

Quantum Resources Management, LLC

University 21-18 B #1H

Daily Workover Report

Project: Drill 1 horizontal re-entry well in the 3rd Bone Spring.

Quito Field, Ward, TX
C.C. Forbes Rig

Est. AFE Cost—\$2,500,000
PBTB—13,070'

AFE #-10506

10/8/07-Day 1

Checked anchors (replaced 1 anchor). Unit was cratered when we arrived @ location. Turned off motor, called Weatherford & scheduled to move the unit South East of location. Electricians disconnected electrical & pulled up stub pole & wired to safety switch. DC-\$5,000; CC-\$5,000.

10/9/07-Day 2

Weatherford moved cratered unit & cmt bases off location. MIRU PU, started POOH w/ rods. SION. DC-\$9,500; CC-\$14,500.

10/10/07-Day 3

Finish POOH w/ rods & pump. RU BOP, release TAC. POOH & tally out tbg. RU Apollo WL & Scientific Drilling. RIH w/ Gyro Tools, survey well bore from surface to 10,850' +/- & back to surface. RD Scientific Drilling. SION DC-\$22,760; CC-\$37,260.

10/11/07-Day 4

RIH w/ 4.151" gauge ring inside 5" liner to 11,500' w/ GR, CCL tools & ran strip logs from 11,500' to 10,600'. POOH w/ all. RIH w/ CIBP, set @ 10,748' & collar @ 10,756.5'. POOH w/ all. PU & RIH w/ 6-1/8" bit, tally tbg in & tag up on CIBP. SION. DC-\$21,092; CC-\$58,352.

10/12/07-Day 5

Tag up on CIBP & set down w/ 20,000# wt on plug. PU 2 stands, RU pump trk, @ load hole w/ 10# brine. Pressure up to 2000# held for 15 min. Release pressure, RD pump trk. Start POOH & LD tbg. SION. DC-\$16,000; CC-\$74,352.

10/13/07-Day 6

Finish POOH & LD tbg. RD BOP, hook up well flange & left sub w/ valve sticking up. RD PU. DC-\$7,500; CC-\$81,852.

10/22/07-Day 7

Shasta Backhoe started clearing off mesquite on location & filling washed out places in the road with caliche from Univ Lands Pit. There will be no charge for the caliche, just let Univ Lands office know how much caliche was used. Met on location w/ Terry McBeth (Rig Supervisor) and Robert Slough (Tool Pusher) for Key Rig #463. Discussed where the reserve pit will be placed and how the rig will be set. Monahans Electric pull tested all 4 anchors & disconnected power from pole to where PU was set. Killed power on the lines that come from the battery for safety. Met on location w/ Jimmy Baggett (Quantum) & Daniel Ortiz (Mustang Construction). Discussed moving the PU completely off location, taking up the flow line connections attached to the WH, picking up the pump, TAC, rod subs & misc items on location.

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10/23/07-Day 8

Weatherford dismantled & moved PU off location. Mustang Construction removed WH & flow line connections, cleared location of misc items, cleaned pea gravel out of cellar & removed buried WH connections. Shasta Backhoe watered & bladed road & location. Bladed a path to what will be the flare pit. Will wait to dig the reserve & flare pits after rig moves in, while rigging up. Location is ready for reentry rig. 10/22/07 -10/23/07 = DC-\$12,650; CC-94,502

Workover Report ends 10/23/07 and Drilling Report starts 11/5/07.

Quantum Resources Management, LLC

University 21-18 B #1H

Daily Report

Project: Drill 1 horizontal re-entry well in the 3rd Bone Spring.

Quito Field, Ward, TX
Key Energy Services Rig #463

Est. AFE Cost—\$2,500,000
PBSD—13,070'

AFE #-10506

Workover Report ended 10/23/07 and Drilling Report starts 11/5/07.

11/5/07-Day 9

MIRU Light Tower Rentals trailer house, fresh water system & generator + RTO septic system. DC-\$3,602; CC-\$98,104.

11/6/07-Day 10- OART-RU Key Energy Services Rig #463.

MIRU Key Energy Services Rig #463 - notified Delia @ the TRRC of the rig MI - TRRC Job #11853. Received Weatherford BOP's, Spools & High Pressure Rotating Head. Received & set Permian premix pit. Received & set McGuire choke manifold, mud/gas separator, trip tank & oil skimmer tank. SDFN. Rig is 75% RU w/ substructure set & derrick in the air - pits & pumps set - water & fuel tanks set - rig generator set & running w/ rig lights on ON. DC-\$33,636; CC-\$131,740.

11/7/07-Day 11- OART-TIH w/ 6-1/8" bit & PU 3-1/2" DP.

RU Key Energy Services Rig #463 - Shasta dug flare pit & reserve pit. McGuire started RU mud/gas separator & 150' of 12" flare line - ordered fittings for lines to oil skimmer pit & mud premix pit. Received & unloaded 477 jts 3-1/2" 13.30# S-135 IF DP & tools from Weatherford. Received & set 500 bbls mud frac tank w/ rolling lines from B&K Trucking. NU Weatherford 5M BOP's, annular & high pressure rotating head + McGuire choke manifold w/ Monahans NU crew. Monahans NU test truck tested BOP's & choke manifold to 250# low & 5000# high - tested annular to 250# low & 3000# high - all OK. RU Pason rig monitor equipment & internet. RU flow line & Lewis Casing Crews LD machine - tallied 209 jts 3-1/2" DP. PU & TIH w/ a 6-1/8" rerun mill tooth bit, bit sub & 3-1/2" DP. RR - WO a new set of air slips. Continue PU & TIH w/ 3-1/2" DP to 6,333'. Put more 3-1/2" DP on racks & tally same. DC-\$52,835; CC-\$184,575.

11/8/07-Day 12 - P.O.-TIH w/ 6-1/8" bit & PU 3-1/2" DP.

Tally 157 jts 3-1/2" DP on the racks. Continue PU & TIH w/ 6-1/8" bit & 3-1/2" DP - no displacement of fluid out of csg annulus. Tagged up lightly on CIBP @ 10,750'. DP tally depth - PU to 10,735'. RU new 3.5 power swivel & installed high pressure rotating head rubber. McGuire finished RU mud/gas separator. Ran lines to mud premix pit, oil skimmer pit, trip tank, 12" gas flare line w/ check valve & igniter. Panic line & choke lines off of choke manifold. Flow line w/ air operated 2M flow line valve. Pumped 200 bbls 10# brine down DP @ 95 SPM. No pressure & no returns from csg annulus - suspect that CIBP is not holding. RD power swivel & rotating head. TOH w/ 3-1/2" DP, bit sub & bit. RU Gray WL Truck & TIH w/ 10M Baker CIBP. Tagged original CIBP @ 10,748'. Set Baker 10M CIBP top @ 10,747'. RD Gray WL Truck. Pumped 200 bbls 10# brine water down 7" 29# csg to load. TIH w/ 6-1/8" mill tooth bit, bit sub & 3-1/2" DP - displacing fluid out of csg annulus. DC-\$49,156; CC-\$233,731.

11/9/07-Day 13 - P.O.-TIH w/ 6-1/8" bit & PU 3-1/2" DP.

TIH w/ 6-1/8" bit, bit sub & 3-1/2" DP - well out of balance. Circ out oil, water & gas. Pump thru mud/gas separator & lines to test same. Continue TIH w/ 7 stands 3-1/2" DP. Tagged up lightly on CIBP @ 10,747'. RU power swivel & rotating head. Circ bottoms up. Set 30,000# down on CIBP -

OK. PU & started testing CIBP to 1,000# - pressure dropped to 0 PSI. Pump down 3-1/2" DP & regained 25% returns - CIBP failed to test. Set back power swivel & rotating head. TOH w/ 3-1/2" DP & 6-1/8" bit. RU Apollo WL Truck. TIH w/ cmt bailer & dumped 20' of cement on 7" Baker 10M CIBP from 10,747' to 10,727'. TIH & set top of 7" Plug Well CIBP @ 10,710' in a different jt of 7" csg. RD Apollo WL Truck. TIH w/ 6-1/8" bit, bit sub & 3-1/2" DP. Tagged up on CIBP lightly @ 10,711' DP tally depth. RU power swivel & rotating head. Circ bottoms up, Set 30,000# down on CIBP - OK. PU & test CIBP to 2,000 PSI for 15 mins - OK. Repaired all leaks on lines to pumps. Set back power swivel & rotating head. TOH w/ 3-1/2" DP & 6-1/8" bit. DC-\$65,396; CC-\$299,127.

11/10/07-Day 14 - P.O.-TOH w/ whipstock mills - "dummy runs".

TOH w/ 3-1/2" DP, bit sub & 6-1/8" bit. RR on power tongs. Continue TOH w/ 3-1/2" DP. LD bit & bit sub. RR. RD power tongs & RU new power tongs. PU Baker whipstock mills & attempt to run in hole w/o success. Stopped @ 20' from rig floor (17.0' KB to GL). Turned w/ power tongs & worked pipe up & down - worked to 30' from rig floor, making slow progress. Hard on new power tongs & jt of 3-1/2" DP. LD Baker whipstock mills. Hot shot trk took both sets of whipstock mills to Baker's machine shop, where the mills were turned down on a lathe from 6.127" OD to 6.120" OD. Hot shot trk returned mills to location. PU & TIH w/ Baker whipstock mills for a "dummy run" (very little resistance @ surface). Tagged up lightly on CIBP @ 10,711'. Set 10,000# down on CIBP - OK. TOH w/ Baker whipstock mills on "dummy run" - no problems. DC-\$36,363; CC-\$335,490.

11/11/07-Day 15 - P.O.-Cutting window in 7" csg off of whipstock.

Spud date - 11/11/07. TOH "dummy run" w/ 6.120" OD Baker whipstock mills & LD same. PU 6.120" OD Baker window & string mills + UBHO sub, attach whipstock & TIH slowly. Set down lightly 450', turned DP w/ pipe wrench, no success getting past 450'. TOH & LD whipstock. TIH w/ 6.120" OD Baker window & string mills slowly. Set down & fell thru @ 450'. Worked up & down in tight area - no improvement. TOH & LD mills. WO 6.00" OD Baker window & string mills. PU 6.00" OD Baker window & string mills + UBHO sub. Attach whipstock & TIH slowly - no problems to 10,700'. RU Express WL Truck & TIH w/ Gyro Data gyro survey tool. Check proper seat of tool in UBHO sub 12 times. Orient whipstock to 147.80° AZ (Black Viper area experience shows that window mill will come off the whipstock to the right & should achieve 149° AZ or more). Worked torque out of drill string & checked whipstock orientation 6 times @ 10,710' - OK. Set down & set whipstock anchor w/ 12,000#. PU & checked anchor setting w/ 5,000# - OK. Sheared off of whipstock w/ 25,000#. TOH w/ gyro survey tool & RD Express WL Truck (top of whipstock @ 10,699' & bottom @ 10,711'). RU power swivel & rotating head. Start milling on window in 7" csg @ 10,699' to 10,700' - 1,000# wt, 80 RPM, 1,000#-3,200# torque, string wt 136,000# up & 134,000# down, 1,417 PSI pump pressure & 223 GPM. DC-\$51,177; CC-\$386,667.

11/12/07-Day 16 - P.O.-TOH to check window & string mills.

Milling on window in 7" csg @ 10,700' to 10,701' - 1,000# wt, 80 RPM, 1,000#-3,200# torque & 1,400 PSI pump pressure. RR - busted hydraulic hose on power swivel & hydraulic motor seal went out in new power swivel. WO Key to bring old power swivel back to location. Continue milling on window in 7" csg @ 10,701' to 10,703' - 1,000# wt, 80 RPM, 1,000#-3,200# torque & 1,400 PSI pump pressure. Break connection on swivel (Weatherford double pin sub to Weatherford TIW valve), dope & tighten same due to leaking drilling fluid. Continue milling on window in 7" csg @ 10,703' - 1,000# wt, 80 RPM, 1,000#-3,200# torque & 1,400 PSI ppump pressure. RR on power swivel - blew hydraulic hose. Continue milling on window in 7" casing @ 10,703' with no progress, acts like mill is worn out. RD power swivel & remove rotating head. TOH to check window & string mills. DC-\$56,330; CC-\$442,997.

11/13/07-Day 17 - P.O.-Cutting window in 7" csg w/ 6.120" OD window mill.

