

Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
Rio Brazos Road
Hobbs, NM 87410
District IV

Energy Minerals and Natural Resources Department

Oil Conservation Division

2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7191

N.M. Oil Cons. Division

P.O. Box 1980
Hobbs, NM 88241

Original 1/1

Submit Original
Plus 2 Copies
to appropriate
District Office

APPLICATION FOR

QUALIFICATION OF WELL WORKOVER PROJECT AND CERTIFICATION OF APPROVAL

NM 30400

AMENDED PRODUCTION FORECAST-05/17/99

AMENDED WO COMPLETED DATE-05/17/99

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

I. Operator: Enron Oil & Gas Company OGRID #: _____

Address: P.O. Box 2267, Midland, Texas, 79702

Contact Party: Lee Roark Phone: 915/686-3608

II. Name of Well: Hallwood 12 Federal No. 2 API #: 30-025-32167
Location of Well: Unit Letter O 330 Feet from the South line and 1980 feet from the East line.
Section 12 Township 25S Range 33E NMPM. Lease -- County --

III. Date Workover Procedures Commenced: 7/07/97
Date Workover Procedures were Completed: 7/13/97

IV. Attach a description of the Workover Procedures undertaken to increase the production from the Well.

V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.

VI. Pool(s) on which Production Projection is based:
Red Hills (Bone Spring)

VII. AFFIDAVIT:

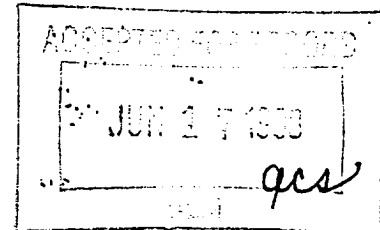
State of Texas)
County of Midland) ss.

4/10/98, 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 which are reasonably available and contain information relevant to the production history of this Well.
3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

M. L. Roark
(Name)

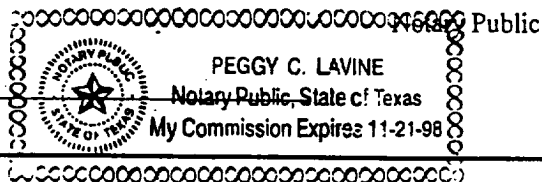
Engineer Tech
(Title)



SUBSCRIBED AND SWORN TO before me this 26th day of June, 1998.

Peggy C. Lavine

My Commission expires:



FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 12-21, 1997

Paul E. Kautz
District Supervisor, District 1
Oil Conservation Division

Orig. Signed by
Paul Kautz
Collector

Date: 30 June 98

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

Corrected 5/17/99
Paul E. Kautz

HALLWOOD 12 FEDERAL NO. 2
330' FSL & 1,980' FEL
Sec 12-T25S-R33E
LEA Co., NM
Spud Date:

ENRON OIL & GAS COMPANY
DEV W/O: 0'
RED HILLS Field
EOG#: 81.5579% WI 66.4714% NRI
AFE No.: 10-1336
DHC: 0; CWC: 166,000

07/07/97 Install surface and subsurface pumping equipment to return the well to a production of 40 BOPD.

15 hrs MIRU Yale E. Key WSU and Rowland Hot Oil unit. Well head pressure 0 psi. Pumped 38 bbls hot oil into well @ 350 psi @ 150-175 deg. Well pressured up, switched to HP pump. Well pressured up to 550 psi, 1050 psi and 1150 psi with same results. Bled off pressure off loaded and racked 396 jts 2-7/8" tbg. Tallied top layer of 196 jts. ND WH, NU 10,000 psi x 5,000 psi. Spool and BOP waited 1 hr for JU stripper, Notched collar and crossover. made up and TIH with 2-7/8" notched collar, 2 cross overs 5-1/2" csg scraper and change over to 2-7/8" EUE 8rd. BHA. Tbg started running over with 50 jts in hole when set down with each jt. Tbg started kicking with 80 jts in. Flowed back 5 bbls oil and quit with 119 jts in hole, tbg started kicking. Pumped 15 bbls PW down tbg. Broke circ up annulus with 5 bbls. Inst JU Strip and FIH with 196 jts (top row on rack). Tallied btm 200 jts 2-7/8" tbg and TIH with total of 260 jts 2-7/8" tbg to 8,267 KBM. CIW. SDFN. DWC \$7,117. CWC \$7,117.

