1.000	45.187	.000	.000	.000	.000	45.187	625.556	585.611
1997	61.767	12.000	625.556	.000	.000	.000	.000	625.556	625.556	585.611
12-97	4.521	1.000	45.664	.000	.000	.000	.000	45.664	671.220	625.089
1-98	4.338	1.000	43.773	.000	.000	.000	.000	43.773	714.993	662.493
2-98	4.241	1.000	42.779	.000	.000	.000	.000	42.779	757.772	698.625
3-98	4.147	1.000	41.808	.000	.000	.000	.000	41.808	799.580	733.527
4-98	4.055	1.000	40.858	.000	.000	.000	.000	40.858	840.438	767.242
5-98	3.965	1.000	39.929	.000	.000	.000	.000	39.929	880.366	799.808
6-98	3.877	1.000	39.020	.000	.000	.000	.000	39.020	919.387	831.265
7-98	3.791	1.000	38.132	.000	.000	.000	.000	38.132	957.519	861.649
8-98	3.707	1.000	37.264	.000	.000	.000	.000	37.264	994.782	890.998
9-98	3.625	1.000	36.414	.000	.000	.000	.000	36.414	1031.197	919.346
10-98	3.544	1.000	35.584	.000	.000	.000	.000	35.584	1066.781	946.727
11-98	3.466	1.000	34.772	.000	.000	.000	.000	34.772	1101.553	973.173
1998	47.278	12.000	475.997	.000	.000	.000	.000	475.997	1101.553	973.173
11-99	36.050	12.000	360.109	.000	.000	.000	.000	360.109	1461.661	1227.089
11-00	27.539	12.000	272.251	.000	.000	.000	.000	272.251	1733.912	1394.016
11-01	21.037	12.000	205.137	.000	.000	.000	.000	205.137	1939.049	1503.387
11-02	16.070	12.000	153.869	.000	.000	.000	.000	153.869	2092.918	1574.724
11-03	12.275	12.000	114.706	.000	.000	.000	.000	114.706	2207.624	1620.967
11-04	9.377	12.000	84.790	.000	.000	.000	.000	84.790	2292.413	1650.691
11-05	7.163	12.000	61.937	.000	.000	.000	.000	61.937	2354.350	1669.572
11-06	5.472	12.000	44.480	.000	.000	.000	.000	44.480	2398.830	1681.362
11-07	4.180	12.000	31.144	.000	.000	.000	.000	31.144	2429.974	1688.541
11-08	3.193	12.000	20.958	.000	.000	.000	.000	20.958	2450.932	1692.742
11-09	2.439	12.000	13.176	.000	.000	.000	.000	13.176	2464.108	1695.038
11-10	1.863	12.000	7.232	.000	.000	.000	.000	7.232	2471.339	1696.134
11-11	1.423	12.000	2.691	.000	.000	.000	.000	2.691	2474.030	1696.489
REM	.300	3.000	.095	.000	.000	.000	.000	.095	2474.125	1696.500
TOT	257.426	183.000	2474.125	.000	.000	.000	.000	2474.125	2474.125	1696.500

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A F T E R T A X E C O N O M I C S

AS OF DATE: 12/96

-END- MO-YR	BEFORE TAX CASHFLOW	DEPR EXPENSE	DEPL EXPENSE	INTANGIBLE EXPENSE	INTEREST EXPENSE	TAXABLE INCOME	TAXES PAYABLE	ATA CASHFLOW	DISC ATAX CASHFLOW	CUM DISC ATA CF
	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----	-----M\$-----
12-96	60.087	.000	.000	.000	.000	60.087	15.022	45.065	44.804	44.804
1-97	58.731	.000	.000	.000	.000	58.731	14.683	44.048	43.286	88.089
2-97	51.755	.000	.000	.000	.000	51.755	12.939	38.816	37.702	125.791
3-97	56.109	.000	.000	.000	.000	56.109	14.027	42.082	40.401	166.193
4-97	53.045	.000	.000	.000	.000	53.045	13.261	39.783	37.752	203.945
5-97	53.603	.000	.000	.000	.000	53.603	13.401	40.202	37.707	241.652
6-97	50.672	.000	.000	.000	.000	50.672	12.668	38.004	35.233	276.885
7-97	51.206	.000	.000	.000	.000	51.206	12.801	38.404	35.192	312.077
8-97	50.047	.000	.000	.000	.000	50.047	12.512	37.535	33.997	346.075
9-97	47.308	.000	.000	.000	.000	47.308	11.827	35.481	31.764	377.839
10-97	47.806	.000	.000	.000	.000	47.806	11.952	35.855	31.727	409.567
11-97	45.187	.000	.000	.000	.000	45.187	11.297	33.890	29.642	439.208
1997	625.556	.000	.000	.000	.000	625.556	156.389	469.167	439.208	439.208
12-97	45.664	.000	.000	.000	.000	45.664	11.416	34.248	29.608	468.816
1-98	43.773	.000	.000	.000	.000	43.773	10.943	32.830	28.053	496.870
2-98	42.779	.000	.000	.000	.000	42.779	10.695	32.085	27.099	523.969
3-98	41.808	.000	.000	.000	.000	41.808	10.452	31.356	26.177	550.145
4-98	40.858	.000	.000	.000	.000	40.858	10.214	30.643	25.286	575.431
5-98	39.929	.000	.000	.000	.000	39.929	9.982	29.947	24.425	599.856
6-98	39.020	.000	.000	.000	.000	39.020	9.755	29.265	23.593	623.448
7-98	38.132	.000	.000	.000	.000	38.132	9.533	28.599	22.789	646.237
8-98	37.264	.000	.000	.000	.000	37.264	9.316	27.948	22.012	668.249
9-98	36.414	.000	.000	.000	.000	36.414	9.104	27.311	21.261	689.510
10-98	35.584	.000	.000	.000	.000	35.584	8.896	26.688	20.536	710.045
11-98	34.772	.000	.000	.000	.000	34.772	8.693	26.079	19.835	729.880
1998	475.997	.000	.000	.000	.000	475.997	118.999	356.998	290.671	729.880
11-99	360.109	.000	.000	.000	.000	360.109	90.027	270.081	190.436	920.317
11-00	272.251	.000	.000	.000	.000	272.251	68.063	204.188	125.195	1045.512
11-01	205.137	.000	.000	.000	.000	205.137	51.284	153.853	82.028	1127.540
11-02	153.869	.000	.000	.000	.000	153.869	38.467	115.402	53.503	1181.043
11-03	114.706	.000	.000	.000	.000	114.706	28.676	86.029	34.683	1215.725
11-04	84.790	.000	.000	.000	.000	84.790	21.197	63.592	22.293	1238.018
11-05	61.937	.000	.000	.000	.000	61.937	15.484	46.453	14.160	1252.179
11-06	44.480	.000	.000	.000	.000	44.480	11.120	33.360	8.843	1261.022
11-07	31.144	.000	.000	.000	.000	31.144	7.786	23.358	5.384	1266.406
11-08	20.958	.000	.000	.000	.000	20.958	5.239	15.718	3.150	1269.556
11-09	13.176	.000	.000	.000	.000	13.176	3.294	9.882	1.722	1271.279
11-10	7.232	.000	.000	.000	.000	7.232	1.808	5.424	.822	1272.101
11-11	2.691	.000	.000	.000	.000	2.691	.673	2.018	.266	1272.367
REM	.095	.000	.000	.000	.000	.095	.024	.071	.009	1272.375
TOT	2474.125	.000	.000	.000	.000	2474.125	618.531	1855.594	1272.375	1272.375