TOH w/ 6.00" OD whipstock mills, window mill teeth were broken out. Cutrite was worn down & string mill was only slightly worn on the cutrite. TIH w/ 6.120" OD window mill & string mill to

5,500'. Cut drilling line. RR - tong stiff arm & tong back up. Continue TIH w/ 6.120" OD window & string mill to 10,699' (top of whipstock). RU repaired new power swivel & rotating head. Milling on 6.00" OD window w/ 6.120" OD window & string mills from 10,699' to 10,701' - 1,000#-6,500# torque, 50-95 RPM, less than 1,000# wt on mill & 1,325 PSI pump pressure. Mill is just grabbing & not wanting to ream the 6.00" OD window - very little progress. DC-\$28,618; CC-\$471,615.

11/14/07-Day 18 - P.O.-TOH w/ 6.125" OD diamond speed mill & string mill.

Milling on 6.00" OD window w/ 6.120" OD window & string mills @ 10,701' - no progress. 6.120" OD window mill grabbing & not milling in 6.00" OD window. RD power swivel & rotating head. TOO H. Baker 6.120" OD window mill cutting buttons were all broken out & cutrite was slightly worn. String mill cutrite was just slightly worn. PU & TIH w/ a Baker 6.125" OD diamond speed mill & string mill. Had to work pipe up & down & rotate w/ power tongs from 30'-200', then saw resistance about every 7" csg collar thereafter. RU power swivel & rotating head. Milled on window from 10,699' - 10,704' w/ a Baker 6.125" diamond speed mill & string mill - 140 RPM, 1,520 PSI @ 97 SPM, 10K-12K wt on mill & 1000-6500 torque. No progress last 2 hrs. RD power swivel & rotating head. TOO H w/ Baker 6.125" OD diamond speed mill & string mill. DC-\$55,074; CC-\$526,689.

11/15/07-Day 19 - P.O.-RU power swivel & rotating head.

TOOH w/ Baker 6.125" OD diamond speed mill & string mill. Dime size area in center mill was worn down & cored out. String mill was OK. Discussed what mill to run in hole (all 6" hole now reamed out to 6.125"). TIH w/ a Baker 6.125" OD window mill & same string mill. PU power swivel, installed rotating head, broke circulation. Milled on window from 10,699'-10,708', no further progress last hour (70% formation & 30% metal cuttings in returns). Had 1K-18K wt on mill & 40-140 RPM. Pump pressure 1100-1260 PSI @ 91 SPM. RD power swivel & remove rotating head. TOO H w/ Baker 6.125" OD window mill & string mill. A few buttons broken on window mill & bottom was slightly worn. String mill was slightly under gauge. LD window & string mills. TIH w/ a 6-1/8" Reed R30AP bit (chisel teeth) w/ open jets (SN A50964) & a new Baker 6.125" OD string mill. Need to make 3-4' of additional hole for directional drillers, while using string mill to finish window. Anticipate picking up directional tools this PM. Note: Pit oil skimming system installed & working (11/14/07) - mud logger on location logging samples (11/14/07). DC-\$55,074; CC-\$526,689.

11/16/07-Day 20 - P.O.-Time drilling w/ gyro steering tool.

RU power swivel & installed rotating head. Reamed window from 10,699'-10,708'. Drilled new 6-1/8" hole from 10,708'-10,713', 8-10K WOB, 100 RPM, 91 SPM w/ 1180 PSI pump pressure, allowing string mill to clean window. Reamed window w/ 6.125" OD string mill & 6-1/8" bit, no drag. Pumped viscous sweep & circ hole. RD power swivel & removed rotating head. TOO H. LD string mill & bit. Both mill & bit in gauge w/ no wear. PU new 6-1/8" Reed R30P bit w/ conical inserts, motor, float valve, UBHO sub, 2 jts DP, 3-1/2" monel HWDP & UBHO sub. Installed MWD. Surf tested motor & MWD. TIH, filling DP every 30 stands. Installed rotating head. PU power swivel w/ Gyro Data WL gyro steering tool. TIH w/ gyro tool & oriented tool face to 149° azimuth @ top of window (10,699'). Began time drilling w/ motor using Gyro Data WL gyro steering tool from 10,713'-10,716', 1" every 2.5 minutes, 149° az, less than 1K WOB, 107 RPM, 90 SPM, w/ 2090 PSI pump pressure, 218 GPM. Note: All directional tools & MWD tools are Black Viper Mud Log Report : 80% dolomite, 20% limestone, 8-12 units BGG, 150 units TG, 12 units max formation gas. DC-\$63,894; CC-\$673,405.

11/17/07-Day 21 - P.O.-Slide directional drilling @ 10,808'.

Time drilling w/ motor using Gyro Data WL gyro steering tool from 10,716'-10,723', 1" every 2.5 mins, 149° az. Slide drlg from 10,723'-10,736', 150° toolface (TF), 10K WOB, 206 GPM. Pulled gyro out, made connection, TIH w/ gyro tool. Slide drlg from 10,736'-10,753', 150° TF, 20K WOB, 206 GPM. Pull out & LD gyro tool. Rot drlg from 10,753'-10,801', 20K WOB, 25 rotary RPM, 206 GPM. TIH w/ gyro tool to get tool face. Worked on WL packing, worked gyro tool to get tool face. Slide

drlg from 10,801'-10,806', 150° TF, 20K WOB, 206 GPM. Check shot w/ gyro for tool face direction. Pulled gyro out. Worked on & w/ MWD. Slide drlg from 10,806'-10,808', 150° TF, 20K WOB, 206 GPM. Note: Black Viper Motor is set @ 1.37°, 7/8 2.2 stage, 0.52 RPM per GPM. Mud Log Report : 60% LS, 40% shale, 9-15 units BGG, 33 units MG. DC-\$50,109; CC-\$723,514.

11/18/07-Day 22 - P.O.-Rotate directional drilling @ 10,891'.

Go thru both pumps, changed MWD surface elec lines & grounded same. Still have magnetic interference w/ MWD & gyro tool - ineffective due to down hole vibration. Can not obtain accurate tool face readings. RD power swivel & removed rotating head, RD gyro WL trk (PM WL). TOO H, LD MWD & Gyro Data UBHO sub, checked motor & bit - OK. Drained & scribed motor, installed new MWD, surface tested MWD & motor, TIH. RU power swivel & installed rotating head. Slide drilled 10,808'-10,813' w/ high side TF, WOB 20K, 206 GPM. Rotate drlg 10,813'-10,816', 30-35 RPM, 20K WOB, 206 GPM. Slide drlg 10,816'-10,830', high side TF, 20K WOB, 206 GPM. MWD survey @ 10,789' was 8.5° inc, 201.1° az. Slide drlg 10,830'-10,840', TF 30° left, 25K WOB, 206 GPM. Rot drlg 10,840'-10,860', 30-35 RPM, 20-25K WOB, 206 GPM. Working on MWD. MWD survey @ 10,821', 8.9° inc, 202.2° az. Rot drlg 10,860'-10,891', 30-35 RPM, 20-25K WOB, 206 GPM. Mud Log Report : 90% limestone & 10% shale - 16-35 units bg gas & 35 units max form, gas - 40 units conn, gas - 65 units trip gas. DC-\$76,155; CC-\$799,669.

11/19/07-Day 23 - P.O.-Directional slide drilling @ 11,089'.

Worked w/ MWD w/o success. Checked surface electrical connections. RD power swivel, TOO H w/ 4 stands of 3-1/2" DP (bit @ 10,638'). WO WL truck. RU Craft WL trk. Fished MWD tool w/ WL. LD MWD tool, could not find anything wrong w/ tool, just some white scale. TIH w/ new MWD tool, seated tool & tested MWD - OK. RD WL. TIH w/ 4 stands of DP. MWD svy @ 10,852', 9.7° inc, 201.5° az. Slide drlg 10,891'-10,903', rotate drlg 10,903'-10,923'. MWD svy @ 10,884', 9.9° inc, 200.4° az. Slide drlg 10,923'-10,935', rotate drlg 10,935'-10,955'. MWD svy @ 10,916', 10.29° inc, 195.0° az. Slide drlg 10,955'-10,970', rotate drlg 10,970'-10,986'. MWD svy @ 10,947', 10.4° inc, 188.8° az. Slide drlg 10,986'-11,001', rotate drlg 11,001'-11,018'. MWD svy @ 10,979', 10.6° inc, 183.0° az. Slide drlg 11,018'-11,038', rotate drlg 11,038'-11,049'. MWD svy @ 11,010', 10.6° inc, 176.4° az. Slide drlg 11,049'-11,069', rotate drlg 11,069'-11,080'. MWD svy @ 11,041', 9.7° inc, 168.6° az. Slide drlg 11,080'-11,089'. Mud Log Report: 70% limestone & 30% shale, 20-40 units BGG, 40 units max gas while drilling, 55 units conn gas, 115 units short trip gas. DC-\$38,890; CC-\$838,559.

11/20/07-Day 24 - P.O.-Slide directional building curve @ 11,219'.

Slide drlg 11,089'-11,100', rot drlg 11,100'-11,112'. MWD svy @ 11,073', 9.3° inc, 156.3° az. Slide drlg 11,112'-11,122', rot drlg 11,122'-11,144'. MWD svy @ 11,105', 9.7° inc, 148.8° az. Rot drlg 11,144'-11,175'. MWD svy @ 11,136', 10.1° inc, 148.2° az. Slide drlg 11,175'-11,181', rot drlg 11,181'-11,185'. Circ & pumped sweep. TOO H, LD MWD, motor & bit. PU bit #8 (rerun bit #6), 2.57° bent motor & MWD. Surf tested motor & MWD - OK. TIH, filling DP & breaking circulation every 30 stds. PU power swivel & installed rotating head rubber. Slide drlg 11,185'-11,206' GTF HS (gravity tool face - high side), 25K WOB, 206 GPM. MWD svy @ 11,166', 9.6° inc, 148.7° az. Slide drlg 11,206'-11,219', GTF HS, 25K WOB, 206 GPM. Mud Log Report : 70% limestone & 30% shale, 10-23 units BGG, 23 units max gas while drlg, 0 units conn gas, 120 units trip gas. DC-\$36,807; CC-\$875,366.

11/21/07-Day 25 - P.O.-TIH w/ curve building assembly.

Slide drlg 11,219'-11,237', HS TF, 25K WOB, 206 GPM. MWD svy @ 11,199', 14.8 deg inc, 147.5 deg az. Slide drlg 11,237'-11,269', HS TF, 25K WOB, 206 GPM. MWD svy @ 11,231', 23.8 deg inc, 149.4 deg az. Slide drlg 11,269'-11,287', HS TF, 25K WOB, 206 GPM. Trouble shoot MWD, ran out of diesel in #1 pump (having centrifugal pump problems most of the day). Back flushed cent pump into suction tank stirring up suction tank. Pumped rust, LCM from suction tank downhole, causing

MWD to fail. RD power swivel & removed rotating head, TOO H for MWD. Key's mechanic installed new centrifugal pump to suck fluid from the reserve pit. Checked bit & motor, OK. MWD screens were plugged with fine grit & one screen was blown off. Cut drlg line, drained suction pit, vacuum truck cleaned out suction pit. Found gelled up fine cuttings, small rocks, rust, small rope & misc in pit. Turned on new centrifugal pump. still would not pump. Found a small hole in one suction hose & another hose was collapsing from the inside. Replaced both, centrifugal pump pumping OK. PU new MWD, surface tested MWD & motor, OK. TIH with curve building assembly filling DP & breaking circulation every 30 stands. DC-\$35,904; CC-\$910,298.

11/22/07-Day 26 - P.O.-TIH w/ curve building assembly.

Fin TIH w/ curve building assembly, filling DP & breaking circulation every 30 stands. PU power swivel, installed rotating head rubber. Slide drlg 11,287'-11,301', High side TF, 25K WOB, 206 GPM. MWD svy @ 11,263', 32.9 deg inc, 147.4 deg az. Slide drlg 11,301'-11,332', HS TF, 25K WOB, 206 GPM. MWD svy @ 11,294', 41.9 deg inc, 145.3 deg az. Slide drlg 11,332'-11,352', HS TF, 25K WOB, 206 GPM. RD power swivel, removed rotating head rubber, TOO H to dial motor from 2.57 to 2 deg. Changed bits, adjusted motor to 2 deg from 2.57 deg, scribed motor, surf tested motor & MWD, OK. TIH with curve building assembly, filling DP & breaking circulation every 30 stands. Note: Drilling sand and shaled sequences makes for erratic build rates, with build rates dropping significantly in shales. Black Viper's projections indicated a need to dial down the motor setting in order to land curve in target. Mud Log Report : 100% sand, 15-50 units BGG, 50 units max form gas while drlg, 97 units conn gas, 120 units trip gas. DC-\$38,161; CC-\$948,450.

