

**CONFIDENTIAL**  
Release Date 4-4-96

ARZON CORPORATION  
NW NW 27-13S-30E, Cochise Co.

1 STATE  
(887)



**WELL COMPLETION OR RECOMPLETION REPORT AND WELL LOG**

DESIGNATE TYPE OF COMPLETION:

New Well  Work-Over  Deepen  Plug Back  Same Reservoir  Different Reservoir  Oil  Gas  Dry

DESCRIPTION OF WELL AND LEASE

Operator Arzon Corporation Address P.O. Box 10186, Phoenix AZ 85064-0186  
 Federal, State or Indian Lease Number or name of lessor if free lease Arizona State Lease # 13-100203 Well Number State # 1 Field & Reservoir Wildcat  
 Location 660' FNL & 660' FWL County Cochise

Sec. TWP-Range or Block & Survey 27-T135-R30E

Date spudded 7-15-95 Date total depth reached 8-18-95 Date completed, ready to produce 9-30-95 Elevation (DF, RKB, RT or Gr.) 3613.5 feet Elevation of casing hd. flange 3600 feet

Total depth 8974 P.B.T.D. 4064 Single, dual or triple completion? Single If this is a dual or triple completion, furnish separate report for each completion.

Producing interval (s) for this completion No hydrocarbon production established Rotary tools used (interval) — Cable tools used (interval) None

Was this well directionally drilled? No Was directional survey made? No Was copy of directional survey filed? No Date filed NA

Type of electrical or other logs run (check logs filed with the commission) Dual Induction Lateralog; Compensated Sonic Log; Gamma Ray DSN (3080-surface) (4006-2815) Date filed October 4, 1995

CASING RECORD

Casing (report all strings set in well - conductor, surface, intermediate, producing, etc.)						
Purpose	Size hole drilled	Size casing set	Weight (lb./ft.)	Depth set	Sacks cement	Amt. pulled
Production	8.75"	4.5"	10.5	4064	570	0
Surface	12.25"	9.625"	36	546	350	0

TUBING RECORD

LINER RECORD

Size	Depth set	Packer set at	Size	Top	Bottom	Sacks cement	Screen (ft)
2.375 in.	4000 ft.	3950 ft.	4.5 in.	None ft.			

PERFORATION RECORD

ACID, SHOT, FRACTURE, CEMENT SQUEEZE RECORD

Number per ft.	Size & type	Depth Interval	Amt. & kind of material used	Depth Interval
2 shots	Casing Gun	3956-66; 3922-32	Cement squeezed with 110 sacks of Premium Plus Cement	2830 - 3060
	3/8" holes	3170-80; 3030-40		

INITIAL PRODUCTION

Date of first production No Commercial Production Producing method (indicate if flowing, gas lift or pumping-if pumping, show size & type of pump:) Swab Testing - Well currently suspended; Well head closed & locked.

Date of test 9-18-95 Hrs. tested 0 Choke size 0 Oil prod. during test 0 bbls. Gas prod. during test 0 MCF (Fresh) 130 bbls. Water prod. during test 0-50 bbls. Oil gravity \*API (Corr)

Tubing pressure 0 Casing pressure 0 Cal'd rate of Production per 24 hrs. 0 Oil 0 bbls. Gas 0 MCF Water 0-50 bbls. Gas-oil ratio NA

Disposition of gas (state whether vented, used for fuel or sold): None

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the ARZON CORPORATION (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Date October 4, 1995 Signature J. H. Arzon

OCT 13 1995

Permit No. 00887 STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Well Completion or Recompletion Report and Well Log Form No. 4 File One Copy

DETAIL OF FORMATIONS PENETRATED

FORMATION	TOP	BOTTOM	DESCRIPTION*
			<i>See attached logs.</i>

\* Show all important zones of porosity, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report and well log shall be filed with the State of Arizona Oil & Gas Conservation Commission not later than thirty days after project completion.

Form No. 4

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator ARZON CORPORATION  
 2. OIL WELL  GAS WELL  OTHER  (Specify) Potential Water Well  
 3. Well Name ARZON STATE #1  
 Location 660' FNL & 660 FWL  
 Sec. 27 Twp. 13S Rge. 30E County COCHISE, Arizona.  
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease ARIZONA STATE LEASE # 13-100203

5. Field or Pool Name WILD CAT

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

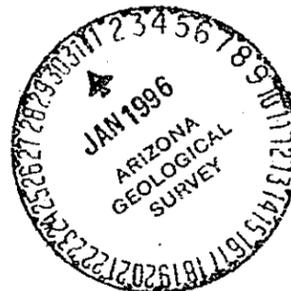
SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) _____	ABANDONMENT <input type="checkbox"/>
(OTHER) <u>Retain as fresh water well</u> <input checked="" type="checkbox"/>			

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

*Water Zone 3030' - 3044'*  
*The well is currently standing full of fresh water. Fluid level 200' from surface.*  
*All surface valves are closed & locked with a chain.*



8. I hereby certify that the foregoing is true and correct.

Signed J. L. Greener Title President Date Jan 23, 1996

Permit No. 00887

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy

STATE: ARIZONA  
COUNTY: COCHISE  
API 02-003-20009  
FIELD: WILDCAT  
WELL CLASS: WF  
OPR: ARZON CORP

13S-30E 27  
NW NW  
660 FNL 660 FWL  
STATUS: TA

1 ARZON STATE

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SPUD: 07/15/95 COMP: 09/01/95 ELEV: 3600 GR  
TD: 8974 (08/15/95) FM/TD: UNKNOWN  
CONTR: NORTON DRLG RIG #16 (R) (VERTICAL)  
PROJ DEPTH/FM: 9900 PENNSYLVANIAN

COMP 9/1/95(EST), TEMP ABND WILL BE REISSUED IF ADDITIONAL DATA BECOMES  
AVAILABLE.

LOC DESCRIPTION: 2 MI W SAN SIMON, AZ; LAT: 3236494 LONG: 10927625;  
CASING: 4 1/2 @ 4064;  
OPER ADD: BOX 10186, PHOENIX, AZ, 85064-0186 PHONE (602) 956-3174;

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator ARZON CORPORATION  
 2. OIL WELL  GAS WELL  OTHER  (Specify) Suspended pending further analysis.  
 3. Well Name Arzon State #1  
 Location 660' FNL & 660' FWL  
 Sec. 27 Twp. 13S Rge. 30E County Cochise, Arizona.  
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease  
Arizona STATE Lease # 13-100203  
 5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) <u>Temporary Suspend</u> <input checked="" type="checkbox"/>	ABANDONMENT <input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

*The well is currently standing full of fresh water with 3850' of 2 3/8" tubing landed in the wellhead. All surface valves are closed & locked with chain.*

8. I hereby certify that the foregoing is true and correct.  
 Signed [Signature] Title President Date Oct 5/95

Permit No. 00887 **OCT 13 1995**

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25  
 File One Copy

**ARZON STATE #1**  
Completion Schedule

September 17, 1995

Move Pride Petroleum Services Rig #222 onto location and begin Rig-Up

9/18/95

Tear out wellhead and nipple-up B.O.P.'s  
Run in Hole (R.I.H.) with six 3 1/2" drill collars and 118 joints of 2 3/8" tubing  
Drill out 100 feet of cement inside casing  
Drill out to float collar and shut down over night (S.D.O.N.)

9/19/95

Finish drilling out cement and circulate out gel plug  
Tag top of fish at 4,213'  
Circulate to clean hole trip out drill bit and lay down power swivel  
R.I.H. with packer and 128 joint of tubing  
Set packer at 3980'  
Swab hole below casing  
Recovered load water, drilling mud, well cuttings and gasified fresh water  
Reverse circulate to clean plugged tubing  
Continue swabbing  
Tubing continues to plug off with well cuttings  
S.D.O.N.

9/20/95

Fluid level rose to 2,000 feet  
Swab well  
Recovered fresh water and well cuttings  
Tubing continuing to plug off  
Pull tubing and packer out of hole  
S.D.O.N.



9/21/95

R.I.H. with bit  
Circulate out well cuttings to clean hole for logging  
Run cement bond log (4,006' to 2,734')  
No cement above 3,060 feet  
Run Gamma-Ray dual spaced neutron log (4,006' to 2,815')  
Identify seven potential zones  
Perforate six ten foot sections with two shots per foot  
Zone 1 (3,956 to 3,966)  
Zone 2 (3,922 to 3,932)  
Zone 3 (3,876 to 3,886)

Zone 4 (3,824 to 3,834)  
Zone 5 (3,648 to 3,658)  
Zone 6 (3,170 to 3,180)  
Zone 7 (3,030 to 3,040)  
Unable to perforate zone 7 due to lack of cement bond - need to squeeze

9/22/95

R.I.H. with bridge plug and packer  
Set packer at 3,950  
Swab individual zones  
All zones swabbed dry - No measurable gas or fluid entry into well bore  
S.D.O.N. All zones open

9/23/95

Fluid level 300' from surface  
Resumed swabbing  
Swabbed well dry recovered fresh water  
Left bridge plug in hole  
Pull tubing and packer out of hole  
Shut down for two days all zones left open with B.O.P. closed

9/26/95

Opened well - No pressure  
Rigged up to squeeze cement to cover zone 7  
Perforate 3,049' to 3,050' with four shots  
Set cast-iron bridge plug at 3,090'  
Set EZ-Drill cement retainer at 2,977'  
Rig-up Haliburton cement trucks  
Pump 110 sacks of Premium plus cement  
Maximum pressure reached 750 psi  
R.I.H. with bit and six drill collars  
S.D.O.N.



9/27/95

Drill out retainer and cement in casing  
Rig up Haliburton and perforate 3,030' to 3,040' with two shots per foot  
R.I.H. with tubing and packer and prepare to swab  
Fluid level at 200'  
Swab well for four hours  
Recovered approximately 60 bbls of fresh water, mud and brackish water  
Fluid level fluctuated between 200' and 1,000'  
Water temperature rising during swabbing  
Estimated fluid temperature 100 - 120 degrees Fahrenheit  
No hydrocarbons  
S.D.O.N.

9/28/95

Open well - no pressure, fluid level at 200'  
Swab well for six hours  
Recovered 50 bbls of fresh water  
Water very clean and hot  
Formation pressure 1,230 psi  
Fluid level 200' - 500'  
No hydrocarbons  
Release packer and pull out of hole  
Run in with bit and six drill collars  
Prepare to drill out bridge plug at 3,090'  
S.D.O.N.