LEASE : GAUCHO UNIT
WELL : 000001
RESERVOIR : MORROW
ST, CNTY : NM , LEA
OPERATOR : SPER
LOCATION : 29 22S 34E

DATE : 03/21/97
TIME : 13:09:23
DBS FILE : ECON97
SETUP FILE : PLAN97FL
SEQ NUMBER : 55

A F T E R T A X E C O N O M I C S

AS OF DATE: 12/96

PRESENT WORTH PROFILE AND RATE-OF-RETURN VS. BONUS TABLE PRIMARY DISCOUNT RATE : 15.00%									
	BTAX RATE OF RETURN (PCT)	100.00	ATAX RATE OF RETURN (PCT)	100.00	PW %	BFIT NPV	AFIT NPV	AFIT BONUS	
BTAX PAYOUT (YEARS)	.00		ATAX PAYOUT (YEARS)	.00	---	---	---	---	
BTAX PAYOUT (YEARS) DISC	.00		ATAX PAYOUT (YEARS) DISC	.00	---	---	---	---	
BTAX NET INCOME/INVEST	.00		ATAX NET INCOME/INVEST	.00	---	---	---	---	
BTAX NET INCOME/INV (DISC)	.00		ATAX NET INCOME/INV (DISC)	.00	---	---	---	---	
PROD START DATE	12/96		PROJ LIFE (YEARS)	15.3	---	---	---	---	
INITIAL WI (PCT)	50.0000		FINAL WI (PCT)	50.0000	---	---	---	---	
INITIAL NRI (PCT)	40.3125		FINAL NRI (PCT)	40.3125	---	---	---	---	
INITIAL OIL PRICE (\$/B)	18.25		FINAL OIL PRICE (\$/B)	18.25	---	---	---	---	
INITIAL GAS PRICE (\$/M)	1.74		FINAL GAS PRICE (\$/M)	1.74	---	---	---	---	
GROSS OIL WELLS	.0		GROSS GAS WELLS	1.0	---	---	---	---	
CUMULATIVE OIL (MBBL)	.000		CUMULATIVE GAS (MMF)	.000	---	---	---	---	
REMAINING OIL (MBBL)	14.800		REMAINING GAS (MMF)	3999.887	---	---	---	---	
ULTIMATE OIL (MBBL)	14.800		ULTIMATE GAS (MMF)	3999.887	---	---	---	---	

"TIGHT HOLE"	SFE WI	:	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	:	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	:	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	% BPO		@
Lea Co., NM	SFE ORRI	:	% APO		@
Prospect: Shamrock	SFE WI	:	% BCP		
PTD: 15,000'	SFE WI	:	% ACP		
	SFE ACT	:	4883-001		
	SFE AFE	:	195045		
	AFE COMP	:			
	DHC COST	:			

6/10/96

Day 11 4300' (322'). Drlg. Salt/Anhydrite. MW 10, Vis 28, pH 9, Chl 177K. Svy 3978' @ ¼°. Trip. Wash to btm. Drlg. RS. Drlg. Lost approx 400 bbl last 24 hrs.
CTD: \$272,673

6/11/96

Day 12 4490' (85'). Drlg. Salt/Anhydrite. MW 10, Vis 28, pH 8.5, Chl 174K. Svy 4265' @ 1°. Drlg. Slope. Drlg. Work stuck DP. Trip. Mix mud. Trip. Wash 250' to btm. Drlg. Pmp high vis sweep, 150 bbl. Drlg. Lost approx 2000 bbl last 24 hrs.
CTD: \$287,006

6/12/96

Day 13 4877' (387'). LD DC. Anhydrite. MW 10, Vis 28, pH 8.5, Chl 174K. Svy 4877' @ ¼°. Drlg. Pmp sweep. Drlg. RS. Drlg. Circ. Trip. LD DCs. Lost approx 400 bbl last 24 hrs.
CTD: \$294,832

6/13/96

Day 14 4877' (0'). NU BOP. Lime. Svy 4877' @ ¼°. LD BHA. RU, run 110 jts 10-3/4" csg. Circ csg. Cmt csg. Circ 386 sx. WOC. WO welder. Weld on WH.
CTD: \$441,322

6/14/96

Day 15 4889' (0'). TIH. Lime. MW 8.5, Vis 28. Svy 4877' @ ¼°. NU. Test BOP & valves to 3000#. RU LD mach. RR. PU DC. Rep LD mach. PU DC. TIH. Test BOP, manifold, kelly valves to 3000#, all ok.
CTD: \$462,903

6/15/96

Day 16 5318' (429'). Drlg. Lime/Sand. MW 8.4, Vis 28, pH 9, Chl 6100. Svy 4877' @ ¼°. Trip. Cut drlg line. Inst rt tq. Inst rt hd. Circ. Test csg to 1500#. Drl cmt & plug. Drlg. RS. Drlg. No wtr loss.
CTD: \$472,275

6/16/96

Day 17 6295' (977'). Drlg. Lime/Shale. MW 8.4, Vis 28, pH 9, Chl 6100. Svys: 5380' @ 1°; 5866' @ 1°. Drlg. Slope. Drlg. RS. Drlg. Slope. Drlg. No wtr loss.
CTD: \$479,866

6/17/96

Day 18 7168' (873'). Drlg. Sand/Shale. MW 8.4, Vis 28, pH 10, Chl 10,400. Svys: 6366' @ 3/4°; 6850' @ 3/4°. Drlg. Slope. Drlg. RR. Drlg. Slope. RR. Drlg. Lost 600 bbl last 24 hrs.
CTD: \$489,033

6/18/96

Day 19 7775' (607'). Drlg. Sand/Shale. MW 8.4, Vis 28, pH 10, Chl 10,400. Svy 7302' @ 3/4°. Drlg. Slope. Drlg. RS. Drlg. Lost 900 bbl last 24 hrs.
CTD: \$496,724

6/19/96

Day 20 8091' (316'). Drlg. Sand. MW 8.4, Vis 28, pH 10, Chl 8400. Svy 7977' @ 1¼°. Drlg. Slope. Drlg. Check pmps. Trip for hole (72 stds). Drlg. Check pmps. Drlg. Lost 400 bbl last 24 hrs.
CTD: \$505,085

6/20/96

Day 21 8743' (652'). Drlg. Sand/Shale. MW 8.4, Vis 28, pH 10, Chl 19K. Svy 8247' @ 3/4°. Drlg. Slope. Drlg. RS. Drlg. Inst flowline valve. Lost 300 bbl last 24 hrs.
CTD: \$512,840

"TIGHT HOLE"	SFE WI	: 50	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	: 46.875	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	: 40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	: 38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	: N/A	% BPO	10-3/4"	@ 4,889'
Lea Co., NM	SFE ORRI	: N/A	% APO	@	
Prospect: Shamrock	SFE WI	: N/A	% BCP	@	
PTD: 15,000'	SFE WI	: N/A	% ACP		
	SFE ACT	: 4883-001			
	SFE AFE	: 195045			
	AFE COMP	: \$970,500			
	DHC COST	: \$720,000			

6/21/96

Day 22 9062' (319'). Drlg. Lime/Shale/Sand. MW 8.5, Vis 28, pH 10, Chl 24K. Svys: 8748' @ 1-3/4°; 9035' misrun. Drlg. Slope. Drlg. RS. Drlg. Trip & turn pins in RMS (SLM no corr). Ream 55' to btm. Add brine to system.
CTD: \$529,316

6/22/96

Day 23 9325' (263'). Drlg. Lime/Shale/Sand. MW 9.2, Vis 28, pH 10. Svy 9256' @ 1°. Drlg. Trip. W&R to btm 18'. Drlg. CTD: \$543,950

6/23/96

Day 24 9844' (519'). Lime/Shale/Sand. MW 9, Vis 28, pH 10, Chl 62K. Svy 9583' @ 1°. Drlg. RS. Drlg. Slope. Drlg. CTD: \$552,574

6/24/96

Day 25 10,162' (318'). Drlg. Lime/Shale/Sand. MW 9.1+, Vis 28, pH 10, Chl 87K. Svy 9833' @ 3/4°. Drlg. Slope. Drlg. RS. Drlg. Trip for holes: hole @ 55 std & double; crack @ 88 stds & single. Drlg.
CTD: \$560,213

6/25/96

Day 26 10,556' (394'). Trip for PSI loss. Lime/Shale/Sand. MW 9+, Vis 28, pH 10, Chl 80K. Svy 10,121' @ 3/4°. Slope. Drlg. RS. Drlg. Trip for PSI loss. RR. Lost 400 bbl last 24 hrs.
CTD: \$568,431

6/26/96

Day 27 10,566' (10'). TIH w/OS. Lime/Shale/Sand. MW 9+, Vis 28, pH 10, Chl 80K. RR (air line). TIH. Circ & pmp softline. TOFH 104 stds (15" f/pin). Cut drlg line. TIH. Drlg (twist off, lost 25K wt). Circ. TOOH. PU fishing tools. TIH. Top of fish 10,211'. Twist off pin on #11 DC. 392.66' fish in hole.
CTD: \$578,444