11/23/07-Day 27 - P.O.-PU power swivel.

TIH w/ curve building assembly (2.0 motor setting), filling DP & breaking circulation every 30 stands. PU power swivel & installed rotating head rubber. Slide drlg 11,352'-11,364', GTF 15R, 25K WOB, 206 GPM. MWD svy @ 11,326', 50.3 deg inc, 144.9 deg az. Slide drlg 11,364'-11,396', GTF 15R, 25K WOB, 206 GPM. MWD svy @ 11,358', 58.3 deg inc, 145.4 deg az. Slide drlg 11,396'-11,401', GTF 15R, 25K WOB, 206 GPM. RD power swivel, removed rotating head rubber, TOO H to dial motor back to 2.57 deg bend. Pulled MWD, drained & checked motor, checked bit, OK. Dialed up motor from 2.00 deg to 2.57 deg. Scribed motor, installed MWD, surf tested motor & MWD, OK. TIH w/ curve building assembly, filling DP & breaking circulation every 30 stands. PU power swivel & installed rotating head rubber, prep to resume drlg curve. Mud Log Report : 60% shale, 30% sand & 10% lime, 26-75 units BGG, 75 units max form gas while drlg, 0 units conn gas, 260 units trip gas. DC-\$44,481; CC-\$992,931.

11/24/07-Day 28 - P.O.-PU power swivel.

Fin TIH w/ 2.57 motor, washed to bottom. Slide drlg 11,401'-11,428', GTF 15R, 25K WOB, 206 GPM. MWD svy @ 11,390', 63.9 deg inc, 145.8 deg az. Slide drlg 11,428'-11,460', GTF 15R, 25K WOB, 206 GPM. MWD svy @ 11,422', 71.3 deg inc, 147.8 deg az. Slide drlg 11,460'-11,491', GTF 15R, 25K WOB. 206 GPM. MWD svy @ 11,453', 79.8 deg inc, 149.5 deg az. TOO H, LD MWD, motor & bit. PU new 6-1/8" bit, 1.69 deg bent motor w/ float installed in top of motor. Scribed motor, PU MWD, surface tested motor & MWD, OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. Projected to 10,491': 91.89 deg inc, 2.7' below target. Mud Log Report : 100% Sand, 25-50 units BGG, 50 units max gas while drlg, 0 units conn gas, 310 units trip gas. DC-\$49,724; CC-\$1,042,655.

11/25/07-Day 29 - P.O.-Drilling w/ lateral drilling assembly @ 11,786'.

TIH with lateral drilling assembly filling DP & breaking circulation every 30 stands. Installed rotating head rubber & PU power swivel. Slide drlg 11,491'-11,516', GTF 90, 25K WOB. 206 GPM. Rot drlg 11,516'-11,532', 30 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,485', 90.6 deg inc, 148.9 deg az. Rot drlg 11,532'-11,564', 30 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,517', 90.7 deg inc, 151.9 deg az. Slide drlg 11,564'-11,572', GTF 90, 25K WOB, 206 GPM. Rot drlg 11,572'-

11,596', 30 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,549', 90.8 deg inc, 152.2 deg az. Slide drlg 11,596'-11,601', GTF 90, 25K WOB, 206 GPM. Rot drlg 11,601'-11,628', 35 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,581', 91.6 deg inc, 151.3 deg az. Rot drlg 11,628'-11,660', 35 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,613', 91.6 deg inc, 149.8 deg az. Rot drlg 11,660'-11,691', 35 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,644', 91.7 deg inc, 149.7 deg az. Slide drlg 11,691'-11,696', GTF 160L, 25K WOB, 206 GPM. Rot drlg 11,696'-11,723', 35 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,676', 91.3 deg inc, 149.7 deg az. Rot drlg 11,723'-11,754', 35 rotary RPM, 20K WOB, 206 GPM. MWD svy @ 11,707', 90.1 deg inc, 149.2 deg az. Rot drlg 11,754'-11,786', 35 rotary RPM, 20K WOB, 206 GPM. Mud Log Report : 100% sand, 25-60 units BGG, 60 units max gas while drlg, 0 units units conn gas, 283 units trip gas. DC-\$50,744; CC-\$1,093,399.

11/26/07-Day 30 - P.O.-Drilling w/ lateral drilling assembly @ 12,118'.

MWD svy @ 11,739', 89.9 deg inc, 149.1 deg az. Slide drlg 11,786'-11,791', TF HS, rot drlg 11,791'-11,818', 35 RPM, 22K WOB. MWD svy @ 11,771', 89.9 deg inc, 148.9 deg az. Rot drlg 11,818'-11,848', 35 RPM, 22K WOB. MWD svy @ 11,801', 90.4 deg inc, 148.9 deg az. Rot drlg 11,848'-11,880', 35 RPM, WOB. MWD svy @ 11,833', 90.3 deg inc, 148.5 deg az. Rot drlg 11,880'-11,911', 35 RPM, 22K WOB. MWD svy @ 11,864', 89.9 deg inc, 148.3 deg az. Rot drlg 11,911'-11,943', 35 RPM, 22K WOB. MWD svy @ 11,896', 89.4 deg inc, 148.1 deg az. Slide drlg 11,943'-11,950', TF 40R, rot drlg 11,950'-11,974', 35 RPM, 22K WOB. MWD svy @ 11,927', 89.0 deg inc, 148.2 deg az. Rot drlg 11,974'-12,006', 35 RPM, 22K WOB. MWD svy @ 11,959', 89.6 deg inc, 148.3 deg az. Slide drlg 12,006'-12,016', TF 45R, rot drlg 12,016'-12,038', 40 RPM, 22K WOB. MWD svy @ 11,991', 89.6 deg inc, 148.1 deg az. Rot drlg 12,038'-12,070', 40 RPM, 22K WOB. MWD svy @ 12,023', 90.2 deg inc, 149.4 deg az. Slide drlg 12,070'-12,075', TF 11R, rot drlg 12,075'-12,101', 40 RPM, 22K WOB. MWD svy @ 12,054', 90.0 deg inc, 149.2 deg az. Slide drlg 12,101'-12,106', TF 80R, rot drlg 12,106'-12,118', 40 RPM, 22K WOB. Mud Log Report : 100% Sand, 20-55 units BGG, 55 units max form gas while drlg, 0 units CG. DC-\$35,388; CC-\$1,128,787.

11/27/07-Day 31 - P.O.-Drlg w/ lateral directional drilling assembly @ 12,418'.

Rot drlg 12,118'-12,133', 40 RPM, 20K WOB. MWD svy @ 12,086', 90.6 inc, 149.0 az. Rot drlg 12,133'-12,165', 40 RPM, 20K WOB. MWD svy @ 12,118', 90.4 inc, 149.6 az. Rot drlg 12,165'-12,196', 40 RPM, 20K WOB. MWD svy @ 12,149', 90.5 inc, 149.2 az. Rot drlg 12,196'-12,228', 40 RPM, 20K WOB. MWD svy @ 12,181', 90.4 inc, 148.7 az. Rot drlg 12,228'-12,260', 45 RPM, 20K WOB. MWD svy @ 12,213', 90.4 inc, 148.1 az. Slide drlg 12,260'-12,266', TF 135R. Rot drlg 12,266'-12,291', 45 RPM, 20K WOB. MWD svy @ 12,244', 90.5 deg inc, 147.9 deg az. Slide drlg 12,291'-12,297', TF 90, 35K WOB. Logging Gamma Ray. Rot drlg 12,297'-12,323', 60 RPM, 20K WOB. MWD svy @ 12,276', 89.9 deg inc, 148.6 deg az. Rot drlg 12,323'-12,355', 60 RPM, 20K WOB. MWD svy @ 12,308', 89.7 deg inc, 149.2 deg az. Rot drlg 12,355'-12,386', 60 RPM, 20K WOB. MWD svy @ 12,339', 89.8 deg inc, 149.0 deg az. Rot drlg 12,386'-12,417', 60 RPM, 20K WOB. MWD svy @ 12,371', 90.2 deg inc, 148.4 deg az. Slide drlg 12,417'-12,418', TF 90, 35K WOB. DC-\$37,469; CC-\$1,166,256.

11/28/07-Day 32 - P.O.-TIH w/ lateral directional drlg assembly & PDC bit.

Slide drlg 12,418'-12,424', TF 90, 35K WOB. Rot drlg 12,424'-12,449', 60 RPM, 20K WOB. MWD svy @ 12,402', 90.2 deg inc, 148.3 az. Note: Couldn't open valves on pre-mix pit, worked valves & got them open. Mixed 30 bbl, 45 vis, 16 ppg slug in pre-mix pit. Cotton seed hulls & LCM on top of pre mix pit. Slugged DP, put trip tank on well to keep hole full. TOOH. At a bit depth of 8,000', DP pulling wet (MWD plugged off). L/D MWD plugged with LCM, metal staples & small rocks. L/D bit & motor, checked DP screen that was used to slug DP, full of rocks, cotton seed hulls, LCM, metal staples & a piece of an electronic circuit board. PU 6-1/8" Black Viper PDC bit, new motor & MWD. Surf tested motor & MWD, failed. Plugged off with rocks, LCM & metal staples. Permian Premix pit hand came out, changed out one 6" & one 8" bad valves. Used power washer to clean LCM off top of

pit & stairs. Flushed out all valves & lines. Vacuum truck cleaned out the pre-mix pit, rig suction pit & rig shale pit. Pre-mix pit will have to be shoveled out. PU 6-1/8" Black Viper PDC bit, new motor & MWD, surf tested motor & MWD, OK. TIH with lateral drilling assembly, filling DP & breaking circulation every 30 stands. Mud Log Report : 100% sand, 20-55 units BGG, 55 units max while drlg, 0 units CG. DC-\$37,792; CC-\$1,204,048.

11/29/07-Day 33 - P.O.-Drlg w/ lat directional drlg assembly @ 12,536'.

TIH w/ lateral drilling assembly & PDC bit, filling DP & breaking circ every 30 stands. PU power swivel & installed rotating head rubber, washed 30' to bottom. Rot drlg 12,449'-12,454', 60 RPM, 10K WOB. Slide drlg 12,454'-12,462', TF 90, 12K WOB, rot drlg 12,462'-12,486', 60 RPM, 10K WOB MWD svy @ 12,435', 89.8° inc, 148.2° az. Rot drlg 12,486'-12,493', 60 RPM, 10K WOB. RR on automatic driller. Rot drlg 12,493'-12,508', 60 RPM, 10K WOB. Trouble shoot MWD gamma ray (gamma quit working). TOOH to 10,619' to fish MWD tool w/ WL. RU Craft WL, RIH & fished MWD tool @ 10,547'. PU new MWD, took off safety clamp, quick release failed, dropped MWD tool in DP. Waited on MWD to fall to bottom, pump tested MWD, OK. RD Craft WL truck. TIH to bottom. Re-log portion of hole w/ Gamma Ray to check. Rot drlg 12,508'-12,517', 40 RPM, 10K WOB. MWD svy @ 12,466', 89.6° inc, 149.6° az. Rot drlg 12,517'-12,536', 40 RPM, 8K WOB. DC-\$56,064; CC-\$1,273,207.

11/30/07-Day 34 - P.O.- Drlg w/ lat directional drlg assembly @ 12,614'.

Rot drlg 12,536'-12,549', 40 RPM, 10K WOB. MWD svy @ 12,498', 89.5° inc, 149.3° az. Rot drlg 12,549'-12,580', 40 RPM, 11K WOB. Trouble shoot MWD, MWD & Gamma Ray quit working. RD power swivel & remove rotating head rubber, TOOH for MWD. LD MWD, checked bit & motor, OK. Dialed motor back from 1.83° to 1.50°. PU new BHA & MWD. Surf tested motor & MWD, OK. TIH w/ lat drilling assembly & PDC bit, filling DP & breaking circ every 30 stands. Cut drilling line. Continue TIH w/ lat drilling assembly & PDC bit, filling DP & breaking circ every 30 stands. PU power swivel & installed rotating head rubber. MWD svy @ 12,529', 89.5° inc, 148.9° az. Rot drlg 12,580'-12,614', 40 RPM, 8-10K WOB. Note: Received 100 jts. 4 1/2" 13.50# P-110 BTC csg (4,466.60' threads on) Mud Log Report : 100% sand, 50 units BGG, 56 units max form gas while drlg, 0 units conn gas, 175 units trip gas. DC-\$37,029; CC-\$1,310,236.

12/1/07-Day 35 - P.O.-PU new motor & BHA.