9/29/95

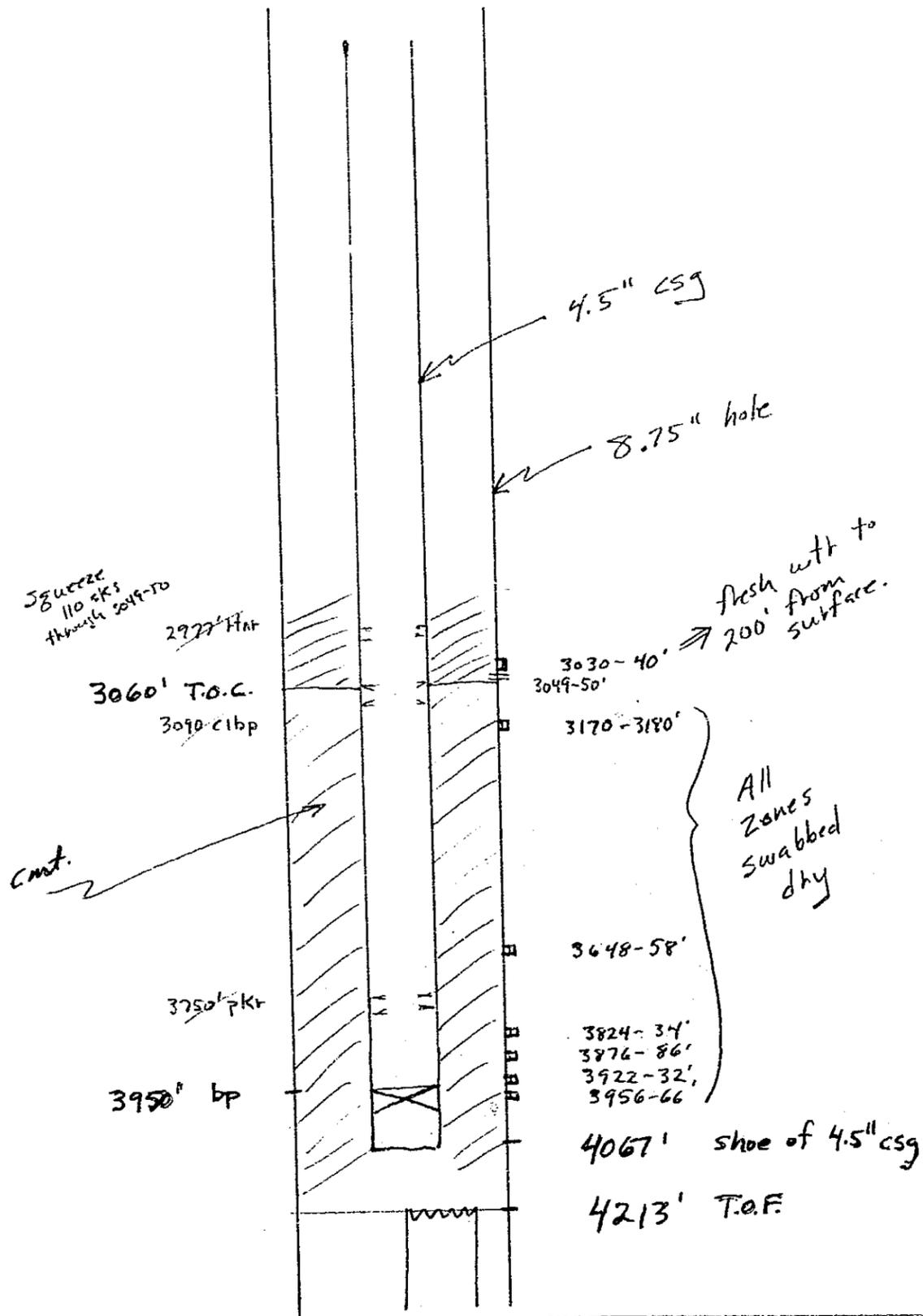
Drill out bridge plug, pull out of hole  
R.I.H. with packer and set at 3,750'  
Swab well dry  
Very little fluid entry between swabs ( approx. 1 bbl. per hour)  
Recovered fresh water  
Shut in well  
S.D.O.N.

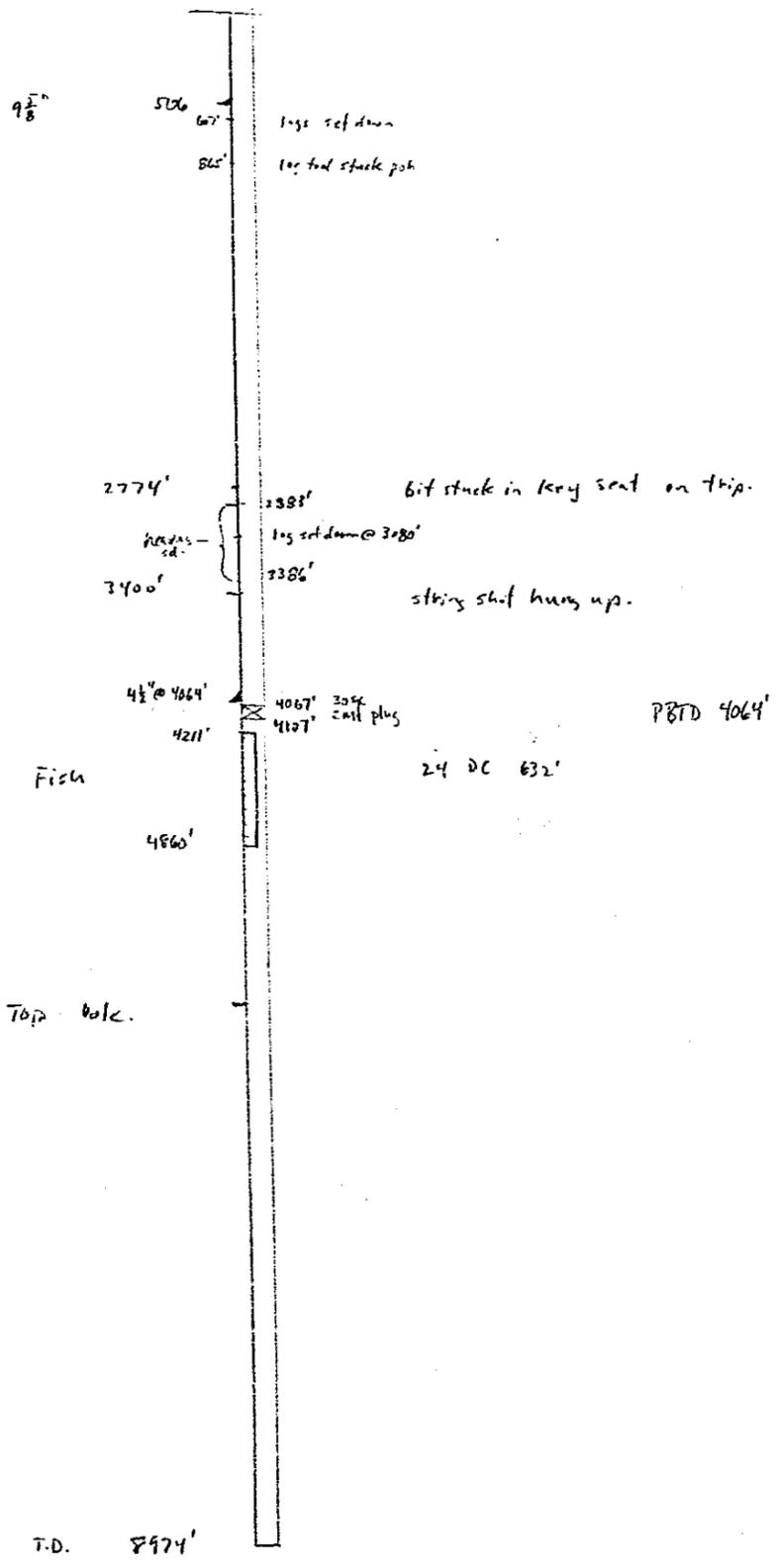
9/30/95

Open well - no pressure  
Fluid level 400'  
Estimate 12 bbls. of fluid entry overnight  
Swabbed well dry recovered fresh water  
Unseat packer and pull out of hole  
R.I.H. open ended with 124 joints of tubing  
Nipple up wellhead and tear-out service rig  
Release service rig



ARZON CORP. #1 STATE  
nw nw 27-13s-30e, Cochise Co., Arizona





From : J.W. MULLOY

Jul 9. 1995 09:08 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
6-28-95			Start clearing and watering location. DAILY: - ACCUM: \$8599
7-08-95			Watering road and laying water line. DAILY: \$10,288 ACCUM: \$18,887
7-09-95			Water roads, laying water line, dig pits. DAILY: \$1821 ACCUM: \$20,708
7-10-95			Water roads and finish laying water line. DAILY: \$1352 ACCUM: \$22,060
7-11-95			Watering location. Dug RH & MH. Prep to line pits this morn. Rig starting to arrive on location. DAILY: \$4868 ACCUM: \$26,928
7-12-95			Lined reserve pits, MI rig, dug fence around reserve pit. Expect spud ± Friday. DAILY: \$4469 ACCUM: \$31,397
7-13-95			MIRT. Watering pad. DAILY: \$869 ACCUM: \$32,266
7-14-95			RU. Watering road - prep to spud today. DAILY: \$873 ACCUM: \$33,139
7-15-95	01	372'	Drilling. Spud well @ 2:30 AM 1-15-95. Drill 372' of 12 1/4" hole. Mud 8.8 #/gal, vis 34. 1/2° @ 186'. DAILY: \$69,725 ACCUM: \$102,864
7-16-95	02	706'	WOC. Drill 334' of 12 1/4" hole. Mud 8.8 #/gal, vis 34. 1° @ 643', 1° @ 706'. Ran 546' of 9 5/8" 36# J-55 STC casing. Set @ 529'. Cement w/350 sx Class C + 2% CaCl <sub>2</sub> . PD @ 4:20 AM 7-16-95. State Representative on location approved setting depth of 9 5/8". Circ 40 sx cement to surface. DAILY: \$40,168 ACCUM: \$143,032



From : J.W. MULLOY

JUL 27. 1995 09:16 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
7-22-95	08	5222'	Drilling & Survey. Drill 364' 8 3/4" hole in 12 1/2 hours. Mud wt. 8.6 #/gal, vis 28. 7° @ 4995', 8 1/4° @ 5056', 8° @ 5118', 8 1/4° @ 5180'. Wt on bit 15/45,000# @ 65 RPM. DAILY: \$13387      ACCUM: \$202,271
7-23-95	09	5440'	Trip. Drill 218' 8 3/4" hole in 18 hrs 5° @ 4800', 8 1/4° @ 5242', 8° @ 5305', 8 1/4° @ 5367'. Bit #4 in @ 4858' & out @ 5440'. Made 582'in 31 1/2 hrs. Ran 60 bbl sweep prior to trip. DAILY: \$8139      ACCUM: \$210,410
7-24-95	10	5630'	Drilling. Drill 190' in 18 1/2 hrs. FW mud @ 8.4 #/gal, 29 vis. 8° @ 5461', 7 3/4° @ 5588'. Bit #5 HP53A w/2-12 & 1-13 Jet in @ 5440'. Wt on bit 15,000# @ 65 RPM. DAILY: \$8239      ACCUM: \$218,649
7-25-95	11	5815'	Cut drilling line. Drill 185' of 8 3/4" hole. FW mud @ 8.8 #/gal., 36 vis, WL 22, pH 10. 8 1/2° @ 5100', 7 1/2° @ 5650', 8 1/4° @ 5250', 7° @ 5713'. Made trip for bit No. 6. DAILY: \$16,377      ACCUM: \$235,026
7-26-95	12	6162'	Running Directional Survey. Drill 347' of 8 3/4" hole in 17 1/2 hrs. Mud wt. 8.9 #/gal, vis 36, WL 15, pH 9.5. 5 3/4° @ 5842', 6 1/2° @ 5966', 6° @ 6120'. DAILY: \$9595      ACCUM: \$244,621
7-27-95	13	6455'	Drilling. Drill 293' of 8 3/4" hole in 20 1/2 hrs. Mud wt 9.2 #/gal, vis 36, WL 14, pH 9. 5 3/4° @ 6243', 4 3/4° @ 6395'. 35-45,000 lbs WOB @ 60 RPM. DAILY: \$8395      ACCUM: \$253,016