6/27/96

Day 28 10,566' (0'). RR. Lime/Shale/Sand. MW 9, Vis 28, pH 7.5, Chl 62K. TIH w/fish. Circ @ fish. TO w/fish. RR (high drum). TO. LD fish & tools. RR (high drum). Trip, check DC (1 bad). RR, WO parts.
CTD: \$604,032

6/28/96

Day 29 10,760' (194'). Lime/Shale/Chert. MW 9.1+, Vis 28, pH 10, Chl 62K. Svy 10,651' @ 2 1/2°. RR, draw works. TIH. Wash to btm. Drlg. Slope. Drlg. Lost 250 BW last 24 hrs.
CTD: \$612,406

6/29/96

Day 30 10,910' (150'). Drlg. Lime/Shale/Chert. MW 9, Vis 28, pH 9, Chl 69K. Svy 10,798' @ 2-3/4°. Drlg. Slope. Drlg. Trip for hole & PU RMS. Wash to btm. Drlg. Tool jt wash out @ 107 stds. 4" crack 18" below box 107 stds & double.
CTD: \$620,145

6/30/96

Day 31 11,106' (196'). Trip for hole. Lime/Shale. MW 9.1+, Vis 28, pH 9, Chl 69K. Svy 10,920' @ 2 1/4°; 11,022' @ 2°. Drlg. Drlg. RS. Drlg. Slope. Drlg. Trip f/hole. 4" crack 15' below box 110 stds & single.
CTD: \$627,732

7/01/96

Day 32 11,223' (117'). TIH. Lime/Shale. MW 9, Vis 28, pH 8.5, Chl 67K. TIH. Drlg. Pmp softline. Drlg. TO for hole. WO subs f/motor. PU dwnhole motor. TIH. 4 jts w/cracks: 62 stds & dble 3" crack 24" f/box; 91 stds & dble 3" crack 24" f/box; 44 stds & dble 4" crack 26" f/box; 61 stds 4" crack 30' f/box.

"TIGHT HOLE"	SFE WI	:	50	% BPO	Drilling	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO		@
Prospect: Shamrock	SFE WI	:	N/A	% BCP		
PTD: 15,000'	SFE WI	:	N/A	% ACP		
	SFE ACT	:	4883-001			
	SFE AFE	:	195045			
	AFE COMP	:	\$970,500			
	DHC COST	:	\$720,000			

Note correction on 10-3/4" casing depth.

7/02/96

Day 33 11,618' (395'). Drlg. Lime/Shale. MW 9.1+, Vis 28, pH 10, Chl 79K. Svys: 11,253' @ 2½°; 11,404' @ 2°. RR (drawworks). TIH. Wash to btm. Drlg. Slope. Drlg. RS. Drlg. Slope. Drlg. CTD: \$643,530

7/03/96

Day 34 11,855' (237'). WO loggers. Lime. MW 9, Vis 28, pH 7.5, Chl 68,500. Svys: 11,616' @ 2¼°; 11,840' @ 2°. Drlg. Slope. Drlg. Circ f/logs, 300 bbl sweep. TO (SLM 15'+ COR.) WO loggers. CTD: \$652,387

7/04/96

Day 35 11,855' (0'). LD DP. Lime. MW 9, Vis 28, pH 7.5, Chl 68,500. Svy 11,840' @ 2°. Logs & sidewall cores (logs TD @ 11,848'). TIH. WTB, no fill. Circ to LD DP. LD DP. CTD: \$684,404

7/05/96

Day 36 11,855' (0'). Circ csg on btm. Lime. MW 9, Vis 28, pH 7.5, Chl 68,500. Svy 11,840' @ 2°. LD DP. RR (air line). LD DC. Ran Circ csg on bmt. CTD: \$852,822

7/06/96

Day 37 11,855' (0'). Test BOP. Lime. MW 10, Vis 28. Svy 11,840' @ 2°. Circ csg on btm. Cmt. ND & set slips. Test WH to 4000#. NU BOP. Ran temp svy, TOC @ 5900'. Test BOP to 10,000#, test annular to 3000#. Cmt w/1700 sx "H" 50/50 Poz-A. PD 2:20am CST. CTD: \$908,150

7/07/96

Day 38 11,855' (0'). Drlg cmt. Lime. MW 10, Vis 28, pH 10, Chl 170K. HU flowline, RU LD mach. PU BHA & 3½" DP. RS. PU 3½" DP. Inst rot hd. Test csg to 2800#. Drlg cmt (plug & cmt @ 11,502'). Mix mud. CTD: \$924,491

7/08/96

Day 39 12,021' (166'). Drlg. Lime/Shale. MW 10, Vis 40, pH 11, Chl 168K. Drlg cmt 11,801-855'. Drlg to 11,865'. Test form to 12.6# mud wt (1800#). Drlg. RS. Drlg. No loss in mud last 24 hrs, add 200 bbl to system. CTD: \$943,205

7/09/96

Day 40 12,099' (78'). TFB. Lime/Shale. MW 8.8, Vis 41, pH 9.5, Chl 150K. Drlg. Mix slug. TFB. Lost 35 bbl last 24 hrs. CTD: \$966,082

7/10/96

Day 41 12,284' (185'). Drlg. Lime/Shale. MW 10, Vis 43, pH 10, Chl 148K. WTB, no fill. Drlg. RS. Drlg. Lost 21 bbl last 24 hrs. CTD: \$976,985

7/11/96

Day 42 12,494' (210'). Lime/Shale. MW 10, Vis 42, pH 10.5, Chl 150K. Drlg. RS. Drlg. RS. Drlg. Lost 26 bbl last 24 hrs. CTD: \$997,089

7/12/96

Day 43 12,584' (90'). 80% Lime, 20% Shale. MW 10, Vis 42, pH 10.5, Chl 162K. Svy 12,515' @ 1¼°. Drl to 12,515'. Trip. Cut drlg line. TO (SLM ok). Work BOP. TIH. WTB, 2' fill. Drlg. RR. Drlg. Lost 17 bbl last 24 hrs. CTD: \$1,015,439

"TIGHT HOLE"	SFE WI	:	50	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Nabors #56
<i>Gaucha Unit No. 1</i>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO		@
Prospect: Shamrock	SFE WI	:	N/A	% BCP		
PTD: 15,000'	SFE WI	:	N/A	% ACP		
	SFE ACT	:	4883-001			
	SFE AFE	:	195045			
	AFE COMP	:	\$970,500			
	DHC COST	:	\$720,000			

7/13/96

Day 44 12,710' (126'). TFB. 80% Shale, 20% Lime. MW 10, Vis 42, pH 11, Chl 151K. Svy 12,710' @ 1-3/4°. Drlg. RR. Drlg. Pmp pill, slope. TFB. Lost #3 cone. Lost 16 bbl last 24 hrs.
CTD: \$1,024,229

7/14/96

Day 45 12,752' (42'). Drlg. 60% Shale, 40% Lime. MW 10, Vis 42, pH 9.5, Chl 136K. Svy 12,710' @ 1-3/4°. WO magnet. TIH w/magnet. WTB, work magnet. TO w/cone. TIH w/bit. WTB. Drlg. Lost 24 bbl last 24 hrs.
CTD: \$1,037,975

7/15/96

Day 46 12,825' (73'). Drlg. 60% Shale, 40% Lime. MW 10.1, Vis 41, pH 9.5, Chl 147K. Svy 12,710' @ 1-3/4°. Drlg. Pmp pill. TO. Work BOP. TI. RR. TI. WTB. Drlg. Lost 15 bbl last 24 hrs.
CTD: \$1,051,749

7/16/96

Day 47 12,953' (128'). Well close in. Lime/Sand. MW 11.8, Vis 48. Svy 12,710' @ 1-3/4°. Drlg. RS. Drlg. Inst rot hd rubber. Drlg. SI well, mix bar (2260# csg - 1960# DP); 30 mins (2340# csg - 2070# DP).
CTD: \$1,065,926

7/17/96

Day 48 12,981' (28'). Trip. Lime/Sand. MW 13.5, Vis 43, pH 9, Chl 168K. Svy 12,710' @ 1-3/4°. WSI, raise mud wt. Circ out gas on choke. Drlg. Circ. TO. RR. TO.
CTD: \$1,108,366

7/18/96

Day 49 13,039' (58'). Drlg. 60% Lime, 40% Shale. MW 13.1, Vis 40, pH 9, Chl 172K. Svy 12,710' @ 1-3/4°. TIH. Cut drlg line. Trip & WTB. Drlg. Lost 24 bbl last 24 hrs.
CTD: \$1,118,540