Slide drlg 12,614'-620', TF 30, WOB 12K, Rot drlg 12,620'-644', 40 RPM, 10K WOB. MWD svy @ 12,592', 89.4 deg inc, 148.8 deg az. Rot drlg 12,644'-676', 40 RPM, 10K WOB [MWD svy @ 12,625', 89.8 inc, 149.2 az. Rot drlg 12,676'-707', 35 RPM, 10K WOB [MWD svy @ 12,655', 90.1 inc, 149.2 az. Rot drlg 12,707'-739', 35 RPM, 10K WOB [MWD svy @ 12,687', 90.1 inc, 149.3 az. Rot drlg 12,739'-771', 35 RPM, 8K WOB [MWD svy @ 12,719', 90.1 inc, 149.3 az. Rot drlg 12,771'-802', 35 RPM, 9K WOB [MWD svy @ 12,750', 90.2 inc, 149.6 az. Rot drlg 12,802'-834', 35 RPM, 9K WOB [MWD svy @ 12,782', 89.9 inc, 149.3 az. Rot drlg 12,834'-865', 35 RPM, 9K WOB [MWD svy @ 12,813', 90.0 inc, 149.5 az. Rot drlg 12,865'-897', 35 RPM, 9K WOB [MWD svy @ 12,845', 89.9 inc, 148.9 az. Rot drlg 12,897'-908', 35 RPM, 10K WOB. Pressure went up instantly to 2,900 psi, blew pop off on #1 pump. Put # 2 pump on hole, pressured up to 2,900 psi, no bleed off. Bleed off pressure & POOH with one jt DP, dragging 20 points over normal. Attempted to pump again with same results, motor is plugged or damaged. RD power swivel & removed rotating head rubber, TOOH (wet string) for motor. Motor backed off in the factory threads of the lower motor stator, 3' above the bit. Holding on with one thread, nothing lost in the hole. Bit was in gauge, missing hard face on 3rd tooth from bottom of bit in the row of 7 teeth. Gauge row teeth showing some wear. LD MWD, motor & bit. PU new motor with same PDC bit & BHA. Note: Sweeping hole every 2 hrs with NP-110, Kelsan & Ultra Lube to attempt to reduce torque (6,000 ft-lbs max torque allowed by Key on their 3.5 power swivel). Mud Log Report : 100% sand, 44-123 units BGG, 123 units max form gas while drlg, 0 units conn gas. DC-\$37,704; CC-\$1,347,940.

12/2/07-Day 36 - P.O.-Drlg w/ lat directional drlg assembly @ 12,614'.

TIH w/ lateral drilling assembly & PDC bit, filling DP & breaking circulation every 30 stands. Installed rotating head & RU power swivel, washed 30' to bottom, no problems. Rot drlg 12,908'-927', 35 RPM, 8K WOB. MWD svy @ 12,876', 89.7 deg inc, 149.6 deg az. Slide drlg 12,927'-932', TF 28, 10K WOB, Rot drlg 12,932'-959', 35 RPM, 8K WOB. MWD svy @ 12,908', 89.3 deg inc, 148.8 deg az. Rot drlg 12,959'-965', 35 RPM, 10K WOB. Slide drlg 12,965'-970', TF 11, 30K WOB, Rot drlg 12,970'-991', 35 RPM, 10K WOB. MWD svy @ 12,940', 90.1 deg inc, 148.5 deg az. Rot drlg 12,991'-13,022', 35 RPM, 10K WOB. MWD svy @ 12,971', 90.6 deg inc, 147.9 deg az. Rot drlg 13,022'-053', 35 RPM, 9K WOB. MWD svy @ 13,002', 91.2 deg inc, 148.2 deg az. Rot drlg 13,053'-085', 35 RPM, 10K WOB. MWD svy @ 13,034', 91.5 deg inc, 147.9 deg az. Rot drlg 13,085'-095', 35 RPM, 10K WOB. Slide drlg 13,095'-101', TF 120, 25K WOB, Rot drlg 13,101'-116', 35 RPM, 10K WOB. MWD svy @ 13,065', 91.5 deg inc, 147.0 deg az. Rot drlg 13,116'-139', 35 RPM, 10K WOB. Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque. Pumped 55 gals SI 202 to lower torque. Mud Log Report : 100% sand, 50 units BGG, 184 units max form gas while drlg, 120 units CG, 140 units TG. DC-\$41,585; CC-\$1,389,525.

12/3/07-Day 37 - P.O.-Drlg w/ lat directional drlg assembly @ 13,387'.

R/13,139' - 13,148' - 35 rot. - 10K WOB. MWD svy. @ 13,097' = 91.4 inc 147.2 az. S/13,148' - 13,158' - TF 120 - 12K WOB - R/13,158' - 13,179' - 35 rot. - 10K WOB. MWD svy. @ 13,128' = 91.5 inc 146.9 az. R/13,179' - 13,211' - 35 rot. - 10K WOB [MWD svy. @ 13,160' = 90.7 inc 147.4 az. S/13,211' - 13,221' - TF 120 - 9K WOB - R/13,221' - 13,243' - 35 rot. - 10K WOB. MWD svy. @ 13,192' = 90.7 inc 147.6 az. R/13,243' - 13,275' - 40 rot. - 10K WOB [MWD svy. @ 13,224' = 90.2 inc 148.9 az. S/13,275' - 13,290' - TF 120 - 9K WOB - R/13,290' - 13,306' - 40 rot. - 10K WOB. MWD svy. @ 13,255' = 89.8 inc 148.5 az. R/13,306' - 13,338' - 40 rot. - 10K WOB [MWD svy. @ 13,287' = 88.6 inc 149.3 az. R/13,338' - 13,369' - 40 rot. - 10K WOB [MWD svy. @ 13,318' = 88.1 inc 148.3 az. Attempt to slide without success. R/13,369' - 13,379' - 40 rot. - 10K WOB - stuck bit @ 13,379' - pulled limit of Key 3.5 power swivel of 220,000#. LD power swivel - pulled up to 210,000# - pipe came free - PU power swivel - reamed & worked pipe several times from 13,338' to 13,379' - pumped Kelsan sweep & 20 gals. Ultra Lube S/13,379' - 13,387' - TF 70 - 8K WOB Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque. Pumped 55 gals. SI 202 again to lower torque. Mud Log Report : 100% Sand - 25 to 56 units bg gas & 56 units max. form. gas - 0 units conn. Gas. DC-\$38,889; CC-\$1,428,414.

12/4/07-Day 38 - P.O.-Drlg w/ lat directional drlg assembly @ 13,046'.

S/13,387' - 13,389' - TF 70R - 8K WOB R/13,389' - 13,401' - 40 rot. - 10K WOB. Working tight hole MWD svy. @ 13,350' = 88.0 inc 148.9 az. TOH LD 14 jts. 3 1/2" DP placing bit @ 12,927' to side track Work & orient tool to time drill for side track. Time drill from 12,927' to 12,937' (5 minutes per inch) TF 180 (side track) S/12,937' - 12,942' - TF 180 - 8K WOB R/12,942' - 12,959' - 40 rot. - 10K WOB MWD svy. @ 12,908' = 89.2 inc 149.0 az R/12,959' - 12,991' - 40 rot. - 10K WOB MWD svy. @ 12,940' = 87.9 inc 149.5 az S/12,991' - 13,001' - TF 180 - 8K WOB R/13,001' - 13,022' - 40 rot. - 10K WOB MWD svy. @ 12,971' = 88.0 inc 149.4 az R/13,022' - 13,046' - 40 rot. - 10K WOB. Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque - also pumped 55 gals. SI 202 to lower torque & slick up hole. Mud Log Report : 100% Sand - 50 units bg gas & 116 units max. form. gas - 0 units conn. Gas. DC-\$45,485; CC-\$1,473,899.

12/5/07-Day 39 - P.O.-Drlg w/ lat directional drlg assembly @ 12,636'.

Rot drlg 13,046'-053', 40 RPM, 10K WOB. MWD svy @ 13,002', 87.2 deg inc, 149.1 deg az. Rot drlg 13,053'-085', 40 RPM, 10K WOB. Gamma count increased F/ 30 to 56. Circulate bottoms up for mud logger to catch samples. MWD svy @ 13,034', 87.3 inc, 148.9 az. WOO. TOOH and LD 5 jts of DP (to 12,855') to re-log w/ gamma ray. Re-log w/ gamma ray from 12,855'-877', 98% accuracy. WOO, decided to try to go to bottom and come up out of the shale. PU 5 jts of DP & TIH. Worked tight hole from 13,070'-085', cannot go to bottom W/O rotating. TOOH and LD 2 jts of DP (to

13,022'). Decision made to sidetrack hole. TOO H and LD 12 jts of DP (to 12,614'). Oriented motor to time drill for 2nd side track @12,614'. Time drlg from 12,614'-624' (5 minutes per inch), TF 180 (side track # 2). Slide drlg 12,624'-628', TF 145R, 8K WOB. Slide drlg 12,628'-636', TF 90R, 8K WOB. Note: Pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque. Mud Log Report : 100% Sand, 20-50 units BGG, 50 units max form gas while drlg, 0 units CG, 80 units short trip gas. DC-\$48,712; CC-\$1,522,611.

12/6/07-Day 40 - P.O.-Time drilling for attempted OH sidetrack @ 12,615'.

Slide drlg 12,636'-640', TF 45R, 8K WOB. Slide drlg 12,640'-650', TF HS, 8K WOB. Rot drlg 12,650'-675', 40 RPM, not taking weight, no resistance. Appears to have reentered original hole. Circulated & ran check shot. RD power swivel & rotating head, TOO H. LD MWD, missing bottom 8.17' of motor & bit. Broke off in threads, does not appear to have been rotating on anything. Should be 13' of rotor sticking out of motor body in hole. LD & examine motor. WOO. Motor body would be difficult to fish and we should be able to sidetrack around it. PU new motor (1.83 deg bend), 6-1/8" Reed R30P tri-cone bit. PU MWD, scribed motor, surface tested MWD & motor, OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. Installed rotating head & RU power swivel. Did not tag anything to 12,614'. PU 3 jts and continue in hole to 12,739', no obstruction. LD 3 jts DP. Oriented motor for sidetrack attempt @12,614' MD. Time drlg from 12,614'-615' (5 minutes per inch), TF 180 (2nd attempt of sidetrack #2). Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque Mud Log Report : 100% Sand, 30 units BGG, 30 units max form gas, 40 units CG, 154 units trip gas. DC-\$49,923; CC-\$1,572,534.

12/7/07-Day 41 - P.O.-Slide drlg w/ lat directional drlg assembly @ 12,651'.

Time drlg 12,615'-627' (5 minutes per inch), TF 180. Slide drlg 12,627'-629', TF 150R, 25K WOB. Slide drlg 12,629'-631', TF 120R, 25K WOB. Slide drlg 12,631'-643', TF 90R, 25K WOB. Slide drlg 12,643'-645', TF 60R, 25K WOB. Reamed slide & made connection. Slide drlg 12,645'-647', TF 30R, 25K WOB. Slide drlg 12,647'-650', TF HS, 25K WOB. LD 1 jt of 3-1/2" DP & reamed slide. Slide drlg 12,650'-651', TF HS, 25K WOB. Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque. Pumped 2 gal of soap from power washer to free up MWD 2 different times. Mud Log Report : 100% Sand, 10-25 units BGG, 25 units max form gas while drlg, 0 units conn gas. DC-\$36,755; CC-\$1,609,289.

12/8/07-Day 42 - P.O.-TOH for MWD failure @ 12,712'.

LD 1 jt. 3 1/2" DP & ream hole - could not slide. S/12,651' - 12,662' - TF HS - 25K WOB. R/12,662' - 12,676' - 40 rot. - 6K WOB. MWD svy. @ 12,635' = 87.8 inc 149.7 az. R/12,676' - 12,691' - 40 rot. - 10K WOB. Check shot & work tool face. S/12,691' - 12,697' - TF 10R - 25K WOB. R/12,697' - 12,707' - 40 rot. - 10K WOB. MWD svy. @ 12,656' = 87.3 inc 151.3 az. Circulate bottoms up. Trouble shoot MWD - pump soap - MWD working again. S/12,707' - 12,712' - TF 10R - 25K WOB. MWD went out - TOH for MWD. Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque - pumping soap to free up MWD. Mud Log Report : 80% Shale & 20% Sand - 20 units bg gas & 34 units max. form. gas - 0 units conn. gas. DC-\$36,247; CC-\$1,645,536.

12/9/07-Day 43 - P.O.-Slide drlg w/ lat directional drlg assembly @ 12,739'.