From : J.W. MULLOY

Aug 18, 1995 10:12 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
8-3-95	20	7831'	Drilling. Drill 257' of 8 3/4" hole in 20 3/4 hrs. Mud wt 9.5 #/gal, vis 35, WL 13, solids 7.5%, pH 9.5. 2 1/4" @ 7578', 2 1/2" @ 7734'. DAILY: \$8323                      ACCUM: \$321,047
8-4-95	21	8109'	Drilling. Drill 270' of 8 3/4" hole in 21 3/4 hrs. Mud wt 9.3 #/gal, vis 35, WL 12, pH 9.5. 2 1/4" @ 7820', 1 3/4" @ 8014'. DAILY: \$8000                      ACCUM: \$329,047
8-5-95	22	8413'	Drilling. Drill 304' of 8 3/4" hole in 21 3/4 hrs. Mud wt 9.4 #/gal, Vis 37, WL 15, pH 9.5 2" @ 8263'. Lost 100 bbls mud. DAILY: \$8358                      ACCUM: \$337,405
8-6-95	23	8734'	Drilling. Drill 321' of 8 3/4" hole in 22 3/4 hrs. Mud wt 9.5 #/gal, Vis 36, WL 14, pH 9.0 2" @ 8511'. No 2 pump down. DAILY: \$8108                      ACCUM: \$345,513
8-7-95	24	8895'	Trip & cut drlg line. Drill 161' of 8 3/4" hole in 13 1/2 hrs. Mud wt 9.4 #/gal, Vis 36, WL 14, pH 9.5 3" @ 8791'. Bit #8 out @ 8895', made 1321' in 100 1/2 hrs. DAILY: \$8202                      ACCUM: \$353,715
8-8-95	25	8974'	Stuck in key seat @ 4995'. Drilled 79' of 8 3/4" hole in 7 3/4 hrs. Mud wt 9.3 #/gal, Vis 36, WL 14, pH 9.5. Lost pump pressure while drilling. Pump soft line via DP. Found leak in first jt above DC's. Hole above pin in chain area. Had to work thru key seat @ 3400'. LD bad jt. TIH. Hit tight place @ 3350'. Worked thru and TIH to 4995'. Pulled up into key seat, pipe stuck. PU Kelly and break circ. Working pipe @ report time. DAILY: \$8493                      ACCUM: \$362,208



From : J.W. MULLOY

AUG 14. 1995 09:37 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
8-12-95	29	8974'	Working fish. Mud wt 8.5 #/gal, vis 29. Break off Kelly. RIH w/wireline and back off 1 jt above top of DC's (4211'). Spot 60 bbls high viscous pill. POH & LD 5 jts DP. RIH w/screw-in sub, BS & jars, accelerator sub, 6-6" DC's on 4 1/2" DP. Tag top of fish (4211'). Broke circ - wash down. Screw into top of fish. Pull up to 250,000 lbs and work fish 20,000 - 250,000 lbs. Beat down on fish 2 hrs. Circ hole w/fresh water. Spot 71 bbls diesel. Left 30 bbls inside DP. Pump 2 bbls fresh water every 1/2 hr while jarring up, down & set w/torque, alternately. Got diesel to surface @ 5 AM. No movement in fish. DAILY: \$15,330                      ACCUM: \$419,623
8-13-95	30	8974'	Washing & Reaming Mud wt 8.6 #/gal, vis 41. Torque and jar on fish 4 hrs. RU wireline & back off @ 4211'. POH to 1900'. PU Kelly & circ out diesel. POH & LD fishing tools. PU Howco DST tools & RIH to 3069'. Took weight and could not get through. POH. Had 3 DC's & tool plugged. Clean out tool. RIH w/8 3/4" bit on 3 DC to 2883'. Start washing, reaming and mixing mud. DAILY: \$19,650                      ACCUM: \$439,273
8-14-95	31	8974'	Circ & Cond Mud @ 4211'. Mud wt 9.3 #/gal, vis 51, WL 9, pH 10.5. Wash & ream from 2883' to 3386' for 9 hrs. Getting lot of formation sand back. RIH to top of fish @ 4211'. Circ & cond mud 4 1/2 hrs. POH on short trip to 2000'. Circ & wash back to 4211' - 8 3/4 hrs. Had to LD stands in singles to wash back down. Circ & cond mud @ 4211'. Hole is heaving formation sand. DAILY: \$12,860                      ACCUM: \$452,133

From : J.W. MULLOY

Aug 17, 1995 09:13 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

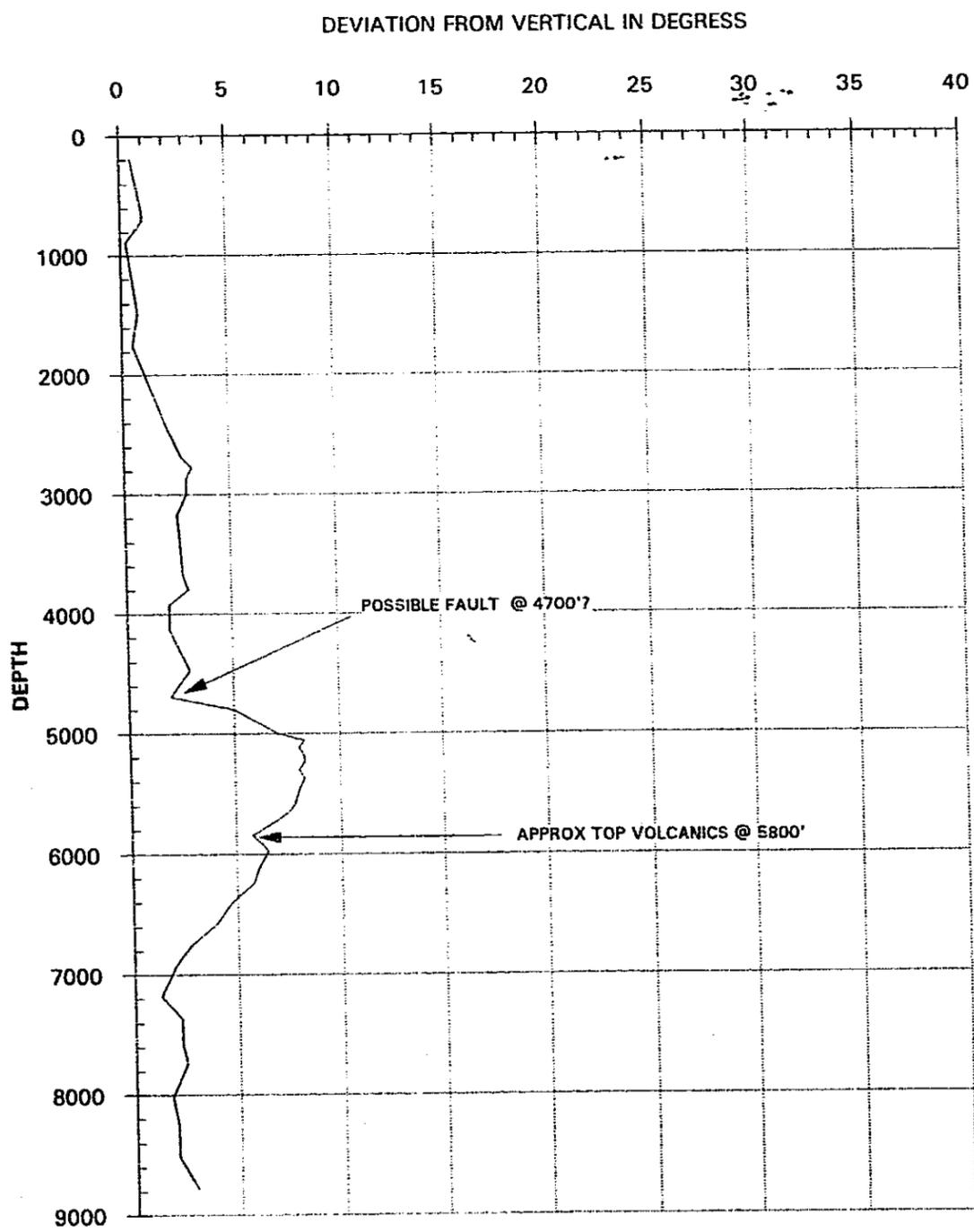
<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
8-15-95	32	8974'	Letting oil soak around DC's. Mud wt 9.3 #/gal, vis 50, WL 8.4, Solids 7.2%, pH 9. Circ hole 2 hrs. POH to 2800'. Had several tight spots. RIH to top of fish. Did not touch anything. Circ 2 hrs. LD Howco DST tools. PU Screw-in sub, BS & J, 6-6 1/4" DC's, accelerator sub, RT reamer & RIH. Did not touch anything. Screw into fish @ 4211'. Broke circ thru fish @ 6:30 PM. Circ & cond mud 11 1/2 hrs. Spot 120 bbls 39° grav oil over DC's and let soak. DAILY: \$10,633                      ACCUM: \$462,766
8-16-95	33	8974'	POH for logs. Let oil soak for 3 hrs. Started working fish. Pulled up to 265,000 lbs. and fish parted. POH. Found top jt of DP on top of fish parted. LD all fishing tools and 200' of DP. RIH w/bit & 6 DC's to top of fish @ 4211'. Circ & cond mud 2 hrs. Start POH to log. Mud wt 8.7 #/gal, vis 60 +, WL 9, Solids 4.3%, oil 14%, pH 9. DAILY: 15,930                      ACCUM: \$478,696
8-17-95	34	8974'	Circ. Waiting on casing. Finish TOH for logs. RU Halliburton Logging Services. RIH to 607', could not get tools deeper. RD HLS. RIH open ended w/DC's & DP to 837'. Circ 30 min. POH. RIH w/HLS tools. Stopped at same place. POH. RIH w/bit & DC's to bottom of surf csg @ 523'. PU Kelly & wash down to 723'. POH. RIH w/HLS tools to 3080'. Set down. Ran DIL - Sonic, GR & caliper to surface. Tools stuck @ 865' while pulling out. Pull up to 3500 lbs - stuck. Pull 4500 lbs - moved 10'. Wait 45 min - tool came free. Finish logging to surface. RD HLS. RIH w/8 3/4" bit, 6-6 1/4" DC's & DP to top of fish @ 4211'. Had to work bit thru tight place @ 3250'. Circ & cond mud. WO casing. DAILY: \$16,222                      ACCUM: \$494,918