07/08/97 13-1/2 hrs tbg on small vac. TIH with 124 jts additional 2-7/8" EUE N-80 tbg, tagged fill at 12,182.70' KBM. 22.70' below top perfs. TOH, LD 3 jts 2-7/8" tbg and TOH. Stood back 380 jts. LD X-O, 5-1/2" csg scraper, 2 X-O's and 2-7/8" notched collar. TIH with 2-7/8" purge valve, 1 jt 2-7/8" x 4' J55 PN, 2-1/2" x 1-1/4 SN, 7 jts 2-7/8", EUE, 8rd 6.5#, N80 tbg (MA) 1-2-7/8", EUE 8rd, 6.50#, N80 tbg, 1-5-1/2" x 2-1/2" Baker type TAC, (sheared for 40K) and 112 jts 2-7/8" EUE, 8rd 6.5#, N80 tbg. SDFN. DWC \$4,528. CWC \$11,645.

07/09/97 12 hrs started WSU. "U" jt on PTO broke and bearing out w/o rig mechanic. Pradon construction delivered 122 - 1" trico T-66 rods, 124-7/8" Trico T-66 and 256 -3/4" Trico T-66 rods. Gibson roustabouts moved 16 jts 2-7/8" N-80 tbg and pipe racks to 12 No. 3. Removed rod thread protectors and install rod couplings. TIH with 260 jt 2-7/8" EUE 8rd 6.5#, N80 tbg. ND 10,000 x 5,000. Spool and BOP. Installed 10,000# slip type THF. Set TAC in 15,000 tension. Installed slips and tbg pack off. Secured well. SDFN. DWC \$54,390. CWC \$66,035.

Page. : 2
HALLWOOD 12 FEDERAL NO. 2
330' FSL & 1,980' FEL
Sec 12-T25S-R33E
LEA Co., NM
Spud Date:

ENRON OIL & GAS COMPANY
DEV W/O: 0'
RED HILLS Field
EOG#: 81.5579% WI 66.4714% NRI
AFE No.: 10-1336
DHC: 0; CWC: 166,000

07/11/97 14 hrs well dead. Installed pumping tee and valves. Gibson Roustabouts removed flange and csg gate valve. Replaced with 2000# KF ball valve. TIH with 2-1/2" x 1-1/4" x 30' RHBC - BDV pump no CE-142 with 3/4" x 16' GA, 1-1" x 2' pony rod, 10-1" Trico T-66 rods, 242-3/4" trico T-66 rods, short 1-1" x 3/4" comb coupling. 1/3 of way in hole with 3/4" rods. Tbg started flowing oil with strong flow. MI Rapid Transport vac. Truck took suction on tbg while TIH with rod FIH with 3/4" rods, (14 out), 120-7/8" Trico T-66 rods (4 out) and 107-1" Trico T-66 rods (5 out) seated pump, spaced out, PU 48" clamped off. Gibson Roustabouts cleaned up location. Moved rental equipment to Hallwodd 12 #3. Fulfer electric constructed 4 span pole line and hung 3.25 KV transformes and disconect. SDFN.

Rod detail:
1 - 1-1/2" x 26' polished rod with 1" pins and 14' liner
1 - 1" x 4' pony rod
1 - 1" x 6' pony rod
107 - 1" x 25' Trico T-66 rods
120 - 7/8" x 25' " "
242 - 3/4" x 25' " "
10 - 1" x 25' " "
1 - 1" x 2' " " pony rods
1 - 2-1/2" x 1-1/4" x 30' RHBC pump with btm disch valve.
1 - 3/4" x 16' gas anchor
DWC \$31,433. CWC \$97,468.

07/12/97 15 hrs RDMO Yale E. Key WSU. Gibson Roustabouts rebuilt flowline @ wellsite and hooked up pumping well head. Moved surplus sucker rods and rig mat. Cleaned location. WTG set American 456-365-144 Pumping unit. Had difficulty aligning motor and unit sheave. Rocked unit and threw belt; belt consistantly rolls over. Cut belt off. WTG to replace Fulfer electric, ditched and buried direct burial cable, set control panel and hooked up motor service, checked amps for balance. Well on pump 7-1/2 x 120" SPM @ 8:30 p.m. DWC \$33,325. CWC \$131,002.

07/13/97 14 hrs pump 78 BO, 7.5 x 120" SPM, 150 TP, 105 CP, 120 BW, 41 LP. CWC \$131,002.

07/14/97 24 hrs pump, 218 MCF, 240 BO, 7.5 x 120" SPM, 120 TP, 300 CP, 81 BW, 44 LP. CWC \$131,002.