7/19/96

Day 50 13,149' (110'). Drlg. Lime/Shale/Sand. MW 12.9, Vis 41, pH 8.5, Chl 159K. Svy 12,710' @ 1-3/4°. Drlg. Clean shale pit. Drlg. Add 120 bbl to system, jet shale pit. Drlg brk 13,130', gas-cut mud.
CTD: \$1,127,706

7/20/96

Day 51 13,187' (38'). Drlg. Lime/Shale/Sand. MW 12.9, Vis 40, pH 9, Chl 152K. Svy 13,148' @ 1°. Drlg. Pmp pill. Slope. Trip. RR (drawworks). Trip. WTB. Drlg. RR (mud pmps). Drlg.
CTD: \$1,142,226

7/21/96

Day 52 13,273' (86'). Drlg. Lime/Shale/Sand. MW 12.8, Vis 38, pH 9, Chl 153K. Drlg. RS. Drlg. No mud lost last 24 hrs.
CTD: \$1,115,043

7/22/96

Day 53 13,334' (61'). Drlg. Lime/Shale/Sand. MW 12.8, Vis 39, pH 9.5, Chl 153K. Drlg. Pmp pill. Trip. Trip, check DCs (no bad DCs). Trip. WTB. Drlg. Add 50 bbl brine to system.
CTD: \$1,128,673

7/23/96

Day 54 13,469' (135'). Drlg. Shale. MW 12.4, Vis 42, pH 10.5, Chl 163K. Svy 13,149' @ 1°. Drlg. Jet shale pit. Drlg.
CTD: \$ - to be updated today and stated tomorrow on this report.

"TIGHT HOLE"	SFE WI	: 50	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	: 46.875	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	: 40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	: 38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	: N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	: N/A	% APO		@
Prospect: Shamrock	SFE WI	: N/A	% BCP		
PTD: 15,000'	SFE WI	: N/A	% ACP		
	SFE ACT	: 4883-001			
	SFE AFE	: 195045			
	AFE COMP	: \$970,500			
	DHC COST	: \$720,000			

7/24/96

Day 55 13,541' (72'). Circ on choke @ 9200'. Sand/Shale. MW 12.4 @ 2:15pm, 12.8 @ 11pm. Vis 41 @ 2:15pm, 38 @ 11pm. pH 10, Chl 160K. Drlg. RS. Drlg. Totco & pmp pill. TO 60 stds (well flowing). 14 bbl short on dsplcmnt @ 60 stds. TIH to 10,500' (32 stds off btm). (SIW 1000# csg, 900# DP in 15 mins). Circ on choke w/1000# csg, 1800# DP. Raise mud wt to 12.8# going in.

CTD: \$1,189,473

7/25/96

Day 56 13,541' (0'). TIH. Sand/Shale. MW 13.5, Vis 40, pH 10.5, Chl 151K. Svy 13,541' @ 1-3/4°. Circ on choke @ 10,533'. SWI, raise mud wt. Circ on choke. TIH. Circ on choke. Circ on choke. Pmp pill. TOOH, check f/flow 30-55-90 stds. TIH.

CTD: \$1,207,244

7/26/96

Day 57 13,627' (83'). TIH. Sand/Shale/Sand. MW 13.5, Vis 41, pH 10, Chl 155K. TIH. WTB, no fill. Drlg. RS. Drlg.

CTD: \$1,270,129

7/27/96

Day 58 13,706' (79'). Drlg. Shale. MW 13.5, Vis 41, pH 9.5, Chl 152K. Drlg. RS. Drlg.

CTD: \$1,279,307

7/28/96

Day 59 13,756' (50'). Drlg. Shale. MW 13.5, Vis 40, pH 10, Chl 155K. Drlg. Pmp pill. TO, check f/flow. RS. TIH. WTB. Drlg.

CTD: \$1,292,709

7/29/96

Day 60 13,820' (64'). Drlg. Shale. MW 13.4, Vis 42, pH 10, Chl 151K. Drlg. RS. Drlg.

CTD: \$1,301,909

7/30/96

Day 61 13,848' (28'). Drlg. Shale. MW 13.4, Vis 39, pH 11, Chl 152K. Svy 13,840' @ 1 1/4°. Drlg. Pmp pill & slope. Trip. Cut drlg line. Trip. WTB. Drlg.

CTD: \$1,315,057

7/31/96

Day 62 13,935' (87'). Drlg. Shale. MW 13.3, Vis 42, pH 10, Chl 148K. Drlg to. RS. Drlg.

CTD: \$1,327,845

8/01/96

Day 63 14,043' (108'). Trip. Shale. MW 13.4, Vis 43, pH 10, Chl 161K. Drlg. RS. Drlg. Pmp pill. Trip.

CTD: \$1,347,869

8/02/96

Day 64 14,087' (44'). Drlg. 80% Shale, 20% Lime. MW 13.4, Vis 42, pH 10.5, Chl 160K. Trip. WTB. Drlg. RS. Drlg.

CTD: \$1,360,418

8/03/96

Day 65 14,137' (50'). Drlg 2-3'/hr. Lime. MW 13.4, Vis 42, pH 10.5, Chl 155K. Drlg. RS. Drlg.

CTD: \$1,370,542

8/04/96

Day 66 14,180' (43'). Drlg 2-3'/hr. Lime. MW 13.4, Vis 41, pH 10.5, Chl 161K. Drlg. Pmp slug. Trip. WTB. Drlg.

CTD: \$1,385,292

"TIGHT HOLE"	SFE WI	: 50	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	: 46.875	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	: 40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	: 38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	: N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	: N/A	% APO		@
Prospect: Shamrock	SFE WI	: N/A	% BCP		
PTD: 15,000'	SFE WI	: N/A	% ACP		
	SFE ACT	: 4883-001			
	SFE AFE	: 195045			
	AFE COMP	: \$970,500			
	DHC COST	: \$720,000			

8/05/96

Day 67 14,200' (20'). Logging. Lime. MW 13.4, Vis 42, pH 10.5, Chl 162K. Svy 14,200' @ 3/4". Drlg. Circ f/logs. Totco & pmp pill. TO & SLM. Logs.
CTD: \$1,393,807

8/06/96

Day 68 14,200' (0'). C&C mud. Limestone. MW 13.4, Vis 42, pH 10.5, Chl 161K. Logging, ran: DLL/MCFL/GR/CAL, FMI/GR/Sonic/GR, CNL/LDT/GR/CAL. RD Schlumberger. TIH. Milling on bow spring off logging tool & WTB 40'. C&C mud.
CTD: \$1,443,923

8/07/96

Day 69 14,200' (0'). Set liner. Limestone. MW 13.4, Vis 42, pH 10.5, Chl 161K. C&C mud. Pmp slug, drop drift & pull 30 stds. Cut drlg. line. POOH to run 5 1/2" liner. Run 5 1/2" liner & TI w/hanger, TI w/float set shoe 2.19, 2 shoe jts JAM FJL 5 1/2, 17# S-95 83.34, TI w/LF landing collar 1.21, 63 jt 5 1/2" 17# S-95 JAM FJL 2567.01, TI w/hanger w/packer 16.60', setting tool 10.28', total 2679.53, top of hanger @ 11,530'. TIH w/liner & hanger w/setting tool. Circ liner w/full rets. Hang liner 2' off btm, packed off. After setting liner, kick pmp back in, did not have rets before setting liner. Pmp Rate 3 BBL, min w/1200 PSI. After setting liner, pmp rate 1 1/2 BPM @ 1500 PSI w/no returns. Hole packed off or packer set.
CTD: \$1,503,551

8/08/96

Day 70 14,200' (0'). PU 2-7/8" DP. Limestone. MW 13.4, Vis 41, pH 10.5, Chl 156K. WOO. Set pkr on top of liner & pull 2 stds. Pmp slug & POOH. LD setting tool (TIW). WO HLS & install tbg board. RU HLS. 1st run: TIH w/perf gun & shoot 4 holes per foot, for one foot @ 11,575'. 2nd run: Gauge run w/4.60". 3rd Run: TIH w/EZ Drill SV & set @ 14,105'. RD HLS. TIH w/DC & 47 jts DP, RU LD machine. LD DP & DCs, 3 1/2 DP & 4-3/4 DCs. PU SV & 2-7/8" DP.
CTD: \$1,518,111