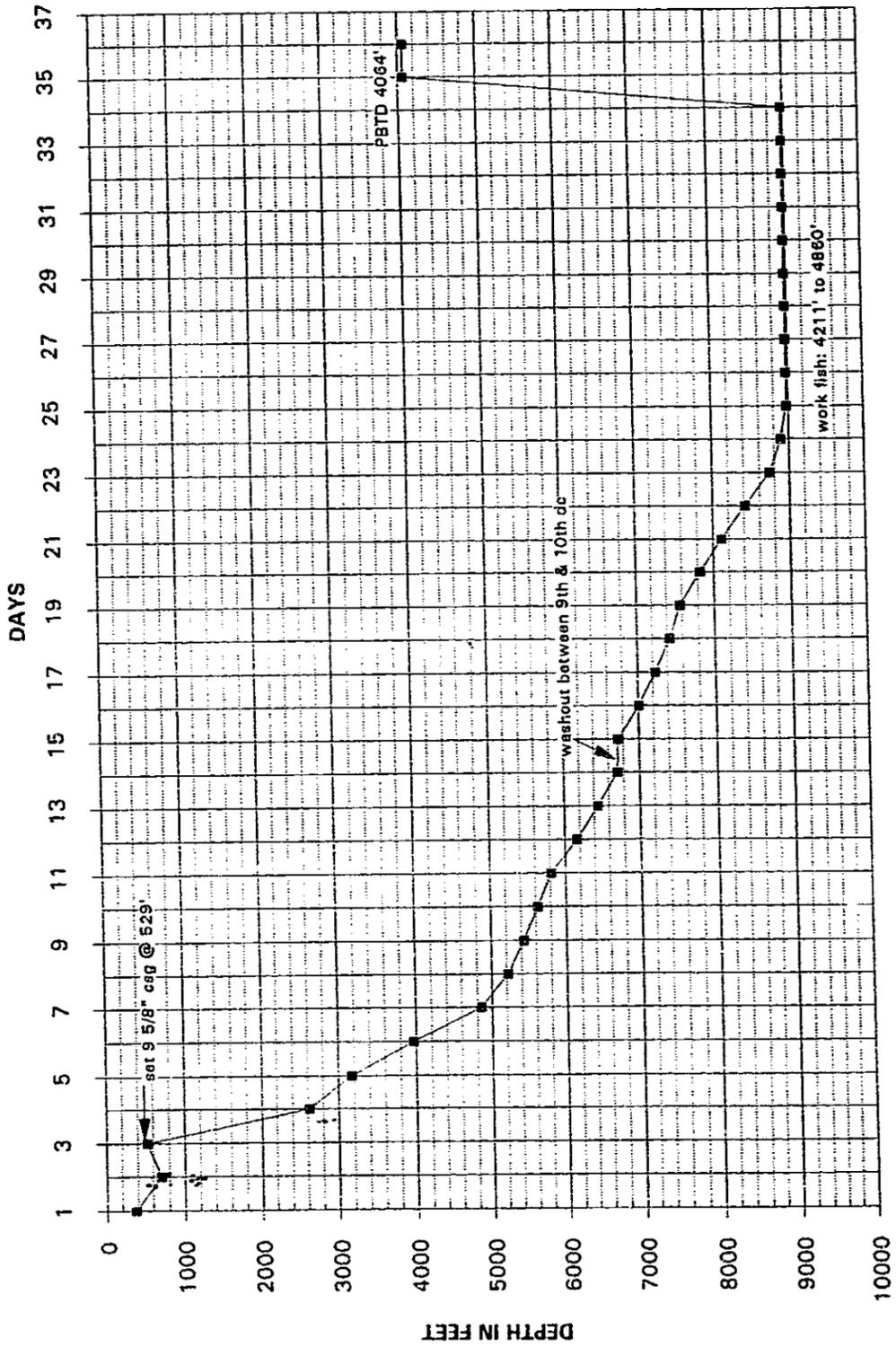
From : J.W. MULLOY

21.1995 10:21 AM P02

ARZON CORPORATION  
ARZON STATE NO. 1  
COCHISE COUNTY, ARIZONA

<u>DATE</u>	<u>DAY</u>	<u>DEPTH</u>	<u>OPERATIONS LAST 24 HOURS</u>
8-18-95	35	4064' PBTB	Circulating above cement plug. Unload & tally 4189.76' (Threads off) of 4 1/2" 10.5 lbs J-55 used casing. Mix 30 bbl viscous gel pill & spot from 4213' to 4178'. Pull up to 4178' & circ while tallying casing. RU LD lines. POH & LD DP & DC's. RU csg crew & run 4 1/2" csg. Set down @ 3060'. Rotated & pumped w/both pumps (12 BPM) for 3 hrs. Broke thru obstruction, ran 20' and circ next 2 jts down then finish RIH to 4107'. Circ 15 min. Spot 30 sx cmt plug. PU to 4067' & circ 2 hrs for plug to harden. Circulating @ report time. Ran total 100 jts 4 1/2" 10.5 lbs J-55 used casing - drifted & tested. Set @ 4064'. DAILY: \$36,373                      ACCUM: \$531,291
8-19-95	36	4064' PBTB	WO Completion. Cmt w/570 sx Class C + 0.3% H-9 + 5 lbs salt/sk. PD @ 11:45 AM CDT 8-18-95. Bumped plug, pressure up to 900 psi. Plug held OK. Float OK. ND BOP. Cut off casing. NU wellhead. Jet pits. Rel Norton Rig @ 6:30 PM CDT 8-18-95. Released all rental equipment 8-18-95. Final report until activity resumes. DAILY: \$29,668                      A C C U M : \$560,959.



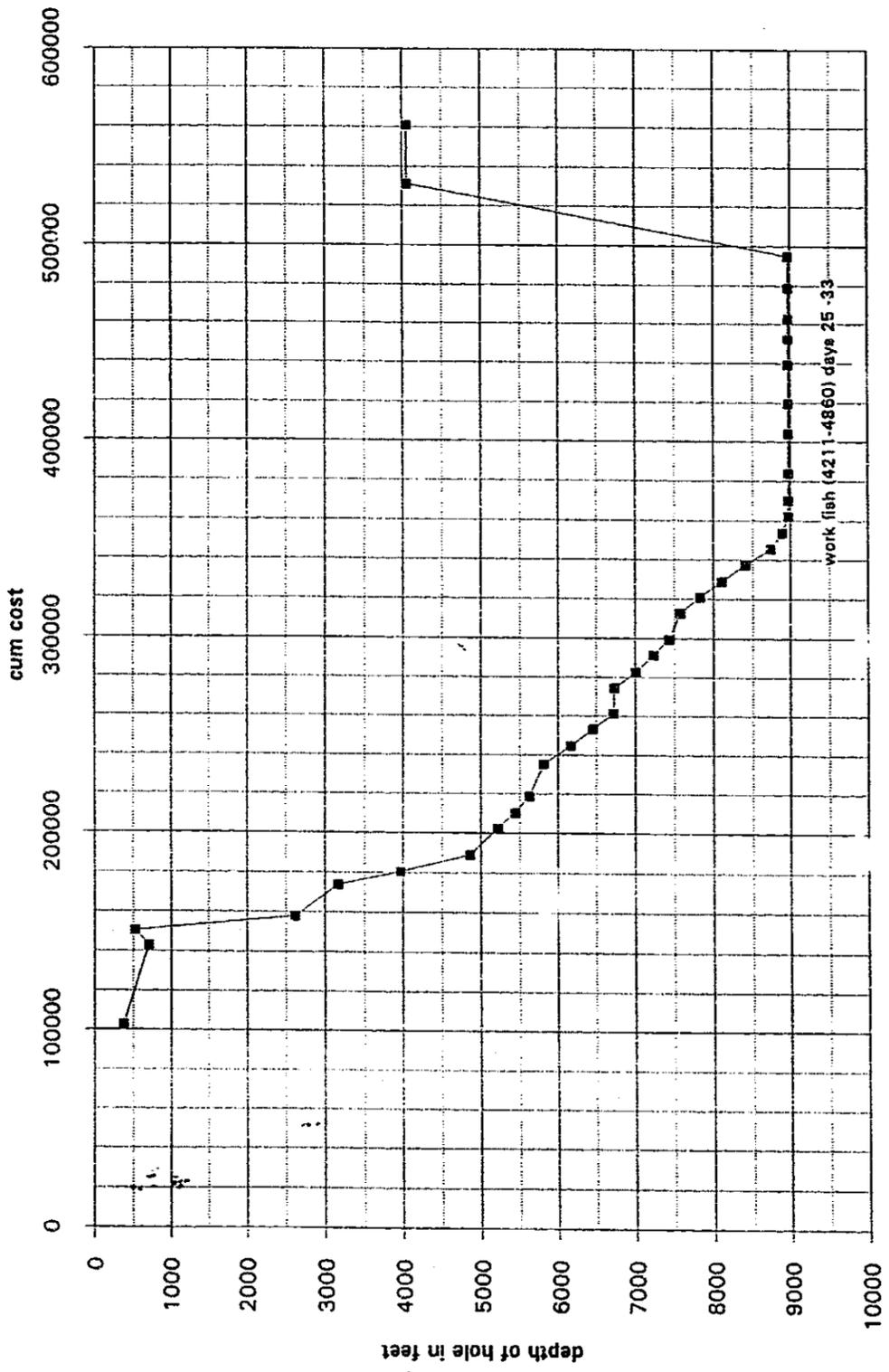


set 9 5/8" csg @ 529'