TOH for MWD failure. LD MWD, motor & bit. W.O.O. PU new 6 1/8" PDC bit, new motor & new MWD - scribe motor - test MWD & motor - OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. Rig repair on draw works chain. Continue TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands - install rotating head rubber. Rig repair - install new draw works chain. Continue TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands to 12,700' - RU power swivel. Check shot showed we are not in 2nd side track hole - pulled up to 12,611', LD 3 jts. DP - orient & work string into side track hole at 12,614'. Ream 60' to bottom from 12,652' to 12,712'. S/12,712' - 12,727' - TF 10R - 25K WOB. MWD svy. @ 12,678' = 87.1 inc 151.6 az. S/12,727' - 12,737' - TF 10R - 25K WOB. MWD svy. @

12,688' = 87.4 inc 151.6 az. S/12,737' - 12,739' - TF 10R - 25K WOB. Note: pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube to lower torque. Mud Log Report : 60% Shale & 40% Sand - 20 to 45 units bg gas & 45 units max. form. gas - 0 units conn. gas - 260 units trip gas. DC-\$51,185; CC-\$1,696,721.

12/10/07-Day 44 - P.O.-Bending jt of DP to make Peak reamer run.

S/12,739' - 12,757' - TF HS - 25K WOB. R/12,757' - 12,768' - 40 rot. - 10K WOB. Pipe sticking when trying to make connection at 12,768' - work tight hole while TOH LD 6 jts. 3 1/2" DP to 12,579'. Circulate - worked pipe from 12,548' to 12,579' - W.O.O. Working on trying to get into original hole at 12,614' - keep going into side track # 2 hole - time drilled 1" per min. from 12,611' to 12,614' 4 times w/o success - tried various other rates of time drill w/o success - tried slam drilling (2' / sec.) various times w/o success from 12,611' to 12,618'. RD power swivel & remove rotating head rubber - TOH LD Black Viper monel DP, MWD, motor & 6 1/8" PDC bit - no damage to the bit. Bending joint of 3 1/2" DP - 6' from pin end attempting to get a 9" bend. Note: Pumping Kelsan & NP110 sweeps to clean the hole & Ultra Lube & SI 202 to lower torque - also, pumped Tricon Soap to slick up the hole. Mud Log Report : 80% Shale & 20% Sand - 8 units bg gas & 31 units max. form. gas - 0 units conn. Gas. DC-\$37,462; CC-\$1,734,183.

12/11/07-Day 45 - P.O.-RD power swivel & removed rotating head rubber - TOH.

Bend joint of 3 1/2" DP - 6' from pin end attempting to get a 9" bend - called out welder to heat & bend jt. of DP to a 9" bend PU (rerun bit # 8) 6 1/8" Reed R30AP, bit sub & bent jt. of 3 1/2" DP & worked into 7" casing - very tight - had to use winch line + weight of blocks. PU & TIH with 2 - 6" OD Peak reamers at 60' & 90' & float sub to window at 10,699'. Install rotating head rubber & work pipe & reamers up & down from 10,699' to 11,350' - no further progress. PU power swivel & wash + work reamers up & down from 11,350' to 12,614'. RD power swivel & TIH - tagged up at 12,708' in 2nd side track hole. POOH & LD 38 jts. 3 1/2" DP. TIH with 19 stands 3 1/2" DP out of derrick to 12,588'. RU power swivel - circulate + rotate to attempt to get bit to go in original hole from 12,588' to 12,619' - TIH & tagged up at 12,708' in 2nd side track hole. TOH LD 3 jts. 3 1/2" DP - change out leaking rotating head rubber - circulate + rotate to attempt to get bit to go in original hole from 12,588' to 12,629' - TIH & tagged up at 12,708' in 2nd side track hole for a 3rd time. RD power swivel & remove rotating head rubber - TOH. Mud Log Report : 80% Shale & 20% Sand - 15 to 25 units bg gas & 25 units max. form. gas - 0 units conn. gas - 185 units trip gas. DC-\$48,594; CC-\$1,782,777.

12/12/07-Day 46 - P.O.-TIH w/ lat directional drlg assembly from 10,871'.

TOH with Peak reaming assembly - left 5.22' of bent jt. of 3 1/2" DP, bit sub & bit in the hole - parted in the bend of the DP - most likely fish is @ 12,708'. W.O.O. PU 6 1/8" PDC bit (rerun bit # 13), new 1.83 deg. bent motor & MWD - scribe motor - test motor & MWD - MWD failed to test. Change out MWD mule shoe & reseal MWD - scribe motor - test motor & MWD - OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. TOH LD 13 jts. 3 1/2" DP. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands to 12,453 - pull up LD 3 jts. 3 1/2" DP to 12,339'. Work with MWD - not pulsing - pumped 5 gals. Tricon Soap - MWD not pulsing. TOH 24 stands 3 1/2" DP to 10,871' in straighter hole. Work with MWD - got it to working again - preparing to TIH. Note: Strapped in the hole - 1.35' difference from original tally. Mud Log Report : 100% Sand - 20 units bg gas & 60 units max. form. gas - 0 units conn. gas - 60 units trip gas. DC-\$58,324; CC-\$1,841,101.

12/13/07-Day 47 - P.O.-Time drilling w/ lat directional drlg assembly @ 12,340'.

TIH with 24 stands of 3-1/2" DP from 10,871' to 12,339'. RU power swivel. Swivel leaking, greased packing in swivel. Trouble shoot MWD, checked both pumps, MWD not working. RD power swivel & removed rotating head rubber, TOO. Changed out UBHO sub & MWD. Surf tested motor & MWD, MWD failed to test. Go through both pumps, changed out 2 valves & 1 gasket on the #1 pump & tightened leaking caps on #2 pump. MWD tested OK on #2 pump, but fails on the #1 pump. Called

for mechanic to find the problem on #1 pump. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. Tested MWD with #2 pump each fill up. Key's mechanic rebuilt hydril on #1 pump & charged it to 700 psi, #1 pump now compares to #2 pump. Worked & oriented motor to time drill for 3rd side track @12,339'. Time drlg from 12,339'-340' (5 minutes per inch), TF 180 (side track #3). Mud Log Report : 100% sand, 25 units BGG, 25 units max form gas, 0 units CG, 60 units trip gas. DC-\$37,928; CC-\$1,879,029.

12/14/07-Day 48 – P.O.-Time drilling w/ lat directional drlg assembly @ 12,349'.

Time drlg from 12,340'-349' (5 minutes per inch), TF 140R (sidetrack #3). Slide drlg 12,349'-351', 10K WOB, TF 115R. Slide drlg 12,351'-358', 10K WOB, TF 90R. Tighten swivel hose. Slide drlg 12,358'-360', 10K WOB, TF 90R. Stuck pipe, worked pipe free. Reamed slide from 12,339'-12,360'. Appears to be in original hole instead of sidetrack #3. Attempted to get into sidetrack hole at 12,339' w/o success. Tried orienting tool face 9 times, tried time drilling at 1" per min 4 times, tried setting tool face & rolling into hole 4 times. All attempts were unsuccessful. Time drlg from 12,344'-349' (5 minutes per inch), TF 140R (2nd attempt of sidetrack #3). Note: Weatherford 4.5 swivel is on location with 24 hr Weatherford hands as of 12/13/2007. Mud Log Report : 100% sand, 5 units BGG, 20 units max form gas, 0 units CG. DC-\$45,014; CC-\$1,924,043.

12/15/07-Day 49- P.O.- Time drilling with lateral directional drilling assembly @ 12,017'.

Time drill from 12,349' to 12,350' (5 minutes per inch) TF 160R (2nd attempt of side Track # 3). Work on getting into side track. Time drill from 12,350' to 12,351' (2 1/2 minutes per inch) TF 160R. Time drill from 12,351' to 12,352' (1 minute per inch) TF 160R. Attempt to slide drill - went back into original hole. tOH LD 11 jts. 3 1/2" DP to 12,008'. Change out swivel from Key's 3.5 to Weatherford's 4.5 swivel. Work & orient motor to time drill for 4th side track @12,008'. Time drill from 12,008' to 12,014' (5 minutes per inch) TF 164L (side track # 4). Tool face jumped to 152R - PU 2' & work tool face. Time drill from 12,012' to 12,017' (5 minutes per inch) TF 132L (side track # 4). mud Log Report : 100% Sand - 10 to 25 units bg gas & 25 units max. form. gas - 0 units conn. Gas. DC-\$43,702; CC-\$1,967,745.

12/16/07-Day 50-P.O.- TOH for MWD failure.

Time drill from 12,017' to 12,020' (5 minutes per inch) TF 170L (side track # 4). Slide drill F/12,020' T/12,022' - 10K WOB - TF 145L. Slide drill F/12,022' T/12,024' - 10K WOB - TF 120L. Slide drill F/12,024' T/12,036' - 10K WOB - TF 90L. Slide drill F/12,036' T/12,038' - 10K WOB - TF 65L. Slide drill F/12,038' T/12,040' - 10K WOB - TF 40L. Replace stiff arm on Weatherford 4.5 swivel broke by Key driller on 12/14/07. Slide drill F/12,040' T/12,042' - 10K WOB - TF 15L. Slide drill F/12,042' T/12,056' - 10K WOB - TF HS. Rotate drill F/12,056' T/12,064' - 12K WOB - 40 Rot. - sub in swivel leaking. Attempt to back out 4 1/2 XH double pin sub in swivel w/o success - called for larger tong heads to fit Weatherford's back up tongs - backed out double pin sub with larger tong dies - roped & doped sub - fixed leak. MWD quit working - diagnose problem - pumped 5 gals. Tricon Soap in 2 stages of 2 1/2 gals. - pumped 20 gals. diesel - moved MWD transducer from pump manifold to stand pipe at base of sub structure - changed all MWD surface lines & sensors - went thru pump # 2 & change one valve. Rotate drill F/12,064' T/12,073' - 10K WOB - 40 Rot. - tried this to hopefully get the MWD to work w/o success. Diagnose MWD problems. Remove rotating head & RD power swivel - TOH for MWD failure. Mud Log Report : 100% Sand - 14 units bg gas & 32 units max. form. gas - 0 units conn. gas. DC-\$46,897; CC-\$2,014,642.

12/17/07- Day 51-P.O.- Slide drilling with lateral directional drilling assembly @ 12,105'.

TOH for MWD failure. LD MWD, motor & bit - MWD tested bad - bit was in gauge & no broken or cracked teeth - PU same PDC bit, new motor & new MWD - tested motor & MWD with pump # 1 & pump # 2 - all tested OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands. Cut drilling line. Continue TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands - installed rotating head rubber. Break circulation at 11,886' - LD 4 jts. 3 1/2" DP &

TIH with remaining 2 stands of 3 1/2" DP out of derrick - RU power swivel. Orient drill string - wash down from 11,886' & get into side track hole at 12,008'. Re-log gamma ray from 12,048' to 12,073'. Slide drill F/12,073' T/12,105' - 10K WOB - TF 6L. Mud Log Report : 100% Sand - 11 to 20 units bg gas & 20 units max. form. gas - 0 units conn. gas - 65 units trip gas. DC-\$43,971; CC-\$2,058,613.

12/18/07-Day 52- P.O.- Drilling w/ lateral directional drilling assembly @ 12,484'.

MWD svy. @ 12,056' = 88.3 inc 145.9 az. R/12,105' - 12,136' - 40 rot. - 8K WOB [MWD svy. @ 12,087' = 91.2 inc 145.9 az]. S/12,136' T/12,144' - 10K WOB - TF 175L - R/12,144' T/12,168' - 40 rot. - 12K WOB. MWD svy. @ 12,119' = 92.3 inc 145.9 az. S/12,168' T/12,174' - 10K WOB - TF 174 - R/12,174' T/12,200' - 40 rot. - 12K WOB. MWD svy. @ 12,151' = 90.5 inc 145.7 az. R/12,200' T/12,215' - 40 rot. - 12K WOB - S/12,215' T/12,225' - 10K WOB - TF HS. R/12,225' - 12,231' - 40 rot. - 12K WOB [MWD svy. @ 12,182' = 88.2 inc 145.7 az]. S/12,231' T/12,239' - 10K WOB - TF HS - R/12,239' T/12,263' - 40 rot. - 12K WOB. MWD svy. @ 12,214' = 88.7 inc 145.9 az. R/12,263' - 12,295' - 40 rot. - 12K WOB [MWD svy. @ 12,246' = 90.1 inc 145.5 az]. S/12,295' T/12,300' - 10K WOB - TF HS - R/12,300' T/12,326' - 40 rot. - 12K WOB. MWD svy. @ 12,277' = 90.2 inc 145.3 az. R/12,326' - 12,358' - 40 rot. - 12K WOB [MWD svy. @ 12,309' = 90.5 inc 145.4 az]. R/12,358' - 12,390' - 40 rot. - 12K WOB [MWD svy. @ 12,309' = 90.5 inc 145.4 az]. S/12,390' T/12,395' - 10K WOB - TF 6R - R/12,395' T/12,421' - 40 rot. - 12K WOB. MWD svy. @ 12,372' = 90.4 inc 145.0 az. R/12,421' - 12,453' - 40 rot. - 12K WOB [MWD svy. @ 12,404' = 90.7 inc 145.3 az]. R/12,453' - 12,464' - 40 rot. - 12K WOB. Gamma ray dropped - geology work - no problem. R/12,464' - 12,484' - 40 rot. - 12K WOB. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD. Mud Log Report : 100% Sand - 30 units bg gas & 72 units max. form. gas - 0 units conn. gas. DC-\$59,110; CC-\$2,117,723.