8/09/96

Day 71 14,200' (0'). PU BHA. Limestone. MW 13.4, Vis 42, pH 11.5, Chl 152K. PU 2-7/8" DP. RD PU mach. TIH. RU hd & steel lines to circ; circ. Sting into EZ Drill pkr & circ @ 3 BPM w/rig pmp. Cmt liner w/200 sx Class-H + .6% Halad 9, + .4% CFR-3 + 5 PPS KCl + .6% GasStop + .1% HR-7. RD cmt hd, pull 35 stds. Circ btms up. POOH, LD tools. RS. PU BHA (3 1/2" DCs).
CTD: \$1,549,202

8/10/96

Day 72 14,200' (0'). POOH. Limestone. MW 13.5, Vis 43, pH 13, Chl 155K. PU 3 1/2" DCs, total 30. TIH w/29 stds 2-7/8" DP. WOC. TIH to 11,566', tag cmt. Drlg cmt 11,566-580' (14'). Fin TIH to 14,129'. Circ btms up. POOH & SLM 3 1/2" DP.
CTD: \$1,561,671

8/11/96

Day 73 14,200' (0'). Jet & clean pits. Limestone. MW 13.5, Vis 43, pH 13, Chl 155K. Fin POOH. RU, run CBL. PU RTTS, TIH to 10,520'. Displ 3 1/2" DP w/wtr to 10,520', set RTTS. Neg test on liner, flowed back 4 gal wtr, good test, liner top ok. Displ hole @ 10,520' w/wtr. POOH, LD test tools. Jet & clean pits.
CTD: \$1,576,141

8/12/96

Day 74 14,200' (0'). TIH. Limestone. MW 8.4, Vis 28, pH 7, Chl 650K. Jet & clean steel pit. TIH to 11,588', tag bridge. Circ mud OOH w/wtr. Fin TIH, tag EZ Drill @ 14,129'. Note: After hitting bridge, picked up kelly, rotating w/kelly, did not see anything. Picked back up, go back through bridge without rotating, would not take weight. Kick rotary back in & fell through.
CTD: \$1,585,177

8/13/96

Day 75 14,200' (0'). Drlg shoe jts. Limestone. MW 8.5, Vis 29, pH 8, Chl 10K. WTB, tag EZ Drill. Circ btms, displ 13.4 mud w/8.4 wtr, had 1 bbl gain after displ. POOH w/35 stds. Cut drlg line. Fin POOH to check bit & 2-7/8" DP, all checked ok. TIH. Drlg on EZ Drill retainer & cmt f/14,129-14,150'. RS. Drlg 14,150-155' (cmt).
CTD: \$1,593,443

"TIGHT HOLE"	SFE WI	:	50	% BPO	Drilling	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO	7-5/8"	@ 11,855'
Prospect: Shamrock	SFE WI	:	N/A	% BCP	5-1/2"	@ 14,200'
PTD: 15,000'	SFE WI	:	N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	:	4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	:	195045		CIBP	14,935'
	AFE COMP	:	\$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	:	\$720,000		Perfs	13,317-13,358'
					Perf	12,955-12,968'

8/14/96

Day 76 14,273' (35'). Drlg. Limestone. MW 8.5, Vis 29, pH 8, Chl 10K. Drlg shoe jts & GS 14,238'. Circ & pmp sweep. POOH. PU motor & bit, test motor. TIH. WTB, 3' fill. Drlg. CTD: \$1,603,205

8/15/96

Day 77 14,384' (110'). 20% Shale, 80% Limestone. MW 8.5, Vis 28, pH 12, Chl 10K. Drlg w/motor. POOH, LD 3 DCs. Change bit & surf test motor. TIH. W&R to btm 104'. Drlg. CTD: \$1,619,810

8/16/96

Day 78 14,366' (0'). Reaming. 20% Chert, 10% Shale, 70% Limestone. MW 8.5, Vis 29, pH 12, Chl 10K. Drlg. POOH & SLM (new depth is 14,366'). Change out BHA, LD motor. WO X/O sub. TIH. Reaming 14,257-358'. CTD: \$1,634,643

8/17/96

Day 79 14,380' (14'). Limestone. MW 8.4, Vis 27, pH 11, Chl 6800. Reaming. Drlg. POOH, LD 6 jts 3 1/2" DP. TIH, pickup motor & (6) 3 1/2" DCs. Cut drlg line. TIH. Wash 80', no fill. Drlg w/motor. CTD: \$1,651,279

8/18/96

Day 80 14,590' (210'). Drlg. 90% Limestone, 5% Shale, 5% Chert. MW 8.4, Vis 28, pH 10, Chl 6800. Drlg. RS. Drlg. CTD: \$1,663,841

8/19/96

Day 81 14,676' (86'). TIH. 80% Shale, 20% Limestone. MW 8.4, Vis 28, pH 10.5, Chl 5900. Drlg. Circ, RS. POOH. Test motor, change out rmr & bit. TIH. CTD: \$1,680,994

8/20/96

Day 82 14,980' (304'). Drlg. 95% Dolomite/5% Shale. MW 8.4+, Vis 28, pH 10, Chl 68K. TIH. W&R 139'. Drlg. RS. Drlg. CTD: \$1,693,556

8/21/96

Day 83 15,100' (120'). Logging. Dolomite. MW 8.4, Vis 28, pH 10, Chl 5000. Drlg. Circ btms up.. POOH to log & SLM. LD motor, RU loggers. Logging: 1st Run = AIT/Sonic. 2nd Run = CNL/LDT/GR/CAL. Note: worked on logging truck 2 hrs. CTD: \$1,710,037

8/22/96

Day 84 15,100' (0'). C&C mud. Dolomite. MW 8.4, Vis 29, pH 9.5, Chl 5100. Logging, RD loggers. TIH, had 21 bbl gain on btms up, 8-10' flare. C&C mud. WO FMS logging tool. CTD: \$1,735,844

8/23/96

Day 85 15,100' (0'). POOH. Dolomite. MW 8.4, Vis 28, pH 9.5, Chl 5000. Circ & WO logging tool (S/J FMS dipmeter). POOH to run log. CTD: \$1,744,965

8/24/96

Day 86 15,100' (0'). Run 3 1/2" liner. Dolomite. MW 8.4, Vis 28, pH 9, Chl 5K. POOH. RU SJ (FMS). TIH. Circ btms up. POOH. RU csg & PU machine, run liner. CTD: \$1,755,565

"TIGHT HOLE"	SFE WI	: 50	% BPO	Drilling	
SFER, INC.	SFE WI	: 46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	: 40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	: 38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	: N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	: N/A	% APO	7-5/8"	@ 11,855'
Prospect: Shamrock	SFE WI	: N/A	% BCP	5-1/2"	@ 14,200'
PTD: 15,000'	SFE WI	: N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	: 4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	: 195045		CIBP	14,935'
	AFE COMP	: \$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	: \$720,000		Perfs	13,317-13,358'
				Perf	12,955-12,968'

8/25/96

Day 87 15,100' (0'). POOH w/setting tool. Dolomite. Run 3½", FS 1.82', 1 jt N-80 33.04', FC 1.07', 33 jts N-80 1068.07', liner hanger 16.10', total 1120.10'. TIH w/2-7/8" DP & 3½" DP. Circ btms up, hang liner @ 15,098'. Cmt w/100 sx "H" + .4% CFR-3 + .6% Halad-9 + 5PPS KCl + .25% HR-7. PD @ 3pm. Set top pkr & RD cmtg hd. Pull 35 stds (chain OOH). Circ btms up @ 10,600'. POOH w/setting tool.
CTD: \$1,800,950

8/26/96

Day 88 15,100' (0'). Circ btms up. Dolomite. MW 8.4, Vis 28, pH 12.5. Fin POOH w/setting tool. TIH w/120 stds. Inst rot hd. Circ btms up, WO cmt. Cut drlg line. TIH, tag cmt @ 13,690'. Drlg cmt, tag top of hanger @ 13,978'. Circ btms up.
CTD: \$1,809,162

8/27/96

Day 89 15,100' (0'). LD 3½" DP. Dolomite. POOH. RU Computalog. 1st run - Run gauge ring. 2nd Run - set Baker 7-5/8" RBP @ 11,476'. Test 7-5/8" csg to 500 PSI, ok. TIH w/BHA & 2-7/8" DP. RU LD mach, LD BHA & 2-7/8" DP (30, 3½" DCs, 90 jts 2-7/8" DP). TIH w/3½" DP. LD 3½" DP.
CTD: \$1,819,585