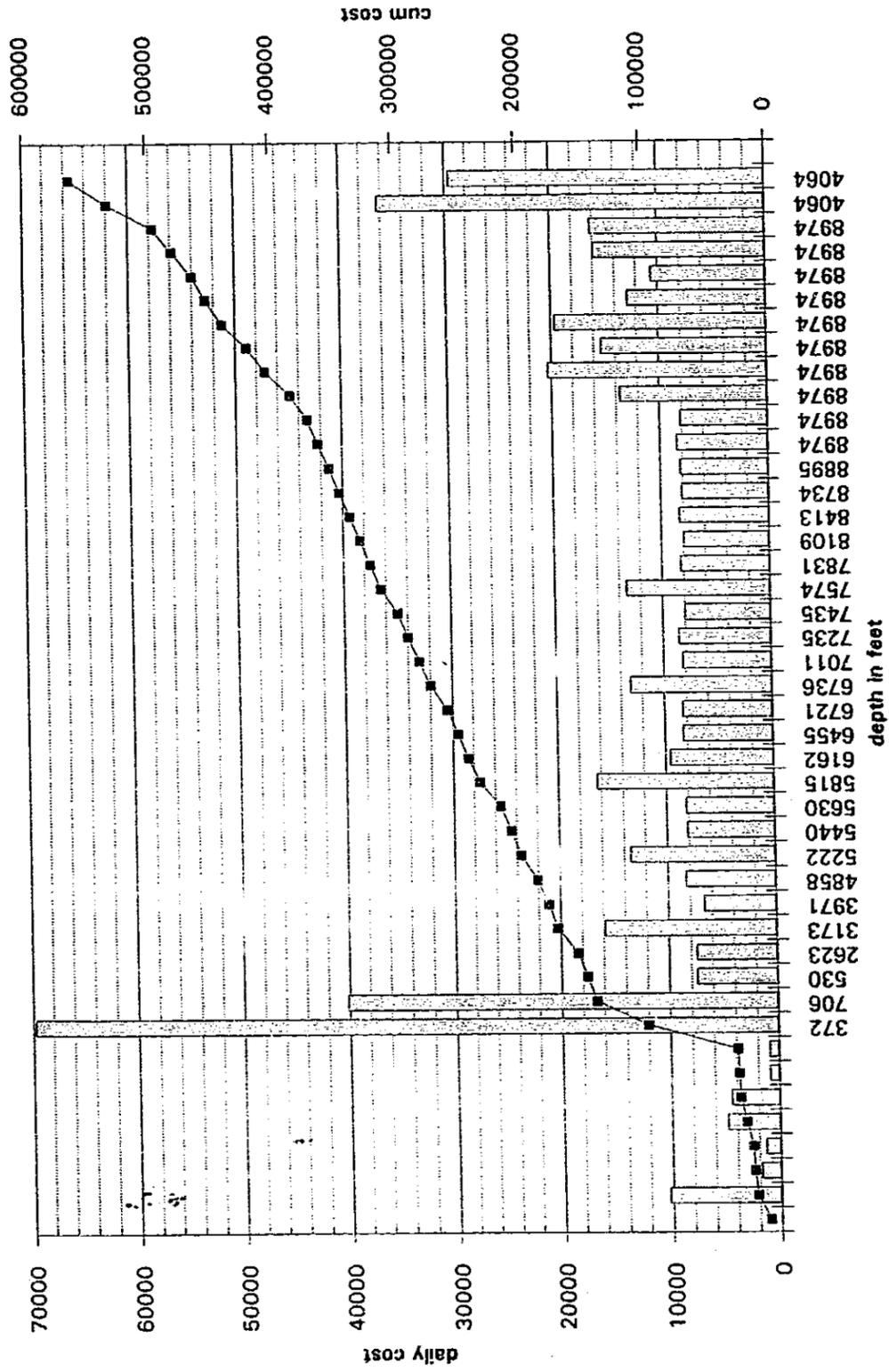
washout between 9th & 10th de

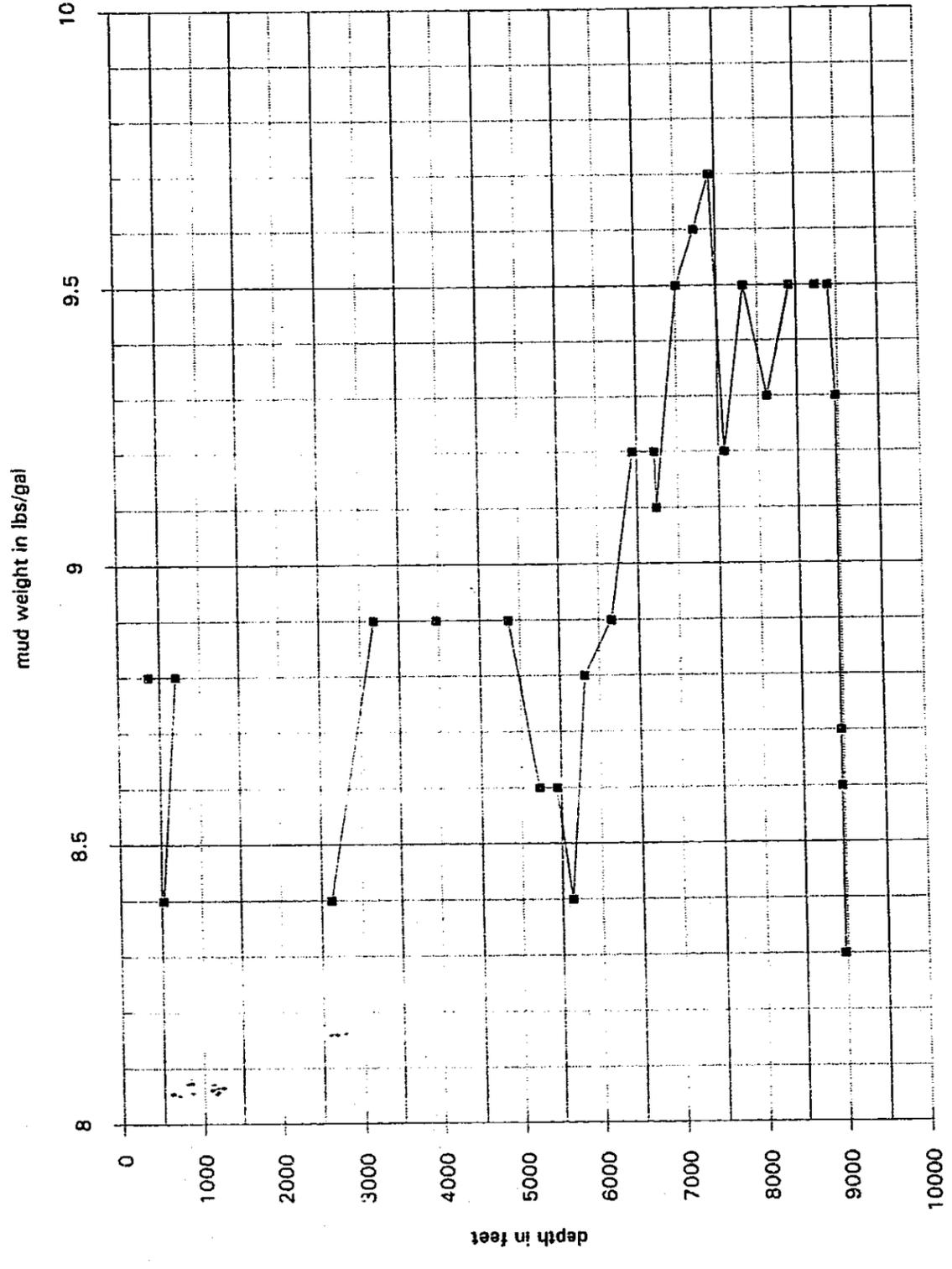
PBTD 4064'

work fish: 4211' to 4860'



ARZONCC.XLC





Arzon #1 State, nw nw 27-31s-30e

Bit Record from Mud Log

Bit #1	Spud	HTC ATJ 12 1/4"	
Bit #2	710'	Reed HP11 8 3/4"	Made 2463 ft.
Bit #3	3173'	Reed HP51 8 3/4"	Made 185' in 35 1/4 hrs.
Bit #4	4858'	Reed HP51A 8 3/4"	Made 582' in 31 1/2 hrs.
Bit #5	5440'	Reed HP53A 8 3/4"	Made 375' in 33 hrs.
Bit #6	5815'	Reed HP52A 8 3/4"	Made 906' in 57 hrs. w/ string reamer 1114' above bit
Bit #7	6721'	Reed HP61A 8 3/4"	Made 853' in 77 dlg. hrs. Cont w/ string reamer
Bit #8	7574'	Reed HP61A 8 3/4"	Made 1321' in 100 1/2 dlg. hrs. Cont. w/ string reamer
Bit #9	8895'	Reed HP61 8 3/4"	Made 79' before pipe stuck after dlg. to TD of 8974'

**SUNDRY NOTICES AND REPORTS ON WELLS**

1. Name of Operator ARZON CORPORATION

2. OIL WELL  GAS WELL  OTHER  (Specify) \_\_\_\_\_

3. Well Name ARZON STATE NO. 1

Location 660' FNL; 660' FWL

Sec. 27 Twp. 13 - S Rge. 30 E County COCHISE, Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease  
ARIZONA STATE LEASE # 13-100203

5. Field or Pool Name \_\_\_\_\_

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF	<input type="checkbox"/>	PULL OR ALTER CASING	<input type="checkbox"/>
FRACTURE TREAT	<input type="checkbox"/>	DIRECTIONAL DRILL	<input type="checkbox"/>
SHOOT OR ACIDIZE	<input type="checkbox"/>	PERFORATE CASING	<input type="checkbox"/>
REPAIR WELL	<input type="checkbox"/>	CHANGE PLANS	<input type="checkbox"/>
(OTHER)	_____		

SUBSEQUENT REPORT OF:

WATER SHUT-OFF	<input type="checkbox"/>	MONTHLY PROGRESS	<input checked="" type="checkbox"/>
FRACTURE TREATMENT	<input type="checkbox"/>	REPAIRING WELL	<input type="checkbox"/>
SHOOTING OR ACIDIZING	<input type="checkbox"/>	ALTERING CASING	<input type="checkbox"/>
(OTHER)	_____		

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

7-24-95 Drlg @ 5630  
TO  
8-08-95 Drlg @ 8974  
TO  
8-18-95 Fishing @ 8974. Left 24-6½ DC 1 jt DP from 4995 to 4211'.  
8-19-95 Set cmt plug. 4107 to 4077 thru 4½ csg. Pull up & cmt 4½ csg @ 4067' w/570 sx cmt. Installed wellhead. Waiting on completion. Well temp. abandoned.



8. I hereby certify that the foregoing is true and correct.

Signed Robert Beals ROBERT BEALS Title AGENT Date 8-22-95

Permit No. 887

**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**  
Sundry Notices and Reports On Wells  
File One Copy  
Form No. 25

**NORTON DRILLING COMPANY**  
Inclination Report

Operator ARZON

Well Name and No. STATE #1

County Cochise State Az

Date	Total Depth	Depth of TOTCO	State Dropped Run on Line	Reading	Driller's Signature
7-15	258	186	ROL	1/2	FE J.E.
7-15	<del>58685</del>	<del>6643</del>	ROL	1°	J.S.
7-17	932	890	ROL	1/4°	J.S.
7-17	1522	1480	ROL	3/4°	J.S.
7-17	1799	1757	ROL	1/2°	FE J.E.
7-17	2073	2031	ROL	3/4°	FE J.E.
7-18	2320	2278	ROL	1/4°	FE J.E.
7-18	2536	2494	ROL	2°	FE J.E.
7-18	2722	2680	ROL	2 3/4°	J.S.
7-18	2816	2774	ROL	3 1/4°	J.S.
7-18	2906	2864	ROL	3°	J.S.
7-18	3035	2993	ROL	3°	FE.
7-19	3215	3173	ROL	2 1/2°	FE J.E.
7-19	3313	3271	ROL	2°	S.S.
7-19	3436	3394	ROL	2 1/4°	S.S.
7-19	3561	3519	ROL	2 3/4°	S.S.
7-20	3717	3675	ROL	2 3/4°	KB Grosh
7-20	3840	3798	ROL	3°	KB Grosh
7-20	3964	3922	ROL	2°	KB Grosh
7-20	4181	4139	ROL	2°	SS Smith
7-20	4515	4473	ROL	3°	SS Smith

The above signed representatives do certify that they have personal knowledge of the facts placed on this form and the facts given above are true and complete.

Tool Pusher's Signature Johnny R. Sweeney

NORTON DRILLING COMPANY  
Inclination Report

Operator ARZON

Well Name and No. STATE #1

County Cochise State Az

Date	Total Depth	Depth of TOTCO	State Dropped Run on Line	Reading	Driller's Signature
7-21	4732	4690	ROL	2°	W. Groder
7-22	5037	4995	ROL	<del>2°</del> (7°)	W. Groder
7-22	5098	5056	ROL	8 3/4	W. Groder
<del>7-22</del>	<del>5160</del>	<del>5118</del>	<del>ROL</del>	<del>2°</del> 8°	<del>W. Groder</del>
7-22	5222	5180	ROL	8 1/4	R. Brakes
7-22	4842	4800	ROL	5	S. Smith
7-22	5285	5242	ROL	8 1/4	S. Smith
7-22	5345	5305	ROL	8°	S. Smith
7-23	5409	5367	ROL	8 1/4°	W. Groder
7-23	5503	5461	ROL	8°	S. Smith
7-24	5630	5588	ROL	7 3/4°	W. Groder
7-24	5692	5650	ROL	7 1/2°	S. Smith
7-25	5955	5913	ROL	7°	W. Groder
1-24	5142	5100	ROL	8 1/2°	S. Smith
7-25	5815	5773	Drop	6 1/4°	W. Groder
7-25	5884	5842	ROL	5 3/4°	S. Smith
7-26	6008	5966	ROL	6 1/2	W. Groder
7-26	6182	6120	ROL	6°	W. Groder
26-95	6285	6243	ROL	5 3/4	J. S.
17-95	6437	6395	ROL	4 3/4	A. Escamela
27-95	6620	6578	ROL	4°	A. Escamela