12/19/07-Day 53-P.O.-Drilling w/ lateral directional drilling assembly @ 12,889'.

R/12,484' - 12,516' - 40 rot. - 12K WOB [MWD svy. @ 12,467' = 90.0 inc 145.1 az]. R/12,516' - 12,547' - 40 rot. - 12K WOB [MWD svy. @ 12,498' = 90.9 inc 145.4 az]. R/12,547' - 12,579' - 40 rot. - 12K WOB [MWD svy. @ 12,530' = 90.9 inc 145.3 az]. S/12,579' T/12,585' - 10K WOB - TF 120R - R/12,585' T/12,611' - 40 rot. - 12K WOB. MWD svy. @ 12,562' = 90.9 inc 145.4 az. R/12,611' - 12,642' - 40 rot. - 12K WOB [MWD svy. @ 12,593' = 90.2 inc 146.3 az]. R/12,642' - 12,673' - 40 rot. - 12K WOB [MWD svy. @ 12,624' = 90.2 inc 146.6 az]. R/12,673' - 12,705' - 40 rot. - 12K WOB [MWD svy. @ 12,656' = 90.2 inc 146.3 az]. S/12,705' T/12,712' - 10K WOB - TF 90R - R/12,712' T/12,736' - 40 rot. - 12K WOB. MWD svy. @ 12,687' = 90.1 inc 146.3 az. R/12,736' - 12,768' - 40 rot. - 12K WOB [MWD svy. @ 12,719' = 90.1 inc 145.9 az]. S/12,768' T/12,776' - 10K WOB - TF 90R - R/12,776' T/12,799' - 40 rot. - 12K WOB. Hydraulic motor seal went out on 4.5 power swivel - RD & PU Key's 3.5 swivel. [MWD svy. @ 12,750' = 90.1 inc 146.0 az] R/12,799' - 12,831' - 40 rot. - 12K WOB. MWD svy. @ 12,782' = 90.0 inc 145.8 az. S/12,831' T/12,841' - 10K WOB - TF 90R - R/12,841' T/12,862' - 40 rot. - 12K WOB. MWD svy. @ 12,813' = 90.0 inc 145.8 az. S/12,862' T/12,867' - 10K WOB - TF 90R. RD Key's 3.5 power swivel & PU repaired Weatherford's 4.5 power swivel. R/12,867' T/12,889' - 40 rot. - 12K WOB. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD. Mud Log Report : 100% Sand - 35 to 75 units bg gas & 75 units max. form. gas - 131 units conn. gas. DC-\$48,695; CC-\$2,166,418.

12/20/07-Day 54-P.O.-Fishing for lost motor & PDC bit.

R/12,889' T/12,894' - 40 rot. - 12K WOB. MWD svy. @ 12,845' = 89.7 inc 145.1 az. S/12,894' T/12,904' - 10K WOB - TF 90R. Attempted to start rotate drilling & pump pressured up to 2,800# & holding - trouble shoot pump pressure increase - nothing wrong on surface - acts like motor has come apart. Remove rotating head rubber & RD power swivel - TOH - **left 7.02' of motor & 6 1/8" PDC bit in the hole** - 13' of motor rotor should be sticking out above fish. LD remaining 17.23' of motor - found crack 1/2 way around 1.63' from top of motor in factory connection - motor left in the hole unscrewed from factory connection. W.O.O. LD Black Viper Monel 3 1/2" HWDP. Wait on fishing tools & fisherman. PU 5 3/4" OD overshot dressed with a 3 5/16" grapple & bumper sub - TIH -

tagged up @ 12,513'. Install rotating head rubber & PU power swivel. Wash & rotate slowly down from 12,513' to 12,608' with fishing tools. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD. Mud Log Report : 100% Sand - 30 units bg gas & 80 units max. form. gas - 0 units conn. gas. DC-\$47,576; CC-\$2,213,994.

12/21/07- Day 55-P.O.-Fishing for lost motor & PDC bit.

Wash down from 12,608' to 12,708' with fishing tools - we are in side track # 2 hole, not side track # 4 hole. LD 6 jts. 3 1/2" DP - TOH to 12,001'. Attempt to work into side track # 4 hole @ 12,008' - worked pipe F/12,001' T/12,039'. TIH with 10 stands 3 1/2" DP - tagged up @ 12,708' - side track # 2 hole. Remove rotating head rubber & RD power swivel - TOH - no recovery - LD bumper sub & overshot. PU 5 3/4" OD overshot dressed w/ a 3 5/16" grapple, 1 deg. bent sub, float sub, UBHO sub & 1 jt. 3 1/2" flex monel HWDP - scribe & test MWD - OK. TIH w/ fishing tool assembly, filling DP & breaking circulation every 30 stands to 12,120'. LD 4 jts. 3 1/2" DP & RU power swivel. Check shot MWD survey - in wrong hole. LD 3 jts. 3 1/2" DP - check shot MWD svy. - try to get in side track hole @ 12,008'. Work to get into side track hole @ 12,008' & wash down to 12,135' - MWD survey shows to be in side track hole # 4 - direction is not reading correctly on MWD. RD power swivel & TIH F/12,135' T/12,708' (tagged & worked thru various tight spots F/12,173' T/12,708'). RU power swivel - try to wash down - pipe sticking @ 12,700' - LD power swivel - work pipe loose - still trying to stick @ 12,700'. RD power swivel & start TOH - dragging up to 50K on 1st 3 stands - then 20K to 30K. DC-\$38,139; CC-\$2,252,133.

12/22/07- Day 56-P.O.-TOH w/ fishing tools.

TOH - dragging up to 20K to 30K F/12,487' T/12,051' - then normal drag to 12,008'. Check shot w/ MWD & pull rotating head rubber. TOH - normal drag - no recovery - LD over shot & BHA - saw slight wear in 3 3/8". ID mill control & some wear at top of 3 5/16" grapple - 3.329 " OD fish never went up into 3.3125" grapple. W.O.O. Wait on fishing tools. PU & TIH w/ 5 3/4" overshot dressed w/ 4 3/4" grapple, 16' of overshot extensions, bumper sub, 1 deg. bent sub, float sub, UBHO sub, monel & flex monel - scribe & test MWD - OK. TIH w/ fishing tool assembly, filling DP & breaking circulation every 30 stands to window @ 10,699' to 10,707' - 5K drag down & 10K drag up thru window - TIH to 11,425' - set down - worked pipe down to 10,447' by PU turn 1/4 turn & go down - no further progress. LD 2 jts. 3 1/2" DP & TIH w/ one stand DP - install rotating head rubber. Circulate & wash down from 11,447' to 11,451' - work pipe & rotate 1/4 turn with power swivel - set down w/ 50K - taking 40K over to get pipe free - 5 3/4" OD tools will not go thru the curve. RD rotating head rubber & power swivel - TOH - no problems coming out of curve & window. DC-\$45,093; CC-\$2,297,226.

12/23/07- Day 57-P.O.-PU lateral drlg BHA.

TOH - normal drag - no recovery - LD over shot & extensions. PU & TIH w/ 5 3/4" overshot dressed w/ 3 3/8" grapple, bumper sub, 1 deg. Bent sub, float sub, UBHO sub, monel & flex monel - scribe & test MWD - OK. TIH w/ fishing tool assembly, filling DP & breaking circulation every 30 stands to 11,982' - install rotating head rubber & RU power swivel. Orient fishing tools & wash down to 12,070' - check shot w/ MWD - shows that we are in side track # 4 hole (92.5 inc. 144 az) - RD power swivel. TIH from 12,070' to 12,709' - tagged up solid - worked bumper sub - 4th time took 70K over pull to get free - TIH from 12,709' to 12,823' - tagged up solid - RU power swivel - washed & worked bumper sub - no further progress - seeing a 100# pressure increase when we set down @ 12,823' - RD power swivel & removed rotating head rubber. TOH slowly - dragging up to 20K F/12,823' T/12,517' & F/11,362' T/11,275' - then normal drag - **recovered entire fish** - bit had no broken or cracked teeth & was in gauge. LD fish & break out fishing tools. PU lateral drilling BHA. DC-\$50,787; CC-\$2,348,013.

12/24/07- Day 58-P.O.-Slide drilling with lateral directional drilling assembly @ 13,021'.

PU new 6 1/8" Reed R30P bit, new motor, 2 - new float valves, new UBHO sub, 2 - new monels & 1 - new monel pup jt. - scribe motor - test motor & MWD - OK. TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands to 10,650'. Cut drilling line. Continue TIH w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands to 12,065'. Check shot @ 12,065' shows that we are in side track # 4 (86.7 inc. 145 az). Continue TIH w/ lateral drilling assembly & tagged up @ 12,612'. TOH LD 4 jts. 3 1/2" DP. TIH w/ 2 stands 3 1/2" DP & RU power swivel - wash down from 12,612' to 12,904'. R/12,904' - 12,923' - 40 rot. - 10K WOB [MWD svy. @ 12,878' = 88.8 inc 143.5 az]. S/12,923' T/12,933' - 25K WOB - TF 80R - R/12,933' T/12,954' - 40 rot. - 10K WOB. MWD svy. @ 12,909' = 88.7 inc 143.4 az. S/12,954' T/12,966' - 25K WOB - TF 90R - R/12,966' T/12,986' - 40 rot. - 10K WOB. MWD svy. @ 12,941' = 89.0 inc 141.1 az. S/12,986' T/12,991' - 25K WOB - TF 110R - R/12,991' T/13,017' - 40 rot. - 10K WOB. MWD svy. @ 12,941' = 89.0 inc 144.8 az. S/13,017' T/13,021' - 25K WOB - TF 100R. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube for hole lubrication. Mud Log Report : 100% Sand - 60 units bg gas & 172 units max. form. gas - 0 units conn. gas - 100 units trip gas. DC-\$53,689; CC-\$2,401,702.

12/25/07-Day 59-P.O.-Rig SD for the Christmas Holiday.

RD power swivel, TOO H with 35 stands of 3-1/2" DP to 10,750'. Shut BOP pipe rams, installed & closed TIW valve in DP. Closed in choke manifold, closed flow line valve, drained both pumps, drained all fresh water on rig. Winterized rig & SD for the Christmas holiday at 8:00 AM (CDT) 12/24/07. Shut down for the Christmas holiday. DC-\$11,041; CC-\$2,412,743.

12/26/07- Day 60-P.O.-Rig SD for the Christmas Holiday.

Shut down for the Christmas holiday. DC-\$5,177; CC-\$2,417,920.

12/27/07- Day 61-P.O.-Slide drilling with lateral directional drilling assembly @ 13,242'.

Check 46 hr SI pressure, slight blow, no pressure. Started up rig. Test MWD. TIH F/10,750' T/13,015'. RU power swivel, washed down F/13,015'-021', no problems. S/13,021'-025', 30K WOB, TF 90R. R/13,025'-049', 45 RPM, 20K WOB. MWD svy @ 13,004', 89.2 deg inc, 144.9 deg az. S/13,049'-059', 30K WOB, TF 110R. R/13,059'-080', 45 RPM, 20K WOB. MWD svy @ 13,035', 89.4 deg inc, 145.0 deg az. S/13,080'-090', 30K WOB, TF 96R. R/13,090'-112', 45 RPM, 20K WOB. MWD svy @ 13,067', 88.8 deg inc, 145.9 deg az. R/13,112'-144', 45 RPM, 20K WOB. MWD svy @ 13,099', 88.7 deg inc, 147.4 deg az. R/13,144'-175', 45 RPM, 20K WOB. MWD svy @ 13,130', 88.9 deg inc, 147.4 deg az. S/13,175'-180', 30K WOB, TF 180. R/13,180'-207', 45 RPM, 20K WOB. MWD svy @ 13,162', 89.3 deg inc, 147.0 deg az. R/13,207'-239', 45 RPM, 20K WOB. MWD svy @ 13,194', 89.0 deg inc, 146.4 deg az. S/13,239'-242', 30K WOB, TF 135R. Note: Pumping Kelsan & NP110 for sweeps, Ultra Lube & SI 202 for hole lubrication. Mud Log Report : 100% sand, 10-30 units BGG, 30 units max form gas, 0 units CG, 235 units trip gas. DC-\$41,836; CC-\$2,459,756.