8/28/96

Day 90 15,100' (0'). Rel rig @ 6pm, 8/28/96. Dolomite. LD 3½" DP. RD LD mach. ND BOP, inst blank cap. Jet & clean pits. WO completion. **TEMPORARILY DROP FROM REPORT.**
CTD: \$1,837,621

9/03/96

MIRU, chng drlg line.
CTD: \$1,344

9/04/96

Fin changing drlg line. NU BOPs, 7-1/16" x 15,000#. Unload 481 jts 2-3/8" 8rd EUE tbg, tally same. TI w/tool for BP. SWIFN.
CTD: \$4,725

9/06/96

Fin TIH. Latch onto plug, let plug equalize, circ 75 bbl fluid out, had tr mud & very little gas. TO w/Baker BP, 364 jts tbg pulled. TI w/pkr to test 5½" liner top. Set pkr @ 11,488', test backside to 1000#, held ok. SWIFN.
CTD: \$9,665

9/07/96

RU BJ, test 5½" liner top to 2000#, held ok. Unset pkr, trip out, PU 4-3/4" bit & 3-1/16" DC. TI to clean liner top off @ 11,530'. SDFWE.
CTD: \$16,290

9/09/96

Fin trip into tag 3½" liner, tag fill @ 13,957', clean out to 13,979'. Circ, TO, PU 2-5/16" DCs & mill. TI w/mill, SWIFN.
CTD: \$19,781

9/10/96

Fin TI w/2-13/16" mill. Tag liner @ 13,979'. RU power swivel, begin trying to clean out liner, having problems w/pipe stroking. TO to check mill, found hole in tbg 40 stds above collars. SWIFN.
CTD: \$78,791

9/12/96

Fin TI w/2½" mill. Clean out liner f/13,979 - 14,040'. Circ hole clean, TO w/mill. Having problems w/torque converter. SDFN. WO mechanic. Repaired rig during night.

"TIGHT HOLE"	SFE WI	:	50	% BPO	<u>Completion</u>	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO	7-5/8"	@ 11,855'
Prospect: Shamrock	SFE WI	:	N/A	% BCP	5-1/2"	@ 14,200'
PTD: 15,000'	SFE WI	:	N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	:	4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	:	195045		CIBP	14,935'
	AFE COMP	:	\$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	:	\$720,000		Perfs	13,317-13,358'
					Perf	12,955-12,968'

9/13/96

Fin trip out, LD 3-1/16" DCs & 2 1/4" DCs & mill. RU Schlumberger, run CBL, could not get below 14,085'. TI w/Mark V pkr, SWI. CTD: \$89,585

9/13/96

Fin trip in w/pkr, set @ 13,755'. RU BJ coil tbg unit. TI, try to get into 3 1/2" liner, couldn't get into liner top. CTD: \$103,340

9/14/96

Unset pkr, reset on top of liner. RU BJ coil tbg unit. TI, run 1.84 drlg thru pkr & into liner, tag @ 14,085'. Move plug to 14,893-912', then plug got very hard to move, rec cmt, rubber & steel shavings. Pull coil tbg to check drill. SWIFN. CTD: \$117,515

9/15/96

RU BJ coil tbg unit. TI, tag fill @ 14,910', clean out to 14,940' ±. Rec some rubber & cmt, TO, SWIFN. Got tbg stuck twice by getting trash on top of tool. CTD: \$130,420

9/17/96

RU BJ coil tbg unit. TI w/mud motor, tag cmt @ 14,040', clean out to 15,025'. Circ, drop ball, open diverter sub, pickle csg & tbg. Begin TO to 9800', broke U-joint on hydraulic pmp, rep pmp, fin TO. CTD: \$148,953

9/18/96

Change out torque converter on rig. CTD: \$150,596

9/19/96

Load tbg w/15 bbl 2% KCl. Unseat pkr @ 13,975'. TO to run CBL, 433 jts tbg out & 1 pkr. RU Schlumberger. Run CBL. Could not get below 14,913' w/bond log tool. Bond log tool is 2-1/16" OD. Trip in w/Gamma tool & collar locator 1-11/16" OD. Got to 15,014'. CTD: \$158,840

9/19/96

RU Cardinal Surveys. Run svy. Have some cmt f/14,720-725'. Svy showed 1/2" cmt f/14,780-920'. 14,920-15,009' had 3/4-1" cmt. Tag up @ 15,009'. TO. PU Mark V pkr. Run 320 jts. SDFN. CTD: \$165,206

9/21/96

Fin TIH. Tag liner top @ 13,978' w/pkr. Space out & set pkr @ 13,975'. Ttl 433 jts tbg & 1 pkr. SDFWE. CTD: \$170,112

9/22-23/96 SD, WO coiled tbg unit.

9/24/96

Underream f/14,960-15,002'. Circ cmt out. Drop ball, open diverter sub. Pickle csg & tbg w/500 gals 15% HCl acid w/inhibitor. Circ acid out. TO w/coil tbg. RD Cudd. Unset pkr. Pull 30 stds tbg. SDFN. CTD: \$203,545

9/26/96

Unset & TO w/pkr. PU Guib Uni VI. TI, hydrotest tbg & pkr to 8000#, no leaks. Set pkr @ 13,957'. Unlatch from O/O tool. Circ

"TIGHT HOLE"	SFE WI	: 50	% BPO	<u>Completion</u>	
SFER, INC.	SFE WI	: 46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	: 40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	: 38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	: N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	: N/A	% APO	7-5/8"	@ 11,855'
Prospect: Shamrock	SFE WI	: N/A	% BCP	5-1/2"	@ 14,200'
PTD: 15,000'	SFE WI	: N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	: 4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	: 195045		CIBP	14,935'
	AFE COMP	: \$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	: \$720,000		Perfs	13,317-13,358'
				Perf	12,955-12,968'

9/27/96

ND BOPs. NU 2-1/16"x10,000# tree. Test tree to 8000 PSI, test good. RU swab. Swab well dwn to 8300'. RU Schlumberger. Perf well f/14,943-971', 20 holes. Made 1 swab run. Tag fluid @ 8200'. Pulled f/9500'. SWI to change out swab line.

CTD: \$228,855

9/28/96

WSI 11 hrs, no measurable gas increase. RU swab. Tag fluid @ 10,000'. Swab well dwn to 13,500' in 4 runs. RU BJ, load tbg w/60 bbl 2% KCl wtr. Brk dwn @ 3800 PSI @ 1 BPM. Pmp 5 bbl into form. ISIP 3420 PSI. Bled well dwn. RU swab, swabbed well dwn to 13,500' in 8 runs. Swabbed total 60 bbl fluid. SDFN.

CTD: \$235,234

9/29/96

Tbg press 0 PSI. FL 13,100'. Made 1 swab run. RU BJ, acidz well w/3000 gal 15% HCl w/NeFe & iron surfactant. Had good ball action. Balled out, surged balls off, fin acid job. ISIP 1480 PSI, 5 mins 660 PSI, 10 min 400 PSI, 15 mins 300 PSI. SWI for 30 mins. RU to swab. Made 12 swab runs, could not swab well below 3800'. Tag fluid @ 2000'. Swabbed total 70 bbl acid-cut wtr. 69 BLTR. SDFN.

CTD: \$243,634

9/30/96

Tbg press 0 PSI. After 12 hrs, SI. RU to swab, FL @ 1500'. Pull f/3300', fluid was acid-cut & tr gas. Made 23 swab runs w/FL staying @ 1500'. Swabbed total 208 bbl. Last 2 hrs well turned sour 1%. SIFN. 78 BOL.

CTD: \$246,364

10/01/96

Load tbg w/70 bbl 2% KCl. ND tree, NU BOPs. Unset pkr. TO w/422 jts tbg & pkr. RU Computalog. Set CIBP @ 14,935'. Run 40' bailer of cmt. Have 20' fill on top of plug. SDFN.

CTD: \$253,714

10/02/96

Run 5 1/2" Uni VI pkr in hole. Strip BOPs, Set pkr @ 13,957'. NU tree, test to 8000#. RU swab, swab well dwn to 8000'. Ready to perf. SDFN.

CTD: \$257,494

10/03/96

RU Computalog. Perf well 14,819-14,842'. FL did not rise or drop after perf; FL was @ 8050'. RU BJ. Load tbg w/31 1/2 bbl 2% KCl. Perfs were extremely tight, 2/10 bbl @ 5800#. Pmp 2 1/2 bbl into perfs. Swab well dwn to 13,600' in 10 runs. Swab back approx 52 bbl KCl wtr. SDFN.