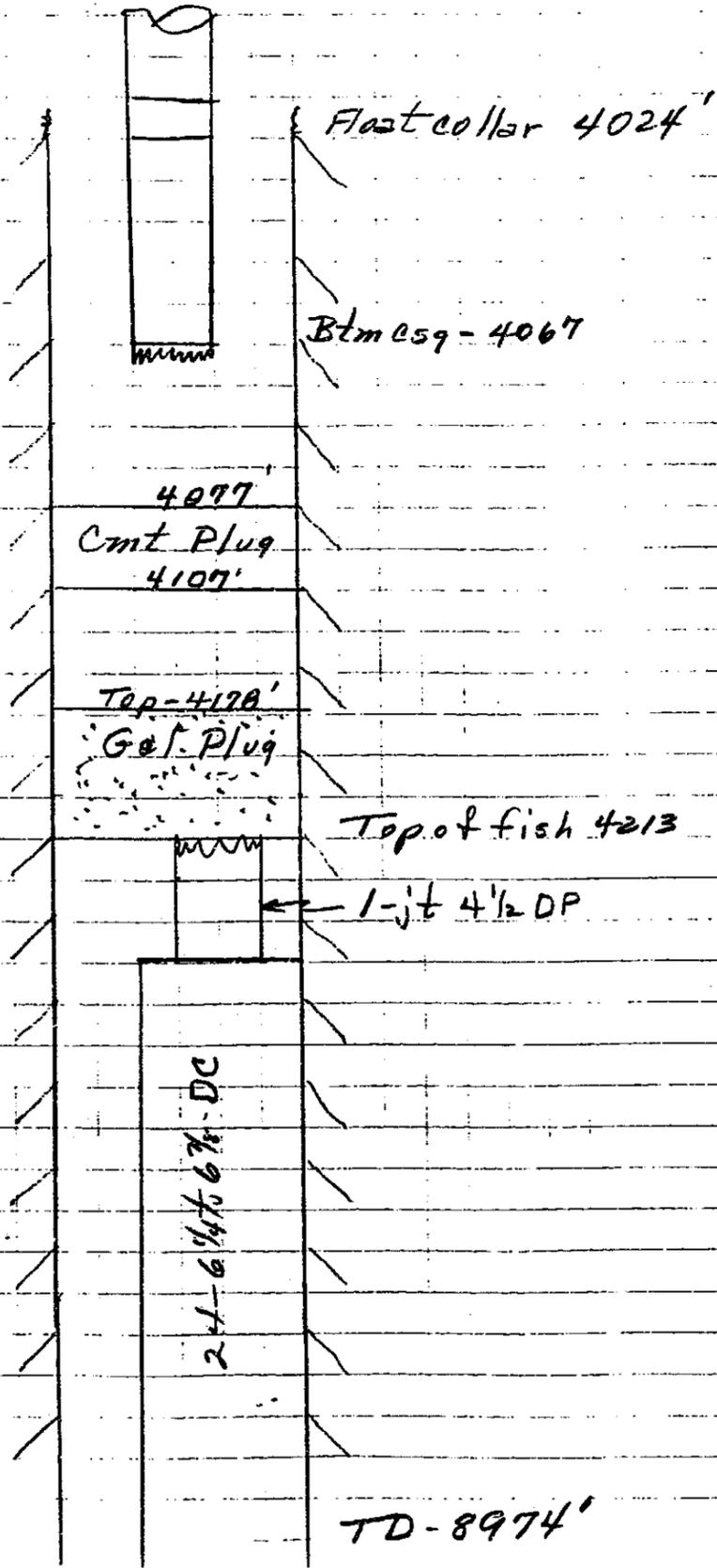
The above signed representatives do certify that they have personal knowledge of the facts placed on this form and the facts given above are true and complete.

Tool Pusher's Signature John R. Greene



ARIZON STATE

8-18-95  
RB



**SUNDRY NOTICES AND REPORTS ON WELLS**

1. Name of Operator ARZON CORPORATION

2. OIL WELL  GAS WELL  OTHER  (Specify) \_\_\_\_\_

3. Well Name Arzon State No. 1  
 Location 660' FNL; 660' FWL  
 Sec. 27 Twp. 13 - S Rge. 30 E County Cochise, Arizona.

4. Federal, State or Indian Lease Number, or lessor's name if fee lease \_\_\_\_\_  
Arizona State Lease # 13-100203

5. Field or Pool Name Wildcat

6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input checked="" type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(OTHER) _____	ABANDONMENT <input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

7-13-95 MIRURT. Spud well 2:30 AM 1-15-95. Drilled 706' of 12 1/4" hole.  
 TO RU to ren 9 5/8" 36 lbs K-55 csg. Unable to run casing below  
 7-17-95 529'. Arizona State Representative approved cementing surface  
 casing at that depth. Cemented w/350 sx Class C + 2% CaCl<sub>2</sub>.  
 Circulated 40 sx to surface. PD @ 4:20 AM 7-16-95. WOC 16 HRS.

7-18-95 Drilling @ 2623'. Drill 8 3/4" hole.  
 TO  
 7-24-95 Drilling @ 5630'.

8. I hereby certify that the foregoing is true and correct.

Signed *O. H. Routh* O. H. ROUTH Title AGENT Date 7-24-95

Permit No. 887

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy

SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator ARZON CORPORATION  
 2. OIL WELL  GAS WELL  OTHER  (Specify) Exploratory Well  
 3. Well Name ARZON STATE # 1  
 Location 660' FNL & 660' FWL  
 Sec. 27 Twp. 13S Rge. 30E County Cochise, Arizona.  
 4. Federal, State or Indian Lease Number, or lessor's name if fee lease  
ARIZONA STATE LEASE # 13-100203  
 5. Field or Pool Name WILDCAT  
 6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	MONTHLY PROGRESS <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	DIRECTIONAL DRILL <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	PERFORATE CASING <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	(OTHER) _____	ABANDONMENT <input type="checkbox"/>

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

7. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Attention: Steven L. Rauzi  
 Please be advised that ARZON proposes to revise the drilling and casing program for the subject well from that submitted with our permit to drill application. As per your verbal approval today, please find a revised copy of the Drilling Prognosis. (The changes made have been highlighted.)



8. I hereby certify that the foregoing is true and correct.  
 Signed [Signature] By SC Rauzi Date 7-5-95 (verbal)  
 Title President Date July 5, 1995

Permit No. 00881

STATE OF ARIZONA  
 OIL & GAS CONSERVATION COMMISSION  
 Sundry Notices and Reports On Wells  
 Form No. 25 File One Copy



# PERMIT TO DRILL

This constitutes the permission and authority from the  
OIL AND GAS CONSERVATION COMMISSION,  
STATE OF ARIZONA,

To: ARZON CORPORATION  
(OPERATOR)

to drill a well to be known as

STATE #1  
(WELL NAME)

located 660' FNL & 660' FWL

Section 27 Township 13E Range 30E, COCHISE County, Arizona.

The W 1/2 of the NW QTR of said  
Section, Township and Range is dedicated to this well.

Said well is to be drilled substantially as outlined in the attached Application and must be drilled  
in full compliance with all applicable laws, statutes, rules and regulations of the State of Arizona.

Issued this XX 15 day of JUNE, 1995.

OIL AND GAS CONSERVATION COMMISSION

By Steven L. Raming

EXECUTIVE DIRECTOR

OIL & GAS PROGRAM ADMINISTRATOR

PERMIT 00887

RECEIPT NO. 22

A.P.I. NO. 02-003-20009

State of Arizona  
Oil & Gas Conservation Commission  
Permit to Drill

FORM NO. 27

**APPLICATION FOR PERMIT TO DRILL OR RE-ENTER**

APPLICATION TO DRILL

RE-ENTER OLD WELL

NAME OF COMPANY OR OPERATOR

*ARZON CORPORATION*

Address *P.O. Box 10186*

City *Phoenix*

State *AZ*

*8506A-0186*

Phone: *602-956-3174*

Drilling Contractor

*Norton Drilling Co.*

Address *5211 Brownfield Hwy; Suite 230, Lubbock, Texas 79407-3501*

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor <i>Arizona State Lease # 13-100203</i>	Well number <i>State # 1</i>	Elevation (ground) <i>3599.63 feet</i>
Nearest distance from proposed location to property or lease line: <i>660 feet</i>	Distance from proposed location to nearest drilling, completed or applied—for well on the same lease: <i>No other well on lease - feet</i>	
Number of acres in lease: <i>2335.37</i>	Number of wells on lease, including this well, completed in or drilling to this reservoir: <i>one</i>	
If lease, purchased with one or more wells drilled, from whom purchased: Name <i>NA</i>	Address	
Well location (give footage from section lines) <i>660' S of N; 660' E of W</i>	Section—township—range or block and survey <i>27-135-30E</i>	Dedication (Comply with Rule 105) <i>W 1/2 of NW 1/4</i>
Field and reservoir (if wildcat, so state) <i>Wildcat</i>	County <i>Cochise</i>	
Distance in miles, and direction from nearest town or post office <i>Two miles west of San Simon</i>		
Proposed depth: <i>9900'</i>	Rotary or cable tools <i>Rotary</i>	Approx. date work will start <i>Last week of June, 1995</i>
Bond Status <i>10,000 or less</i>	Organization Report	Filing Fee of \$25.00
Amount <i>\$10,000.00</i>	On file <input type="checkbox"/> Or attached <input checked="" type="checkbox"/>	Attached <input checked="" type="checkbox"/>

Remarks:

*Well name: Arzon State # 1*

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the *President* of the *Arzon Corporation* (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature

*J. A. Dossan*

Date

*June 14, 1995*

API # *02 003 20009*

Permit Number: *887*

Approval Date: *6-15-95*

Approved By: *Steven L. Rainz*

Notice: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

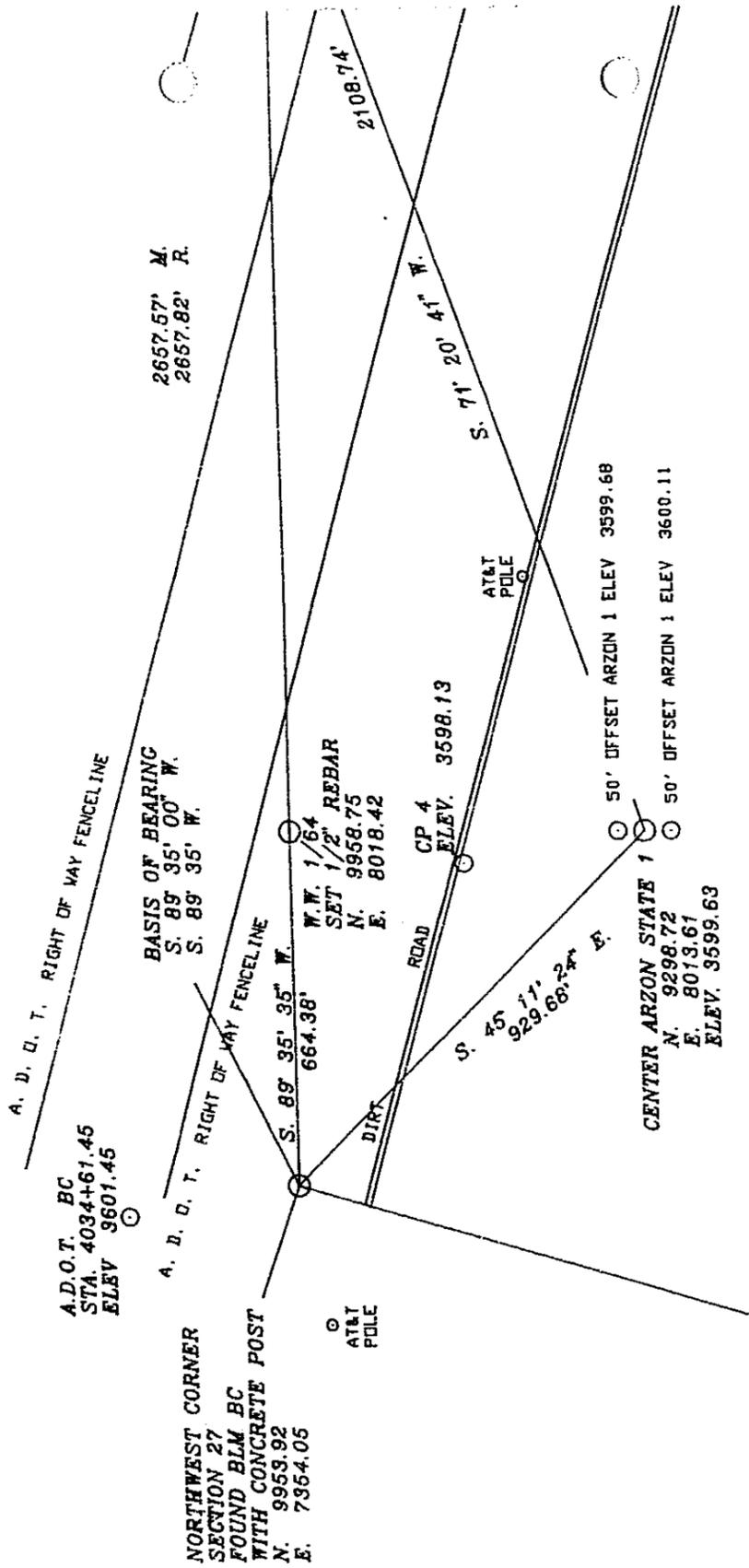
STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Application to Drill or Re-enter  
File Two Copies