07/15/97 Fulfer Electric install power line, transformers, disconnect, control panel, direct burial service and motor service. DWC \$9,266. CWC \$140,268.

07/16/97 24 hrs pump, 174 MCF, 173 BO, 7.5 x 120" SPM, 60 TP, 150 CP, 58 BW, 46 LP. CWC \$140,268.

Page: 03
HALLWOOD 12 FEDERAL NO. 2
330' FSL & 1,980' FEL
Sec 12-T25S-R33E
LEA Co., NM
Spud Date:

ENRON OIL & GAS COMPANY
DEV W/O: 0'
RED HILLS Field
EOG#: 81.5579% WI 66.4714% NRI
AFE No.: 10-1336
DHC: 0; CWC: 166,000

| | |
|----------|--|
| 07/17/97 | 24 hrs pump, 215 MCF, 147 BO, 7-1/2 x 120" SPM, 45 FTP 120, CP 41 BW, 44 LP. CWC \$140,268. |
| 07/18/97 | 24 hrs pump, 202 MCF, 148 BO, 7.5 x 120 SPM, 45 TP, 45 CP, 43 BW, 42 LP. CWC \$140,268. |
| 07/19/97 | 24 hrs pump 219 MCF, 131 BO, 7.5 x 120" SPM, 55 TP, 140 CP, 50 BW, 47 LP. CWC \$140,268. |
| 07/20/97 | 24 hrs pump 175 MCF, 106 BO, 7.5 x 120" SPM, 60 TP, 60 CP, 45 BW, 46 LP. DWC \$7,000. CWC \$147,268. Note: amend price add 7,000. |
| 07/21/97 | 24 hrs pump, 225 MCF, 122 BO, 7.5 x 120" SPM, 50 TP, 100 CP, 20 BW, 47 LP. CWC \$147,268. |
| 07/22/97 | 24 hrs pump 218 MCF, 118 BO, 7.5 x 120" SPM, 60 TP, 150 CP, 17 BW, 51 LP. CWC \$147,268. |
| 07/23/97 | 24 hrs pump, 199 MCF, 100 BO, 7.5 x 120" SPM, 50 TP, 120 CP, 14 BW, 46 LP. CWC \$147,268. |
| 07/24/97 | 24 hrs pump, 176 MCF, 110 BO, 7.5 x 120" SPM, 45 TP, 45 CP, 12 BW, 46 LP. CWC \$147,268. |
| 07/25/97 | 24 hrs pump 182 MCF, 109 BO, 7.5 x 120" SPM, 50 TP, 60 CP, 16 BW, 43 LP. CWC \$147,268. |
| 07/26/97 | 24 hrs pump, 193 MCF, 100 BP, 7.5 x 120" SPM, 50 TP, 50 CP, 11 BW, 73 LP. CWC \$147,268. |
| 07/27/97 | 24 hrs pump 172 MCF, 106 BO, 7.5 x 120" SPM, 50 TP, 50 CP 12 BW, 42 LP. CWC \$147,268. |
| 12/21/97 | Well not pumping. MI&RU Cobra Well service rig #160. Long stroke unit and got same pumping. Install 1-1" x 4' pony rod to help space out pump. By AA: Hot oil tbg-csg annulus with 150 BO, left well pumping while hot oiling. Well is now pumping OK. RD and release rig. DWC \$1,000. CWC \$148,268. |

Hallwood 12 Fed. No. 2

REVISED 05/17/99

Future Production Before Workover

IP Rate at WO on 7/97

Decline(exp)