CTD: \$266,944

10/04/96

SITP 70 PSI. Blew well dwn, RU BJ. Acidz w/750 gal 15% HCl. Pmpd into perfs @ 1/2 BPM @ 5800 PSI. When acid on perfs broke to 3520 PSI raised rate to 2 BPM @ 4000 PSI. ISIP was 2700, 5 mins 297, 10 mins 100, 15 mins 48 PSI. RU to swab. Made 22 swab runs pulling f/3000'. FL stayed @ 1200 FFS. Swabbed total 80 bbl. Last 3 hrs H₂S was 3600 PPM, gassing after swab run. SDFN.

CTD: \$275,943

10/05/96

SITP 50 PSI. Made 12 swab runs, rec 55 BW. IFL 1000 FFS; FFL 1700 FFS. Gas sample 7000 PPM H₂S. SWI. Shut down until Monday, run survey.

CTD: \$278,022

10/08/96

0 SITP. RU Cardinal. Ran temp & tracer survey. Found all fluid moving by perfs & into lower zone below bridge plug. RD Cardinal, NU BOP, SWI.

CTD: \$290,069

"TIGHT HOLE"	SFE WI	:	50	% BPO	<u>Completion</u>	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
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PTD: 15,000'	SFE WI	:	N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	:	4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	:	195045		CIBP	14,935'
	AFE COMP	:	\$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	:	\$720,000		Perfs	13,317-13,358'
					Perf	12,955-12,968'

10/09/96

Unset Uni-VI and trip out w/ 422 jts tbg. RU Computalog. RIH w/ CIBP and set at 14,925'. RIH w/ 60' 2" bailer, unable to get in 5-1/2" liner @ 11,530'. Tripped out and bailer was empty. SDFN.

CTD: \$297,398

10/10/96

Picked up 4-3/4" bit and bit sub. TIH to 11,750'. Reversed 90 bbls water, saw cement 8-10 bbls into circulation. Pumped 225 bbls down tubing to clean casing. TOH. RU Computalog and RIH w/ 2" x 50' bailer. Set cement on top of plug @ 14,925'. RD WL. Picked up Uni-VI and started in hole. Ran 100 jts. SDFN.

CTD: \$307,184

10/11/96

Finish running in hole w/ production packer & 442 jts 2-3/8" tbg. ND BOP. Set pkr @ 13,957' NU tree and test to 8000 psi, ok. Swab well down to 13,500' in 9 runs, recovered 55 bbls. RU BJ & acidized perfs w/ 500 gals 15% HCl NeFe. Pumped into perfs at 2600# & 0.3 bbl. Pressure increased to 4800 psi. Press at 4800 psi, when acid on formation press broke to 4200#. Increased rate to 1.1 BPM, press built to 2400 psi. ISIP 2200, 5 min - 1358, 10 min - 1179, 15 min - 1040. Bled well down and made 5 swab runs, swabbed total of 30 bbls. Final fluid level @ 2600' from surface. 35 BLTR. SDFN.

CTD: \$313,008

10/12/96

TPSI 0. SI 12 hrs. RU swab. FL @ surface. Swab down to 4600' in 18 runs. Swabbed total 72 bbl for total 102 bbl rec (37 bbl OTL). H₂S is 17,000 PPM or 1½%. SDFN.

CTD: \$315,476

10/13/96

TPSI 0. RIH w/swab 1200' to fluid. Made 1 run, no oil in sample, 17,000 PPM H₂S. RU Cardinal to run tracer svy. All fluid movement to lower 3' of perfs. Loaded tbg w/70 bbl 2% KCl wtr. SDFN.

CTD: \$326,767

10/15/96

TPSI 0#. RU swab, tag FL @ 600'. Made 8 runs w/swab. Swab well down to 8400'. RU BJ, acidz w/3000 gals 15% HCl NeFe acid. Dropped 70 balls throughout acid job, had good ball action, balled out 3 different times during acid job. Instantaneous shut in 1000, 5 mins 400, 10 mins 370, 15 mins 350. RD BJ, begin swab. Had total 136 BLTR. Made 20 swab runs. FL stayed between 1900 & 2000', pulling swab f/3500'. Swabbed total 95 bbl, 41 BLTR. Acid gas showed up after 9th run. SWIFN.

CTD: \$336,007

10/16/96

TPSI 0#. RU swab, tag fluid @ 1600'. Made 6 runs pulling f/3300' & tagging @ 1600', H₂S started coming into fluid on the 6th run. On the 9th run H₂S was 18000 PPM. Made a total of 26 runs. Swabbed a total of 130 bbl. FL dopped only to 1900'. Swabbed 90 BOL. SDFN.

CTD: \$338,895

10/17/96

Load tbg w/60 bbl 2% KCl wtr. ND tree, NU BOP. Unset pkr, TOOH. RU Wedge WL, set cmt ret @ 13,878'. TO w/WL, RD. TIH w/cmt stinger. SDFN.

CTD: \$343,816

10/18/96

Sting into cmt ret, establish pmp rate 3 BPM @ 1250#. Unsting f/ret. Mix 100 sx Class-H cmt containing 5/10 of FL-52 & 5/10 of FL-25. While pmpg dwn tbg lost 700#. Unsting f/ret w/2 bbl cmt left in tbg. Pull 30' & rev 1 bbl cmt to pit. 30' good cmt on top of ret. LD 16 jts. Spot 450 gal 7½% NeFe Morrow acid over area to be perf'd. TO w/tbg. PU Uni VI pkr, TI. SDFN.

~TIGHT HOLE~	SFE WI	:	50	% BPO	<u>Completion</u>	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	a 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	a 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO	7-5/8"	a 11,855'
Prospect: Shamrock	SFE WI	:	N/A	% BCP	5-1/2"	a 14,200'
PTD: 15,000'	SFE WI	:	N/A	% ACP	3-1/2"	a 15,100'
	SFE ACT	:	4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	:	195045		CIBP	14,935'
	AFE COMP	:	\$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	:	\$720,000		Perfs	13,317-13,358'
					Perf	12,955-12,968'

10/19/96
 Circ pkr fluid, set pkr @ 12,793', EOT @ 12,803', test annulus to 2000#, ok. Test WH to 10,000#, ok. Swab tbg FL to 8000'. RIH w/1 11/16" strip gun, correl to CNL dated 8/05/96. Perf 13,317-21', 1 SPF, 5 holes: 13,350-58', 1 SPF, 9 holes (@ 30 min, no resp). RU BJ Svc, load tbg, brk dwn perfs w/spot acid. Max PSI 5140#. Min PSI 4961#. Avg Rate .5 BPM. ISIP 4950#, 5 mins 4730#, 30 mins 4400#. Flowback 17 bbl & died. SWI. SDFN. BLLTR = 44.
 CTD: \$369,582

10/20/96
 WSI 12 hrs. TP 1800 PSI. 6:50am, OW to TT. Flow well 7:30am, TP 20 PSI. RIH w/swab, IFL surface. Made 10 runs, rec 48 bbl, tbg swab dry. Wait 1 hr betw last 3 runs, no fluid to surf. MIRU BJ, test lines to 8500 PSI, pmp 1500 gal 7 1/2% NeFe Morrow acid dwn tbg w/28 1.3 SG BS. Max TP 6700. Avg TP 6650. Slight ball action. Max rate 3 BPM, did not ball out. ISIP 5100, 15 mins SITP 4740#, 45 min SITP 4400#. 1 hr open well to TT, flow 15 mins, rec 27 BW, TPSI 05#. 6:30pm last hr, rec 1/4 bbl. SWI. SDFD. BLLTR = 72.
 CTD: \$375,744

10/21/96
 WSI 12 hrs. TP 2000#, CP 1000#. 7:25am OW to TT. 7:30am TPSI 0, tbg run'g over. RU. RIH w/swab, IFL surf, made 13 runs, rec 51 BW, last 2 runs f/SN. 400' fluid entry each run. Wait 1 hr between last 2 runs. SWI. SDFD. BLLTR = 21.
 CTD: \$377,214