Form No. 3

- Operator shall outline the dedicated acreage for *both* oil and gas wells on the plat.
- A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
- ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.
- Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES  NO
- If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES  NO  . If answer is "yes," Type of Consolidation \_\_\_\_\_
- If the answer to question four is "no," list all the owners and their respective interests below:

Owner	Land Description				
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%; text-align: center;">State 8-17-99</td> <td style="width:50%; text-align: center;">Gallatin 2-27-00</td> </tr> <tr> <td style="width:50%; text-align: center;">EIMS 9-13-99</td> <td style="width:50%; text-align: center;">BLM 10-1-04</td> </tr> </table>	State 8-17-99	Gallatin 2-27-00	EIMS 9-13-99	BLM 10-1-04	<p style="text-align: center;"><b>CERTIFICATION</b></p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p style="text-align: center;"><i>J. A. Tessari</i></p> <p>Name <u>John A Tessari</u></p> <p>Position <u>President</u></p> <p>Company <u>Arzan Corporation</u></p> <p>Date <u>June 14, 1995</u></p> <p>I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p>Date Surveyed <u>June 9, 1995</u></p> <p>Registered Professional Engineer and/or Land Surveyor</p> <p style="text-align: center;"><i>Gordon Holmes</i></p> <p>Certificate No. <u>26922</u></p>
State 8-17-99	Gallatin 2-27-00				
EIMS 9-13-99	BLM 10-1-04				

PROPOSED CASING PROGRAM							
Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
13 3/8"	48#/ft	H-40; STE 8 Rd; R-3	Surface	700 ft.	Surface to 700 ft.	750	5 x class "c" +2% CaCl2



SURVEYORS CERTIFICATE

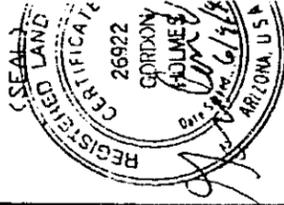
I, Gordon Holmes an Arizona Registered Land Surveyor No. 26922 licensed and registered under the laws of the State of Arizona do hereby certify that this plat was prepared by me or under my direct supervision, by notes taken in the field and that the survey is true and correct to the best of my knowledge and belief.

Signed: Gordon Holmes Date: 6/1/75  
Gordon Holmes, AZ., RLS 26922

S TO COCHISE AVENUE  
SAN SIMON, ARIZONA

SECTION 27, TOWNSHIP 13 SOUTH, RANGE 30 EAST

TITLE



SHEET

SCALE 1:24 000

0 1000 2000 3000 4000 5000 6000 7000 FEET

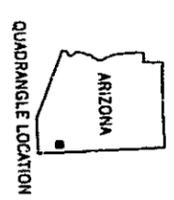
0 1 KILOMETRE

1 MILE

CONTOUR INTERVAL 10 FEET

TED LINES REPRESENT 5-FOOT CONTOURS

ONAL GEODETIC VERTICAL DATUM OF 1929



**ROAD CLASSIFICATION**

Primary highway, hard or improved surface

Light-duty road, hard or improved surface

Secondary highway, hard surface

Unimproved road

Interstate Route

U. S. Route

State Route

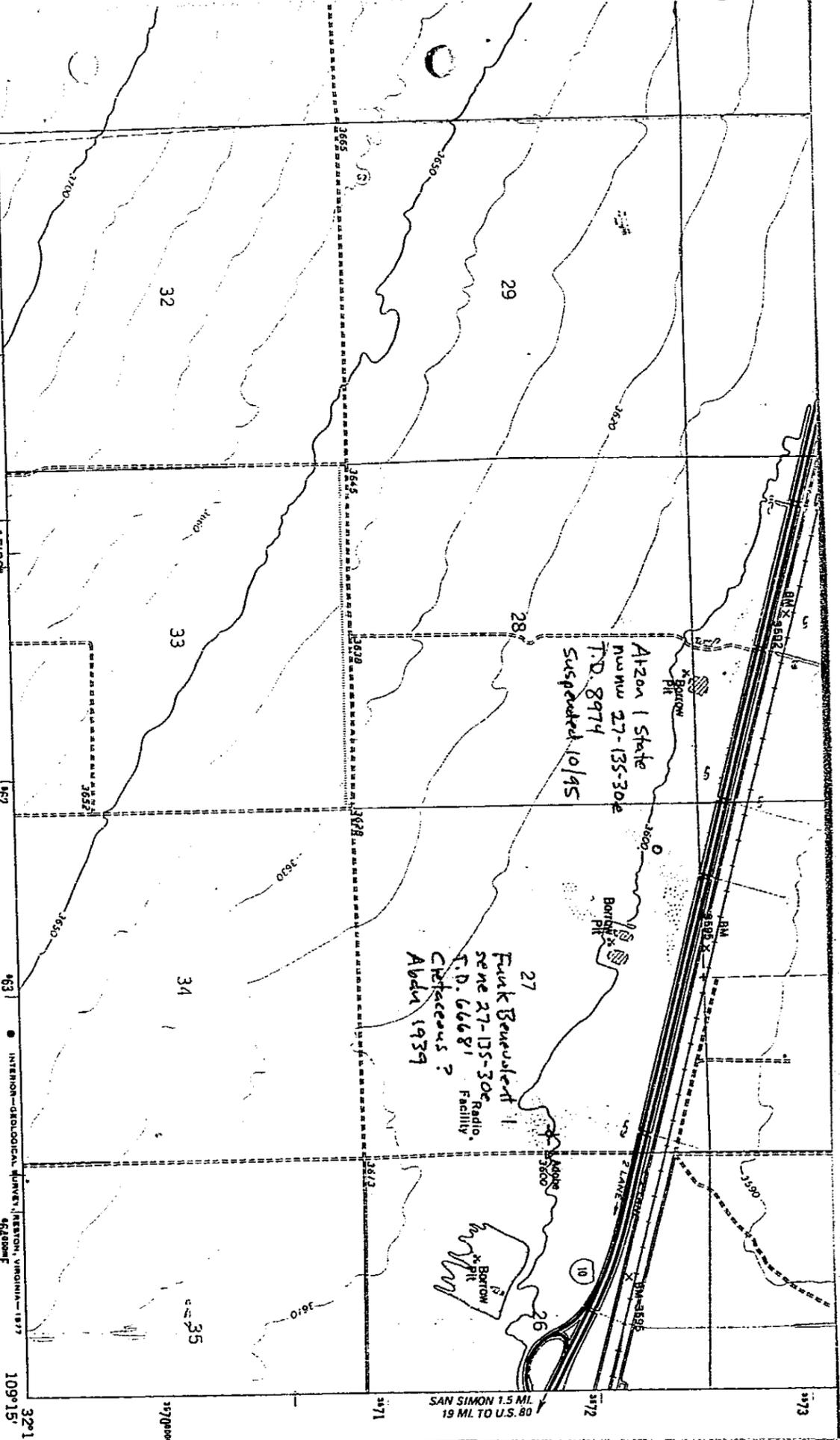
OLGA, ARIZ.

SE/4 BOWIE 15' QUADRANGLE

N3215-W10915/7.5

MPLES WITH NATIONAL MAP ACCURACY STANDARDS

AL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092





From : J.W. MULLOY

Jun. 23. 1995 11:35 AM P82

ARIZON CORPORATION  
ARIZON STATE # 1  
COCHISE COUNTY, ARIZONA

DRILLING PROGNOSIS

*Revised*



ELEVATION: 3599.63' GR  
LOCATION: 660' FN & WL SEC 27 T-13-S R-30-E

DIRECTIONS: At San Simon, Ariz. turn S on Cochise Ave, pass under 2 overpasses (IH-10). Turn W on paved road 2 mi, past cemetery & 2 cattleguards. Road becomes gravel. Turn right (NW) on gravel road for 1.1 mi. Turn left (W) on dirt road and then left (S) into location.

CASING:  
Surface 700' 9 5/8" 36LBS K 55 STC 8R R-3

Intermediate

Production 1800' - 5 1/2" 17 LBS N-80 LTC 8R R-3  
7100' 5 1/2" 17 LBS K-55 LTC 8R R-3  
1000' 5 1/2" 17 LBS N-80 LTC 8R R-3  
(7500') - 5 1/2" 15.5 LBS R-55 STC 8R R-3  
CEMENTING: WESTERN - BJ SERV. Artesia, NMX 505-746-3140

Surface 350 sx Class C+ 2% CaCl 2  
14.82 #/gal; 1.34 Ft3/sk; 6.32 Gals/sk  
Water

Intermediate

Production 1000 sx Class H; POZ 50/50 + 2% Gel + 0.5% CF-14  
+ 0.5% CF-2  
14.36 #/Gal; 1.30 Ft3/sk; 5.75 Gals/sk  
Water

BITS: DANNY NEFF REED TOOL CO- HOBBS, NMX 505-397-2494  
12 1/4" Reed Y-11  
8 3/4" HP. Series

From : J.W. MULLOY

Jun. 23. 1995 11:35 AM

P03

Drilling Prognosis  
ARZON CORPORATION  
Page 2

WELLHEAD: J & W Equip Co Midland, TX 687-1131 Ron Fincher  
9 5/8" x 5 1/2" x 2 3/8"

MUD PROGRAM: LONE STAR MUD CO- Midland, Tx 915-684-7446  
Spencer Armour  
DEPTH BASE SYSTEM VIS PH NC  
D-700' FW Gel, lime, LCM 32-34 - NC  
700-4000 FW Gel, caustic, LCM 32-34 9.5-10 NC  
4000-9900 FW Gel, caustic, LCM 32-40 9.5-10 12-20  
MUD LOGGER: Suttles Logging-Midland, Tx 915-687-3148  
James Blinco 2 man crew O'D

DST: Halliburton- Nobbs, NMX 505-392-6531 4 possible.  
To be selected as necessary by Geologist.