12/28/07- Day 62-P.O.-Preparing to TOH for bit.

S/13,242'-246', 40K WOB, TF 135R. Re-log gamma ray F/13,211'-246'. R/13,246'-270', 45 RPM, 20K WOB [MWD svy @ 13,225', 89.1 deg inc, 145.9 deg az]. S/13,270'-278', 40K WOB, TF 90R. R/13,278'-302', 45 RPM, 20K WOB. MWD svy @ 13,257', 88.6 deg inc, 146.6 deg az. R/13,302'-333', 45 RPM, 20K WOB [MWD svy @ 13,288', 88.7 deg inc, 147.1 deg az]. R/13,333'-365', 45 RPM, 20K WOB [MWD svy @ 13,320', 89.5 deg inc, 146.8 deg az]. S/13,365'-372', 40K WOB, TF 130R. R/13,372'-396', 45 RPM, 20K WOB. MWD svy @ 13,351', 90.0 deg inc, 146.6 deg az. S/13,396'-401', 30K WOB, TF 170. R/13,401'-428', 45 RPM, 20K WOB. MWD svy @ 13,383', 89.2 deg inc, 146.5 deg az. R/13,428'-441', 45 RPM, 20K WOB. ROP down to 12' per hr w/ 8,400# torque. RD power swivel & prepare to TOO H. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD & hole lubrication. Mud Log Report : 100% Sand - 20 units bg gas & 46 units max. form. gas - 0 units conn. Gas. DC-\$57,783; CC-\$2,517,539.

12/29/07- Day 63-P.O.- Drlg w/ lateral directional drilling assembly @ 13,414'.

Removed rotating head rubber - TOH - LD motor, MWD & bit - bit was 1/16" out of gauge - gauge row teeth were worn & inside teeth were slightly flattened - joint count shows that we have 2 jts. less - making the depth 13,378' instead of 13,441'. PU new 6 1/8" Reed tri-cone bit, new motor & new MWD - scribe motor - test motor & MWD - OK. TIH (SLM) w/ lateral drilling assembly, filling DP & breaking circulation every 30 stands to 13,334' corrected depth - SLM showed that we were 63.70' to deep - install rotating head rubber & RU power swivel. Wash & ream down F/13,334' to 13,378' R/13,378' T/13,396' - 45 rot. - 20K WOB. MWD svy. @ 13,351' = 89.4 inc 145.9 az. S/13,396' T/13,408' - 30K WOB - TF 170. R/13,408' T/13,414' - 45 rot. - 20K WOB. Note: Pumping Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD & hole lubrication. Mud Log Report : 100% Sand - 15 to 25 units bg gas & 25 units max. form. gas - 0 units conn. gas - 128 units trip gas. DC-\$60,046; CC-\$2,577,585.

12/30/07- Day 64-P.O.- TIH w/ Peak Reamer assembly.

R/13,414' T/13,422' - 45 rot. - 20K WOB - gamma ray started rising from 36 to 42. Circulate bottoms up - 70% shale & 30% sandstone - W.O.O. MWD svy. @ 13,377' = 90.1 inc 145.7 az. RD power swivel & remove rotating head rubber - TOH - LD motor, MWD & bit - bit was still new. WO Peak Reamers. PU 5 3/4" OD tapered bull nose, bit sub, 1 jt. DP, 6" OD Peak Reamer, 1.00 deg. bent sub, float sub, UBHO sub, monels w/ MWD & 6" OD Peak Reamer - scribe & test MWD - OK. TIH w/ Peak reaming assembly, filling DP & breaking circulation every 30 stands - check shot w/ MWD @ 11,946 & 12,140' to confirm that we are in side track # 4 - TIH to 12,209' - tagged up - worked reamers down to 12,287' - no further progress. LD 4 jts. DP - TIH w/ 2 stands DP - install rotating head rubber & RU power swivel. Wash & ream F/ 12,287' T/ 12,304'. Note: Pumped Kelsan & NP110 for sweeps - Ultra Lube & SI 202 for hole lubrication - Tricon Soap for cleaning MWD & hole lubrication. Mud Log Report : 70% Shale & 30% Sand - 12 units bg gas & 12 units max. form. gas - 0 units conn. gas. DC-\$45,698; CC-\$2,623,283.

12/31/07- Day 65-P.O.- TOH w/ Peak reaming assembly.

Wash & rotate ream w/ Peak reaming assembly F/12,304' T/12,401'. TIH working Peak reamers F/12,401' T/12,462' - no further progress. TOH LD 29 jts. 3 1/2" DP to 11,652'. TIH with 13 stands 3 1/2" DP out of derrick & MWD check shot - OK. Wash & rotate ream w/ Peak reaming assembly F/12,462' T/13,422' TD. Pump 5 gals. Tricon Soap & 10 gals. Kelsan for a sweep & circulate out @ 13,422'. RD power swivel & remove rotating head rubber - TOH - normal drag to 10,555'. PU power swivel - break out subs & TIW valve - RD & LD 4.5 power swivel. Continue TOH with Peak reaming assembly - no problems. Note: Called TRRC & talked w/ Elisha Operator # 12 & notified her of running the 4 1/2" liner @ 21:25 12/30/2007. DC-\$33,984; CC-\$2,657,267.

1/1/08- Day 66-P.O.- TOH w/ 3-1/2" DP & 4-1/2" liner.

TOH with Peak reaming assembly - no problems - LD MWD, monels, UBHO sub, float sub, bent sub, Peak reamers (both in gauge), 1 jt. DP, bit sub & bull nose. Safety meeting - RU Lewis casing crew & LD machine - run 63 jts. 4 1/2" 13.50# P-110 BTC production liner with Peak Completions packers, sleeves & liner hanger. Fill casing & circulate after installing liner hanger. TIH slowly with liner on 3 1/2" DP - filling DP & breaking circulation every 32 stands, set down @ 12,256'. Worked 4 1/2" liner down from 12,256' to 13,142' - no further progress - pipe stuck, took 240K to pull loose - work pipe - lost hole from 13,142' to 13,109' - could pull up, but not go down. RU Key's 3.5 power swivel. Worked 4 1/2" liner while circulating w/ power swivel at 13,109' & lost hole to 13,078'. TOH with 2 stands DP to 12,950'. Worked 4 1/2" liner down from 12,950' to 13,237' - no further progress. TOH with 3 1/2" DP & 4 1/2" liner. DC-\$79,481; CC-\$2,736,748.

1/2/08- Day 67-P.O.- Circulating @ 13,422" TD, prep to TOOH & PU liner.

TOOH with 3-1/2" DP & 4-1/2" liner. Held safety meeting. RU Permian Power Tongs casing crew & Lewis Casing Crew LD machine. POOH LD 4-1/2" casing & Peak Completion production tools.

Bottom packer was missing the bottom rubber, 2nd packer from the top was missing 1/3 of the bottom rubber, hydraulic anchor threads were galled in collar & messed up the pin threads on the 6th jt of 4-1/2" casing up from the shoe. Sent all Peak tools in to be re-dressed. RD casing crew & LD machine. PU 5-3/4" OD tapered bull nose, bit sub, 1 jt DP, 6" OD Peak reamer, 1 jt DP, 6" OD. Peak reamer, 1 jt DP & 5-15/16" OD Peak reamer. TIH w/ Peak reaming assembly, set down at 12,434'. POOH LD 31 jts DP. TIH w/ 15 stands DP out of derrick. RU Key's 3.5 power swivel & install rotating head rubber. Wash & rotate ream from 12,404'-813', then TIH w/o circulating nor rotating from 12,813' to 13,422' (TD). Pump 5 gals Tricon Soap & 10 gals Kelzan for a sweep & circulating at 13,422' TD. Prep to TOOH and P/U liner. DC-\$34,341; CC-\$2,771,089.

1/3/08- Day 68-P.O.- Preparing to circ thru 4-1/2" liner @ 13,422' TD.

Circulated out sweep from 13,422' (TD). RD power swivel & removed rotating head. TOOH w/ Peak reaming assembly, no problems. LD Peak reamers (all in gauge), 3 jts of DP, bit sub & bull nose. Safety meeting, RU Lewis Casing Crew & LD machine. P/U and ran 63 jts 4-1/2", 13.5#, P-110 BTC prod liner with Peak Completions packers, sleeves & liner hanger. RD casing crew & LD machine. TIH slowly w/ liner on 3-1/2" DP, filling DP & breaking circulation every 32 stands, set down @ 13,237'. Washed liner down from 13,237'-269', then worked pipe down from 13,269'-422' (TD). RU Key high pressure pump truck, prep to spot clean brine in lateral, then set packers. Note: B&L Equipment casing cleaning & inspection crew cleaned & inspected the pin end & box end of the 4-1/2" casing, all OK to run. DC-\$31,483; CC-\$2,802,572.

1/4/08- Day 69-P.O.- ND BOPs.

Key pump truck pumped 70 bbls 10# brine water. Peak dropped 1" ball, pumped 125 bbls of 10# brine water & landed ball @ 1000 PSI. Pressured up in 500 PSI in stages to set pkrs (to 3000 PSI). Held 3000 PSI for 30 mins to set packers & liner hanger. Pressure tested casing annulus to 1500 PSI for 15 mins, OK. Released from liner hanger, LD 4 jts DP, ran one stand in & installed rotating head rubber. Pumped 270 bbls of 10# brine water to displace csg annulus. RU Lewis Casing Crew LD machine, POOH & LDDP & Peak's liner setting tool. TIH w/ 45 stands of DP out of derrick, POOH & LD 90 jts of DP. RD LD machine. ND BOPs & choke manifold, jetted & cleaned shale pit. Jet will not work in suction pit, have called for a vacuum truck. DC-\$188,140; CC-\$2,990,712.

1/5/08- Day 70-P.O.- ND BOPs.

Fin ND BOPs, cleaned suction pit w/ Chief vacuum truck. Released Key Rig #463 @ 9:00 AM (CST) 1/4/2008. RD Key Rig #463 for move out tomorrow (1/5/2008). Sent 36 good jts & 1 jt w/ bad pin threads of 4-1/2", 13.50#, P-110 BTC csg to Bourland & Leverich Supply Co. for credit. McGuire RD mud/gas separator, choke manifold & flare lines, loaded out & sent in to their yard. Weatherford loaded out BOP's, high pressure rotating head, 476 jts of 3-1/2" DP & rental tools & subs & sent back to their yard. All rental items are released & off location except for two 500 bbl frac tanks & one 500 bbl test tank. Installed a 3000 PSI double manual BOP w/ blind rams closed & locked to secure well. **FINAL DRILLING REPORT.** DC-\$38,635; CC-\$3,029,347.

Quantum Resources Management, LLC

University 21-18 B #1H

Daily Workover Report

Project: Drill 1 horizontal re-entry well in the 3rd Bone Spring.

Quito Field, Ward, TX
A&J WS Rig

Est. AFE Cost—\$2,500,000
PBTB—13,070'

AFE #-10506

Drilling Report ends 1/5/08 & Completion Report starts 1/11/08.

1/11/08-Day 1

MIRU PU. Change out 2-7/8" rams to 3-1/2" rams. Gang set up pipe racks. Called for 1000' 3-1/2" tbg WS, to be delivered Monday, 1/14/08. Call for pkr & pkr hand 1/14/08. Call for spool & frac valve 1/14/08. Call for frac tanks - to be set Monday, 1/14/08. DC-\$6,000; Proj Cost-\$6,000; CC-\$3,035,347.

1/14/08-Day 2

Unload tbg onto pipe racks & tally tbg. Start RIH w/ pkr & tbg. SION. - Start moving in frac tanks. DC-\$30,000; Proj Cost-\$36,000; CC-\$3,065,347.

1/15/08-Day 3

Finish RIH w/ pkr & tbg. Set pkr @ 10,514' w/ 50,000# (set in tension & compression). Took 13 bbls 2% KCl to load backside to 500 #. RD wtr trk. Put gauge on csg side to monitor pressure. Frac Tks still being set. Started putting in KCl powder (70 sks/tk) in the 12 tanks that are set. Put Rig on stand by. SI rig until Monday, 1/21/08 - frac day. DC-\$30,000; Proj Cost-\$66,000; CC-\$3,095,347.
Scheduled Activity-
Cont to set frac tks & fill w/ 2% KCl.