10/22/96
 FTP 0. IFL 9900'. Swab tbg dry, wait 1 hr, no fluid entry. Rec 14 BW, 7 BLLTR. Load tbg w/16 bbl 2% KCl. RU Schlumberger WL. Strip gun became stuck in O/O tool F-nipple. Worked guns free, POOH w/all tools & charges. 2nd charge f/top pulled loose f/strip & hanging by primer cord. Apparently charge not made up properly causing clearance problem. SWI, SDFN. 23 BLLTR.
 CTD: \$379,608

10/23/96
 SITP 200#. Tag fluid @ 8100', correl to CNL dated 8/05/96. Perf 12,955-68', 1 SPF, 14 holes. SITP @ 15 mins 3300#, 30 mins 4400#, 120 mins 4875#. Open choke, flowback 23 bbl load water. Switch thru test unit. Initial Flow Rate 1.2 MMCF. 6150# FTP @ 5/64" choke. RD.
 6:00am: Flow rate 2.1 MMCF, 5100# FTP, 9/64" Choke, 3 BO, 0 BW.
 CTD: \$385,638

10/24/96
 WSI, WO pipeline. Dip in BHP test scheduled for Monday. TEMPORARILY DROP FROM REPORT.
 CTD: \$386,583

10/29/96
 Ran BHP & 4-Point Test. SWI.
 CTD: \$389,529

10/30/96
 4-Point Test taken 10/28/96. This is a gas well - last report. DROP FROM REPORT.
 SITP 6870

	<u>ETP</u>	<u>Rate</u>
1st Rate	6500	654 MCFD
2nd Rate	6180	1420 MCFD
3rd Rate	5830	1731 MCFD
4th Rate	5360	2110 MCFD

AOF 4114.5 MCFD

10/31/96 SI, WO pipeline connection. DROP FROM REPORT.
 12/19/96
 Well SI. SITP 7000. 6:00pm purge LG&E line. 6:20pm start gas sales. 3:00am gas unit & dehy lined out. FTP 5500 PSI. Choke

12/19/96 FTP 5400#. 14 hr prod: 537 MCF. No fluid.

"TIGHT HOLE"	SFE WI	:	50	% BPO	<u>Completion</u>	
SFER, INC.	SFE WI	:	46.875	% APO	Rig:	Pride Well Svc
<u>Gaucha Unit No. 1 (E)</u>	SFE NRI	:	40.3125	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	38.672	% APO	16"	@ 814'
Sec 29, T-22S, R-34E	SFE ORRI	:	N/A	% BPO	10-3/4"	@ 4,878'
Lea Co., NM	SFE ORRI	:	N/A	% APO	7-5/8"	@ 11,855'
Prospect: Shamrock	SFE WI	:	N/A	% BCP	5-1/2"	@ 14,200'
PTD: 15,000'	SFE WI	:	N/A	% ACP	3-1/2"	@ 15,100'
	SFE ACT	:	4883-001		Perfs	Sqz 14,943-14,971'
	SFE AFE	:	195045		CIBP	14,935'
	AFE COMP	:	\$970,500		Perfs	Sqz 14,819-14,842'
	DHC COST	:	\$720,000		Perfs	13,317-13,358'
					Perf	12,955-12,968'

12/21/96 Flowing TP 5500 PSI. Line PSI 633. Choke 9/64". 0 BO. 17 BW. MCF 1911.

12/22/96 Flowing TP 5400 PSI. Line PSI 645. Choke 9/64". 20 BO. 0 BW. MCF 1826. Open choke 1/64".

12/23/96 Flowing TP 4300 PSI. Line PSI 621. Choke 9/64. 2 BO. 2 BW. MCF 2238.

12/23/96 FTP 4000 PSI. Line press 613#. 9/64" Choke. 1 BO, 2 BW, 2646 MCF.

12/24/96 FTP 4000 PSI. 0 BO, 0 BW, 2445 MCF.

12/25/96 FTP 3900 PSI. 6 BO, 11 BW, 3900 MCF. Final report. **DROP FROM REPORT.**

12/25/96 **Correction** FTP 3900 PSI. 6 BO, 11 BW, **2996 MCF**. Final report. **DROP FROM REPORT.**

"TIGHT HOLE"	SFE WI	:	% BPO	<u>Drilling</u>	
SFER, INC.	SFE WI	:	% APO	Rig:	Nabors #56
<u>Gaucha Unit No. 1</u>	SFE NRI	:	% BPO	Spud:	5/31/96
1650' FNL & 1650' FEL	SFE NRI	:	% APO	10-3/4"	@
Sec 29, T-22S, R-34E	SFE ORRI	:	% BPO	7-5/8"	@
Lea Co., NM	SFE ORRI	:	% APO	5-1/2"	@
Prospect: Shamrock	SFE WI	:	% BCP		
PTD: 15,000'	SFE WI	:	% ACP		
	SFE ACT	:	4883-001		
	SFE AFE	:	195045		
	AFE COMP	:			
	DHC COST	:			

5/31/96
Rig up.
CTD: \$275

5/31/96
DAY 1 SPUD 9:30pm, 5/31/96. 93' (50'). Drlg. Surface/Rock/Sand. MW 8.4, Vis 38. RU. Drlg. Spud.
CTD: \$14,685

6/01/96
Day 2 820' (687'). RU csg crew. Red Bed/Sand. MW 10.1, Vis 37, pH 8. Svys: 141' @ 1/2°; 337' @ 3/4°; 532' @ 3/4°; 804' @ 1°. Drlg. Slope. Drlg. Slope. Drlg. Slope. Drlg. Circ. Short trip. Circ. Slope & trip out. RU csg crew.
CTD: \$47,230

6/02/96
Day 3 820' (0'). RR, cat hd. Ran 16" csg. RU Halco. Cmt, PD @ 3:30am. WOC. Weld wh, test wh. NU rot hd. WOC. TIH. RR, cathd. Ran 18 jts 65# H-40 BT&C 16" set @ 814'. Cmt w/950 sx CL-C + 2% CaCl₂ + 6% gel + 1/4 PPS Flocele. Tail w/200 sx CL-C + 2% CaCl₂. Circ 400 sx to pits.
CTD: \$96,615

6/03/96
Day 4 1279' (459'). Drlg. Red Bed/Sand. MW 8.4, Vis 28, Chl 850K. Svys: 950' @ 1 1/4°; 1148' @ 2°. RR (cat hd). TIH. Install rt hd. Drlg plug & cmt. Drlg. RS. Drlg. Slope. Drlg. Slope. Drlg.
CTD: \$210,532

6/04/96
Day 5 1865' (586'). Drlg. Salt/Anhydrite. MW 9.7, Vis 29, Chl 134K. Svys: 1339' @ 1 1/2°; 1497' @ 1 1/2°; 1746' @ 1-3/4°. Drlg. Slope. Drlg. Slope. Drlg. Slope. Drlg.
CTD: \$219,195

6/05/96
Day 6 2359' (494'). Drlg. Salt/Anhydrite. MW 9.9, Vis 28, pH 9.5, Chl 168K. Svys: 1998' @ 2°; 2249' @ 2°. Drlg. Slope. Drlg. Slope. Drlg. In last 24 hrs lost approx 500 bbl. (Day before - 6/04 - Day 5, lost approx 600 bbl)
CTD: \$228,003

6/06/96
Day 7 2955' (596'). Drlg. Salt/Anhydrite. MW 10, Vis 28, pH 9.5, Chl 170K. Svys: 2502' @ 1-3/4°; 2753' @ 1-3/4°. Drlg. Slope. Drlg. RS. Drlg. Slope. Drlg. Lost approx 300 bbl last 24 hrs.
CTD: \$240,767

6/07/96
Day 8 3398' (443'). Drlg. Salt/Anhydrite. MW 10, Vis 28, pH 8.5, Chl 183K. Svys: 3303' @ 2 1/4°; 3250' @ 2 1/4°. Drlg. Slope. Drlg. Slope. Drlg. Lost approx 400 bbl last 24 hrs.
CTD: \$249,150

6/08/96
Day 9 3660' (262'). Drlg. Salt/Anhydrite. MW 10, Vis 28, pH 8.5, Chl 173K. Svy 3500' @ 2°. Drlg. Slope. Drlg. Lost approx 300 bbl last 24 hrs.
CTD: \$256,573

6/09/96
Day 10 3978' (318'). Drlg. Anhydrite. MW 10, Vis 28, pH 9, Chl 177K. Svy 3790' @ 3/4°. Drlg. Slope. Drlg. Lost approx 200 bbl last 24 hrs.
CTD: \$266,226