Oil 145 BOPM

75 %/yr

Gas 260 mcf/mo

69 %/yr

| Date | Oil BOPM | Gas MCF/Mo |
|--------|-------------|---------------|
| Jul-97 | 145.0 | 260.0 |
| Aug-97 | 136.2 | 245.5 |
| Sep-97 | 128.0 | 231.8 |
| Oct-97 | 120.2 | 218.8 |
| Nov-97 | 112.9 | 206.6 |
| Dec-97 | 106.1 | 195.0 |
| Jan-98 | 99.7 | 184.1 |
| Feb-98 | 93.6 | 173.8 |
| Mar-98 | 87.9 | 164.1 |
| Apr-98 | 82.6 | 155.0 |
| May-98 | 77.6 | 146.3 |
| Jun-98 | 72.9 | 138.1 |
| Jul-98 | 68.5 | 130.4 |
| Aug-98 | 64.3 | 123.1 |
| Sep-98 | 60.4 | 116.2 |
| Oct-98 | 56.8 | 109.7 |
| Nov-98 | 53.3 | 103.6 |
| Dec-98 | 50.1 | 97.8 |
| Jan-99 | 47.1 | 92.4 |
| Feb-99 | 44.2 | 87.2 |
| Mar-99 | 41.5 | 82.3 |
| Apr-99 | 39.0 | 77.7 |
| May-99 | 36.7 | 73.4 |
| Jun-99 | 34.4 | 69.3 |
| Jul-99 | 32.4 | 65.4 |
| Aug-99 | 30.4 | 61.8 |
| Sep-99 | 28.6 | 58.3 |
| Oct-99 | 26.8 | 55.0 |
| Nov-99 | 25.2 | 52.0 |
| Dec-99 | 23.7 | 49.1 |
| Jan-00 | 22.2 | 46.3 |
| Feb-00 | 20.9 | 43.7 |
| Mar-00 | 19.6 | 41.3 |
| Apr-00 | 18.4 | 39.0 |
| May-00 | 17.3 | 36.8 |
| Jun-00 | 16.3 | 34.8 |
| Jul-00 | 15.3 | 32.8 |
| Aug-00 | 14.4 | 31.0 |
| Sep-00 | 13.5 | 29.2 |
| Oct-00 | 12.7 | 27.6 |
| Nov-00 | 11.9 | 26.1 |
| Dec-00 | 11.2 | 24.6 |
| Jan-01 | 10.5 | 23.2 |

| Date | Oil BOPM | Gas MCF/Mo |
|--------|-------------|---------------|
| Feb-01 | 9.9 | 21.9 |
| Mar-01 | 9.3 | 20.7 |
| Apr-01 | 8.7 | 19.6 |
| May-01 | 8.2 | 18.5 |
| Jun-01 | 7.7 | 17.4 |
| Jul-01 | 7.2 | 16.5 |
| Aug-01 | 6.8 | 15.5 |
| Sep-01 | 6.4 | 14.7 |
| Oct-01 | 6.0 | 13.8 |
| Nov-01 | 5.6 | 13.1 |
| Dec-01 | 5.3 | 12.3 |
| Jan-02 | 5.0 | 11.7 |
| Feb-02 | 4.7 | 11.0 |
| Mar-02 | 4.4 | 10.4 |
| Apr-02 | 4.1 | 9.8 |
| May-02 | 3.9 | 9.3 |
| Jun-02 | 3.6 | 8.7 |
| Jul-02 | 3.4 | 8.3 |
| Aug-02 | 3.2 | 7.8 |
| Sep-02 | 3.0 | 7.4 |
| Oct-02 | 2.8 | 6.9 |
| Nov-02 | 2.7 | 6.6 |
| Dec-02 | 2.5 | 6.2 |
| Jan-03 | 2.3 | 5.8 |
| Feb-03 | 2.2 | 5.5 |
| Mar-03 | 2.1 | 5.2 |
| Apr-03 | 1.9 | 4.9 |
| May-03 | 1.8 | 4.6 |
| Jun-03 | 1.7 | 4.4 |
| Jul-03 | 1.6 | 4.1 |
| Aug-03 | 1.5 | 3.9 |
| Sep-03 | 1.4 | 3.7 |
| Oct-03 | 1.3 | 3.5 |
| Nov-03 | 1.3 | 3.3 |
| Dec-03 | 1.2 | 3.1 |
| Jan-04 | 1.1 | 2.9 |
| Feb-04 | 1.0 | 2.8 |
| Mar-04 | 1.0 | 2.6 |
| Apr-04 | 0.0 | 2.5 |
| May-04 | 0.0 | 2.3 |
| Jun-04 | 0.0 | 2.2 |
| Jul-04 | 0.0 | 2.1 |
| Aug-04 | 0.0 | 2.0 |

| Date | Oil BOPM | Gas MCF/Mo |
|--------|-------------|---------------|
| Sep-04 | 0.0 | 1.9 |
| Oct-04 | 0.0 | 1.7 |
| Nov-04 | 0.0 | 1.6 |
| Dec-04 | 0.0 | 1.6 |
| Jan-05 | 0.0 | 1.5 |
| Feb-05 | 0.0 | 1.4 |
| Mar-05 | 0.0 | 1.3 |
| Apr-05 | 0.0 | 1.2 |
| May-05 | 0.0 | 1.2 |
| Jun-05 | 0.0 | 1.1 |
| Jul-05 | 0.0 | 1.0 |
| Aug-05 | 0.0 | 1.0 |
| Sep-05 | 0.0 | 0.0 |

Production Base

Workover