1/16/08-Day 4

Finish setting frac tanks. Cont to add KCl & filling tanks w/ fresh water. DC-\$25,575; Proj Cost-\$91,575; CC-\$3,120,922.

1/17/08-Day 5

Finish adding KCl & filling frac tanks w/ fresh water. DC-\$4,000; Proj Cost-\$95,575; CC-\$3,124,922.

1/18/08-Day 6

Start rolling frac tanks to mix up the chemical w/ the water & heating water to 110° or 120°. Performing this Friday thru Sunday night to make sure that water temp is right for the frac Monday AM. DC-\$25,000; Proj Cost-\$120,575; CC-\$3,149,922.

1/21/08-Day 7

SD frac, pressured up on csg to 3600#. Release pkr, start POOH w/ pkr & tbg & LD tbg onto racks. SION. DC-\$11,500; Proj Cost-\$132,075; CC-\$3,161,422.

1/22/08-Day 8

Finish LD 3-1/2" WS. Released WS. Set 2 more frac tanks. SION. DC-\$22,000; Proj Cost-\$154,075. CC-\$3,183,422.

1/23/08-Day 9

Unload 4 trks w/ 4-1/2" tbg WS. Rack & strap tbg. RIH w/ straddle pack & tbg. SION. Tbg @ 6769'. DC-\$38,500; Proj Cost-\$192,575; CC-\$3,221,922.

1/24/08-Day 10

Finish RIH w/ pkr & tbg. Set pkr @ 10,487'. Loaded backside w/ 2% KCl to 500#. Hot oilers reheated frac tanks & frac moved to Saturday, 1/26/08. DC-\$26,000; Proj Cost-\$218,575; CC-\$3,247,922.

1/25/08-Day 11

Stand by for frac on Saturday, January 26th. DC-\$10,500; Proj Cost-\$229,075; CC-\$3,258,422.

1/26/08-Day 12

MIRU BJ Services, pump 4 stage frac as per procedure (3-1/2 stages only), ISIP-4092 PSI. RD BJ left well SI. Will start flow back AM Sunday 1/27/08. DC-\$330,551; Proj Cost-\$559,626; CC-\$3,588,973.

1/27/08-Day 13

RU flow back equip. Open @ 8:30 AM w/ 1600# PSI on 14/64" chk. At 9:11 AM, open to 18/64" chk. Document ttl bbls & pressure every hour - At 8 to 9: 32.56 bbls w/ 1250#; 9 to 10: 91.76 bbls w/ 900#; 10 to 11: 88.8 bbls w/ 900#; 11 to 12: 91.76 bbls w/ 700#; 12 to 1: 53.28 bbls w/ 700#; 1 to 2: 46.84 bbls w/ 800#, swap tanks starting to see oil cut w/ gas starting to show; 2 to 3: 49.5 bbls w/ 700#; 3 to 4: 54 bbls w/ 700#; 4 to 5: 54 bbls w/ 700#; 5 to 6: 52.5 w/ 650#; 6 to 7: 60 bbls w/ 650#; 7 to 8: 40 bbls w/ 650#; 8 to 9: 40 bbls w/ 700#; 9 to 10: 40 bbls w/ 700#; 10 to 11: 50 bbls w/ 650 #; 11 to 12: 45 bbls w/ 600#; Swap tanks; 12 to 1: 49.5 bbls w/ 600#; 1 to 2: 40.5 bbls w/ 600#; 2 to 3: 50.75 bbls w/ 600#; 3 to 4: 34.75 bbls w/ 600 #; 4 to 5: 35 bbls w/ 600#; 5 to 6: 40 bbls w/ 600#. Total fluid rec - 1140.5 bbls. DC-\$0; Proj Cost-\$559,626; CC-\$3,588,973.

Scheduled Activity-

Will color cut the 1st two tanks this AM & see how much oil has flowed back.

1/28/08-Day 14

Rig stand by, rental equip in well. DC-\$10,550; Proj Cost-\$570,126; CC-\$3,599,523.

1/29/08-Day 15

Stand by & rental. At 2 PM, SI – well had gang hook up to flow to battery. Reopen @ 3:00 PM. DC-\$22,500; Proj Cost-\$592,626; CC-\$3,622,023.

1/30/08-Day 16

Stand by & rental. Well flowing to battery. -13 hr well test - 118 BO, 66 BW, on 18/64" chk & 550# tbg. DC-\$15,000; Proj Cost-\$607,626; CC-\$3,637,023.

1/31/08-Day 17

24 hrs – 151 BO, 121 BW, 550 PSI on 18/64" chk. Will tie gas line into purchaser today but will not open valve until tomorrow. Once gas line is tied in, can consider opening chk more, but, venting gas now. DC-\$25,000; Proj Cost-\$632,626; CC-\$3,662,023.

2/1/08-Day 18

Stand by & rental. Well flowing to battery. 24 hr well test- 162 BO, 82 BW, on 18/64" chk, 500# tbg PSI. Rigging down, move to Sealy #246. DC-\$4,500; Proj Cost-\$637,126; CC-\$3,666,523.

2/2/08-Day 19

Rental. Well flowing to battery. 24 hr well test - 153 BO, 78 BW & 163 MCF on 18/64" chk, 525# tbg PSI. DC-\$4,500; Proj Cost-\$641,626; CC-\$3,671,023.

2/3/08-Day 20

24 hr well test- 155 BO, 80 BW & 178 MCF on 18/64" chk, 500# tbg PSI. DC-\$4,500; Proj Cost-\$646,126; CC-\$3,675,523.

2/4/08-Day 21

24 hr well test- 135 BO, 22 BW & 209 MCF on 18/64" chk, 475# tbg PSI. DC-\$4,500; Proj Cost-\$650,626; CC-\$3,680,023.

2/5/08-Day 22

Rental, well flowing to battery. 24 hrs – 220 BO, 60 BW, 202 MCF, TP-450# & on 20/64" chk. DC-\$5,000; Proj Cost-\$655,626; CC-\$3,685,023.

2/6/08-Day 23

Rental, well flowing to battery. 24 hrs – 217 BO, 68 BW, 322 MCF, TP-425# & on 20/64" chk. DC-\$5,000; Proj Cost-\$660,626; CC-\$3,690,023.

2/7/08-Day 24

Rental, well flowing to battery. 24 hrs – 195 BO, 86 BW, 286 MCF, TP-410# & on 20/64" chk. DC-\$5,000; Proj Cost-\$665,626; CC-\$3,695,023.

2/8/08-Day 25

Rental, well flowing to battery. 24 hrs – 189 BO, 77 BW, 217 MCF, TP-400# & on 20/64" chk. DC-\$5,000; Proj Cost-\$670,626; CC-\$3,700,023.

2/9/08-Day 26

Rental, well flowing to battery. 24 hrs – 158 BO, 31 BW, 230 MCF, TP-400# & on 20/64" chk. DC-\$5,000; Proj Cost-\$675,626; CC-\$3,705,023.

2/10/08-Day 27

Rental, well flowing to battery. 24 hrs – 190 BO, 45 BW, 223 MCF, TP-380# & on 20/64" chk. DC-\$5,000; Proj Cost-\$680,626; CC-\$3,710,023.

2/11/08-Day 28

Rental, well flowing to battery. 24 hrs – 148 BO, 53 BW, 217 MCF, TP-375# & on 20/64" chk. DC-\$5,000; Proj Cost-\$685,626; CC-\$3,715,023.

2/12/08-Day 29

Rental, well flowing to battery. 24 hrs – 313 BO, 19 BW, 210 MCF, TP-275# & on 22/64" chk. Open chk to 22/64". DC-\$5,000; Proj Cost-\$690,626; CC-3,720,023.

2/13/08-Day 30

Rental, well flowing to battery. 24 hrs – 203 BO, 23 BW, 312 MCF, TP-350# & on 14/64" chk. Shut chk back due to Regency – gas lost a compressor & didn't notify us. DC-\$5,000; Proj Cost-\$695,626; CC-3,725,023.

2/14/08-Day 31

Rental, well flowing to battery. 24 hrs – 167 BO, 17 BW, 171 MCF, TP-325# & on 16/64" chk. Will open chk to 20/64" in AM. DC-\$5,000; Proj Cost-\$700,626; CC-3,730,023.

2/15/08-Day 32

Rental, well flowing to battery. 24 hrs – 236 BO, 13 BW, 202 MCF, TP-300# & on 16/64" chk. Will open chk to 21/64". DC-\$5,000; Proj Cost-\$705,626; CC-3,735,023.

2/16/08-Day 33

237 BO, 17 BW, 284 MCF, 284 BOEPD, 300 FTP & 21 chk.

2/17/08-Day 34

250 BO, 21 BW, 300 MCF, 300 BOEPD & 300 FTP.

2/18/08-Day 35

220 BO, 12 BW, 211 MCF, 255 BOEPD & 225 FTP.

2/19/08-Day 36

233 BO, 10 BW, 253 MCF, 275 BOEPD & 200 FTP.

2/20/08-Day 37

165 BO, 20 BW, 253 MCF, 207 BOEPD & 275 FTP.

2/21/08-Day 38

253 BO, 40 BW, 207 MCF, 288 BOEPD & 195 FTP.

2/22/08-Day 39

160 BO, 50 BW, 229 MCF, 198 BOEPD & 195 FTP.

2/25/08-

24 hrs – well is dead (not flowing). MI rig. DC-\$50,000; Proj Cost-\$755,626; CC-\$3,775,023

2/26/08-

MIRU PU, SOOH w/ 4-1/2" tbg, LD tbg, call to pick up & call for 2-7/8" N-80 prod tbg. SION. DC-\$12,500; Proj Cost-\$768,126; CC-\$3,787,523

2/27/08-

LD 140 jts 4-1/2" tbg yesterday, still ~ 165 jts to LD. Called Patterson to PU tbg today. Called for accelerator, bumper subs, jars, change over's, etc. 2-7/8" N-80 tbg will be delivered (2/28/08). I stop tbg charge 2/26/08. DC-\$25,000; Proj Cost-\$793,126; CC-\$3,812,523.

2/28/08-

Fin LD 4-1/2" tbg. Released LD machine & all rental equip, kept BOP. Patterson picked up 4-1/2" tbg. Called for N-97 rods - to be delivered Mon or Tues next week. Called for SN, TAC & perf sub - to be delivered Fri. Pump will be delivered Mon. DC-\$25,000; Proj Cost-\$818,126; CC-\$3,837,523.

2/29/08-

Trks aol, unloaded, racked & tallied N-80 tbg. RIH w/ 4-1/2" OS, sub, jars & 325 jts tbg. Latched onto pkr @ 10,349' (pkr was originally set @ 10487', it moved up hole during frac). Couldn't shear pkr, jars kept slipping off. Unlatched f/ pkr & POOH w/ 4 jts. SION. DC-\$72,575; Proj Cost-\$890,701; CC-\$3,910,098.

3/1/08-

Run back in & tried to get back onto pkr but not able to latch onto pkr. POOH w/ tbg, LD all tools & released all tools. RIH w/ BHA, tbg, TAC, RD BOP, RU WH. SIOW. Call for rods & pump, to be delivered Monday AM. DC-\$16,000; Proj Cost-\$906,701; CC-\$3,926,098.

3/3/08-

RIH w/ pump, rods, spaced out. Call for pumping unit. DC-\$7,500; Proj Cost-\$914,201; CC-\$3,933,598.

3/4/08-

RD PU, pumping unit will be set 3/5/08. Electricians will hook up unit 3/5/08. DC-\$56,000; Proj Cost-\$970,201; CC-\$3,989,598.

3/5/08-

MI RU pumping unit (took all day). Electricians to replace transformers f/ 2-15 to 3-25 & will start hooking up electrical 3/6/08. DC-\$92,000; Proj Cost-\$1,062,201; CC-\$4,081,598.

3/6/08

Electricians hook up PU. Check rotation, make sure not tagging. Left unit off until Friday morning. DC-\$17,000; Proj Cost-\$1,079,201; CC-\$4,006,598.

3/7/08

Turn well on. DC-\$0; Proj Cost-\$1,079,201; CC-\$4,006,598.

3/8/08

24 hrs – 33 BO, 60 BW & 0 MCF. DC-\$0; Proj Cost-\$1,079,201; CC-\$4,006,598.

3/9/08

24 hrs – 335 BO, 45 BW & 150 MCF. DC-\$0; Proj Cost-\$1,079,201; CC-\$4,006,598.