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District IV - (505) 476-3440
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Energy Minerals and Natural Resources Department

Form C-140
Revised 06/99

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
(505) 476-3440

SUBMIT ORIGINAL
PLUS 2 COPIES
TO APPROPRIATE
DISTRICT OFFICE

APPLICATION FOR
WELL WORKOVER PROJECT

I. Operator and Well

H-0665

Operator name & address E.G.L. Resources, Inc. P.O. Box 10886 Midland, TX 79702						OGRID Number 173413		
Contact Party John A. Langhoff						Phone (915) 687-6560		
Property Name New Mexico "B" Federal					Well Number 1		API Number 30-025-25313	
UL 14	Section 3	Township 21-S	Range 32-E	Feet From The 3,300	North/South Line South	Feet From The 1,980	East/West Line West	County Lea

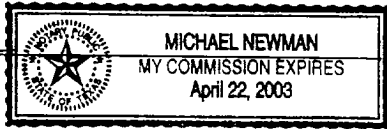
II. Workover

Date Workover Commenced: September 19, 2000	Previous Producing Pool(s) (Prior to Workover): Hat Mesa Morrow (Gas)
Date Workover Completed: January 2, 2001	

III. Attach a description of the Workover Procedures performed to increase production.

IV. Attach a production decline curve or table showing at least twelve months of production prior to the workover and at least three months of production following the workover reflecting a positive production increase.

V. AFFIDAVIT:

State of <u>Texas</u>)		
) ss.		
County of <u>Midland</u>)		
<u>John A. Langhoff</u> , being first duly sworn, upon oath states:		
1. I am the Operator, or authorized representative of the Operator, of the above-referenced Well.		
2. I have made, or caused to be made, a diligent search of the production records reasonably available for this Well.		
3. To the best of my knowledge, this application and the data used to prepare the production curve and/or table for this Well are complete and accurate.		
Signature <u>John A. Langhoff</u>	Title <u>Petroleum Engineer</u>	Date <u>April 18, 2001</u>
SUBSCRIBED AND SWORN TO before me this <u>18</u> day of <u>April</u> , 2001.		
My Commission expires: <u>April 22, 2003</u>		

FOR OIL CONSERVATION DIVISION USE ONLY:

VI. CERTIFICATION OF APPROVAL:

This Application is hereby approved and the above-referenced well is designated a Well Workover Project and the Division hereby verifies the data shows a positive production increase. By copy hereof, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project was completed on 1/21/01.

Signature District Supervisor <u>[Signature]</u>	OCD District <u>1</u>	Date <u>4/26/01</u>
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VII. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: _____

E.G.L. Resources, Inc.

New Mexico "B" Federal No. 1

3,300' FSL & 1,980' FWL, Sec. 3, Twp. 21-S, Rge. 32-E, Lea Co., New Mexico

Initiated Workover: September 19, 2000

1. Test deadman anchors. Set pipe racks. Move in 2-7/8" workstring.
2. MIRU workover unit. BWO. ND wellhead. NU BOP.
3. Release seal assembly from Otis pkr @ 13,575'. POOH laying down 2-3/8" tbg.
4. Mill out Otis pkr @ 13,575'. Mill out Otis pkr @ 13,630'. Clean out to 14,113'.
5. RIH w/ RBP & pkr. Pressure test Strawn perfs 12,740' to 12,762' to 1000 psig. Held okay. Pressure test csg from 12,651' to surface to 1000 psig. Held good. POOH w/ pkr & RBP laying down 2-7/8" workstring.
6. RU Schlumberger. Run Dipole Sonic Imager log from 14,000' to 11,290'. Logger TD 14,114'. Set CIBP @ 13,885' and cap w/ 10' cmt. New PBTD @ 13,875'. RD Schlumberger.
7. RIH w/ production pkr picking up 2-3/8" tbg. Set pkr at 13,816'. Load well w/ 240 bbls pkr fluid. Pressure test csg to 1000 psi. Held okay. ND BOP. NU wellhead.
8. Swab fluid level down to 12,700'. No fluid entry or gas shows.
9. Attempt to break down Morrow perfs w/ 2% KCl water. Pressured up to 5000 psi. Perfs did not break down.
10. Swab fluid level down to 12,700'. No fluid entry or gas shows.
11. RIH w/ 1-11/16" strip gun and re-shoot Morrow perfs 13,830' – 52' w/ 2 spf.
12. Swab fluid level down to 12,700'. No fluid entry. RD workover unit Oct. 13, 2000.
13. RU Schlumberger pumping equipment. Acidize Morrow perfs 13,830' – 52' w/ 250 gal. 7 1/2% alcoholic MSR acid (40% methanol), 1000 gal. Clean Sweep III preflush, 370 gal. 7 1/2% Alcoholic MSR acid (40% methanol) w/ 400 scfpm N2 (50% quality) and flush w/ 2520 gal. 7% KCl. ISIP = 858 psi. Attempt to flow back acid job. Well was dead after 2 hours. RD Schlumberger pump equipment and flowback equipment.
14. RU swab unit. Swab well (Morrow perfs 13,830' – 52') recovering 10 bbls fluid in two days. No fluid entry or gas shows. RD swab unit.
15. Operations suspended from October 19, 2000 through November 5, 2000.
16. MIRU workover unit. ND wellhead. NU BOP. Release On-Off tool and POOH standing back 2-3/8" tbg. RIH w/ On-Off tool picking up and testing 2-7/8" workstring. Engage On-Off tool.
17. ND BOP. NU wellhead. Install tree saver and flow back equipment.
18. RU Dowell Schlumberger & Flo-CO2 to frac well. Load casing w/ 2% KCl water and pressure to 1,500 psi. Frac Morrow formation perforations 13,830' – 52' with 500 gals. 7-1/2% HCl, 3,000 gals. gelled pad (linear fluid), and 2,400 gals proppant laden fluid carrying 20,000 pounds 20/40 bauxite. All fluids energized with 70% CO2. Avg pressure: 9,000 psi, Max pressure: 11,600 psi, Avg rate: 13.2 bpm, Max rate: 15.0 bpm. ISIP: 10,600 psi, 5 min. SIP: 10,000 psi. Frac job screened out. Placed 9,000 lbs. proppant in formation. Rig down frac equipment off wellhead.
19. Flow back well until dead.