SAMPLES: 10' samples from surface casing shoe to TD.  
Catch 2 sets. Samples to be washed and bags filled.

DEVIATION SURVEYS: 500' intervals, casing seats and prior to DST's and logging.

DRILLING TIME: 5' Drilling time to be recorded for surface casing shoe to TD.

STRAPPING DRILL PIPE: SLM DP at casing seats, DST's and logging.

LOGGING: Halliburton Logging Services - Midland, TX  
4000' - 700' DIL, CON, GR, BCS, CALIPER

CORING: None anticipated.

GEOLOGIST: Robert E. Johnson

REPORTING: Daily Reports To: By 8:30 AM CDT  
J. W. MULLOY ASSOCIATES, INC. 915-687-0323  
FAX 915-686-7224

ENGINEERING: O.H. Routh-J.W. Mulloy Associates  
915-687-0323 - OFFICE  
915-683-6455 - RES.  
J. W. MULLOY 915-687-0323 - OFFICE  
915-682-9642 - RES.  
Robert Johnson 303-629-6822 - OFFICE  
ARZON CORP 303-279-7887 - RES.



From : J.W. MULLOY

Jun. 23. 1995 11:35 AM P03

Drilling Prognosis  
ARZON CORPORATION  
Page 2

WELLHEAD: J & W Equip Co Midland, TX 687-1131 Ron Fincher  
9 5/8" x 5 1/2" x 2 3/8"

MUD PROGRAM: LONE STAR MUD CO- Midland, Tx 915-684-7446  
Spencer Armour

DEPTH	BASE	SYSTEM	VIS	FH	NC
0-700'	FW	Gel, lime, LCM	32-34	-	NC
700-4000	FW	Gel, caustic, LCM	32-34	9.5-10	NC
4000-9900	FW	Gel, caustic, LCM	32-40	9.5-10	12-20

MUD LOGGER: Suttles Logging-Midland, Tx 915-687-3148  
James Blinco 2 man crew O'ID

DST: Halliburton- Hobbs, NMX 505-392-6531 4 possible.  
To be selected as necessary by Geologist.

SAMPLES: 10' samples from surface casing shoe to TD.  
Catch 2 sets. Samples to be washed and bags filled.

DEVIATION SURVEYS: 500' intervals, casing seats and prior to DST's and logging.

DRILLING TIME: 5' Drilling time to be recorded for surface casing shoe to TD.

STRAPPING DRILL PIPE: SLM DP at casing seats, DST's and logging.

LOGGING: Halliburton Logging Services - Midland, TX  
4000' - 700' DIL, CDW, GR, BCS, CALIPER

CORING: None anticipated.

GEOLOGIST: Robert E. Johnson

REPORTING: Daily Reports To: By 8:30 AM CDT  
J. W. MULLOY ASSOCIATES, INC. 915-687-0323  
FAX 915-686-7224

ENGINEERING: O.H. Routh-J.W. Mulloy Associates  
915-687-0323 - OFFICE  
915-683-6455 - RES.  
J. W. MULLOY 915-687-0323 - OFFICE  
915-682-9642 - RES.  
Robert Johnson 303-629-6822 - OFFICE  
ARZON CORP 303-279-7887 - RES.



From : J.W. MULLOY

Jun 28. 1995 03:57 PM P02

ARZON CORPORATION  
ARZON STATE # 1  
COCHISE COUNTY, ARIZONA

DRILLING PROGNOSIS

*original*

ELEVATION: 3600'

LOCATION: 660' FN & WL SEC 27 T-13-S R-30-E

DIRECTIONS: 2 miles west; 0.7 miles North and 0.9 miles west of San Simon, Arizona

CASING:

Surface 700'-13 3/8" 48 LBS H-40 STC 8R R-3

Intermediate 4000' - 8 5/8" 32 LBS J-55 STC 8R R-3

Production 1800'-5 1/2" 17 LBS N-80 LTC 8R R-3  
7100' 5 1/2" 17 LBS K-55 LTC 8R R-3  
1000' 5 1/2" 17 LBS N-80 LTC 8R R-3  
(7500') - 5 1/2" 15.5 LBS K-55 STC 8R R-3

CEMENTING:

Surface WESTERN - BJ SERV. Artesia, NMX 505-746-3140  
750 sx Class C+ 2% CaCl 2  
14.82 # Gal; 1.34 Ft3/sk; 6.32 Gals/sk  
Water

Intermediate 390 sx PaceSetter Lite + 6% Gel + 5# sk Salt  
12.64 #/Gal; 1.95 Ft3/sk; 10.54 Gals/sk  
Water  
100 sx Class C + 0.6% CF-14 + 0.15% Thrifty  
Lite  
14.78 #/Gal; 1.33 Ft3/sk; 6.32 Gals/sk  
Water

Production 520 sx Class H: POZ 50/50 + 2% Gel + 0.5% CF-14  
+ 0.5% CF-2  
14.36 #/Gal; 1.30 Ft3/sk ; 5.75 Gals/sk  
Water

BITS: DANNY NEFF REED TOOL CO- HOBBS, NMX 505-397-2494  
17 1/2" Reed Y-11 11" Reed Y-11 & HPS;  
7 7/8" HP. Series

ARZON STATE #1  
NWNW Sec. 27-T13S-R30E  
Cochise County, Arizona

Estimated Formation Tops                      Surface Elevation (est.) 3,600 ft

<u>System/ Group</u>	<u>Formation</u>	<u>Lithology</u>	<u>Depth (feet)</u>
Recent	Valley Fill	sand, shale, gravel	0
Cretaceous (Bisbee)	Ft. Crittenden	congl. ss.- sh.	1,600
	Cintura	shale	2,400
	Mural	limestone	2,600
	Morita	sandstone, shale	3,600
	Fault		3,700
Permian (Leonardian)	Cintura	shale	4,200
	Mural	limestone	4,400
	Morita	sandstone, shale	5,100
	Concha	limestone	5,400
	Scherrer	sandstone	6,600
Permian (Wolfcamp)	Epitaph	dolomite	6,800
	Colina	limestone	7,200
	Earp	limestone, Dol-ls, ss, sh.	7,900
Pennsylvanian (Naco)	Horquillo	limestone & shale	9,300
Mississippian (Meramecian thru Kinderhookian)	Escabrosa	limestone	11,400
	Portal	limestone	12,100
Devonian (Upper)	El Paso	limestone	12,400
Ordovician (Canadian)	Bolsa	Quartzite	12,800
Cambrian (Upper)		Granite	13,000
Pre-Cambrian (T.D.)			

From : J.W. MULLOY

JUN 08. 1995 03:57 PM

P03

Drilling Prognosis  
ARZON CORPORATION  
Page 2

WELLHEAD: J & W Equip Co Midland, TX 687-1131 Ron Fincher  
13 3/8" x 8 5/8" x 5 1/2" x 2 3/8"

MUD PROGRAM: LONE STAR MUD CO- Midland, Tx 915-684-7446  
Spencer Armour  
DEPTH BASE SYSTEM VIS PH NC  
0-700' FW Gel, lime, LCM 32-34 - NC  
700-4000 FW Gel, caustic, LCM 32-34 9.5-10 NC  
4000-9900 FW Gel, caustic, LCM 32-40 9.5-10 12-20

MUD LOGGER: Suttles Logging-Midland, Tx 915-687-3148  
James Blinco 2 man crew O'ID

DST: Halliburton- Hobbs, NMX 505-392-6531 4 possible.  
To be selected as necessary by Geologist.

SAMPLES: 10' samples from surface casing shoe to TD.  
Catch 2 sets. Samples to be washed and bags  
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STRAPPING DRILL PIPE: SLM DP at casing seats, DST's and logging.

LOGGING: Halliburton Logging Services - Midland, TX  
4000' - 700' DIL, CDN, GR, BCS, CALIPER

CORING: None anticipated.

GEOLOGIST: Robert E. Johnson

REPORTING: Daily Reports To: By 8:30 AM CDT  
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FAX 915-686-7224

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Robert Johnson 303-629-6822 - OFFICE  
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05/08/95

15:20

NORTON

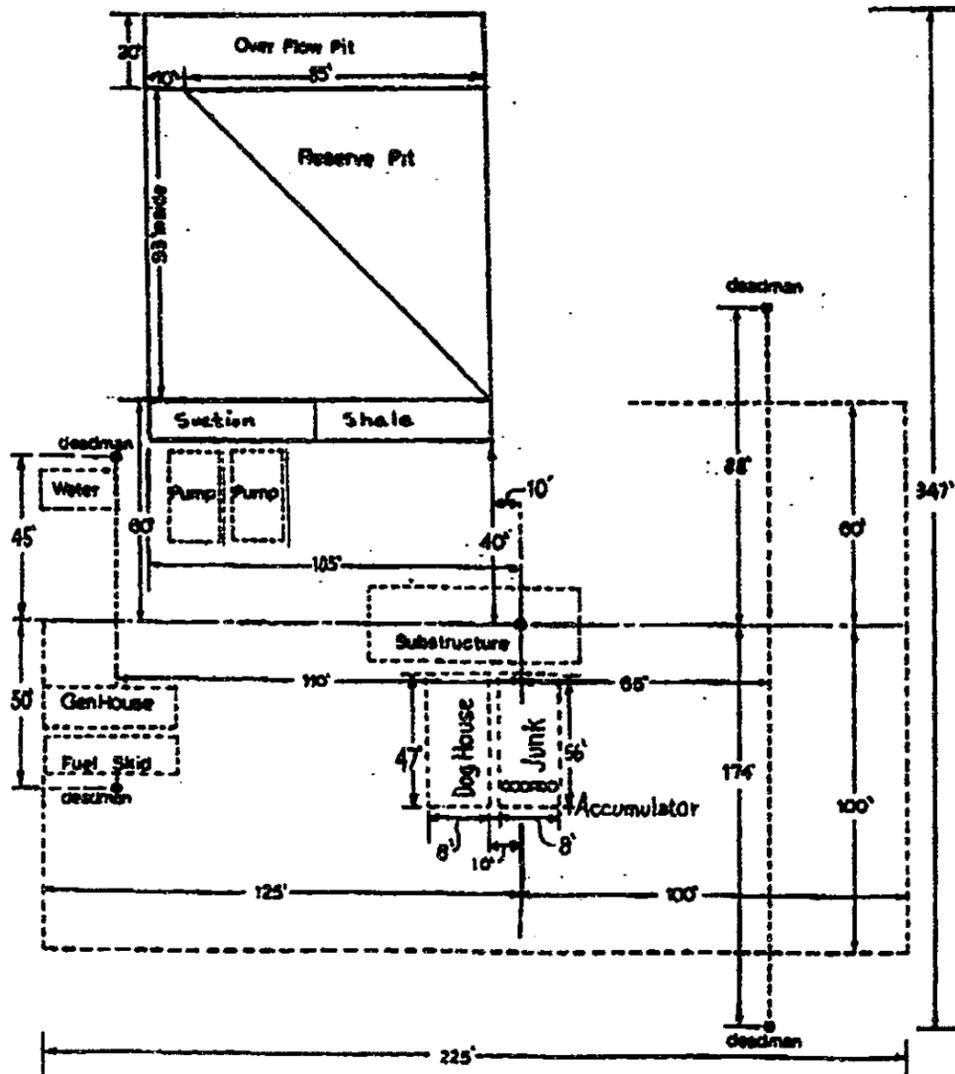
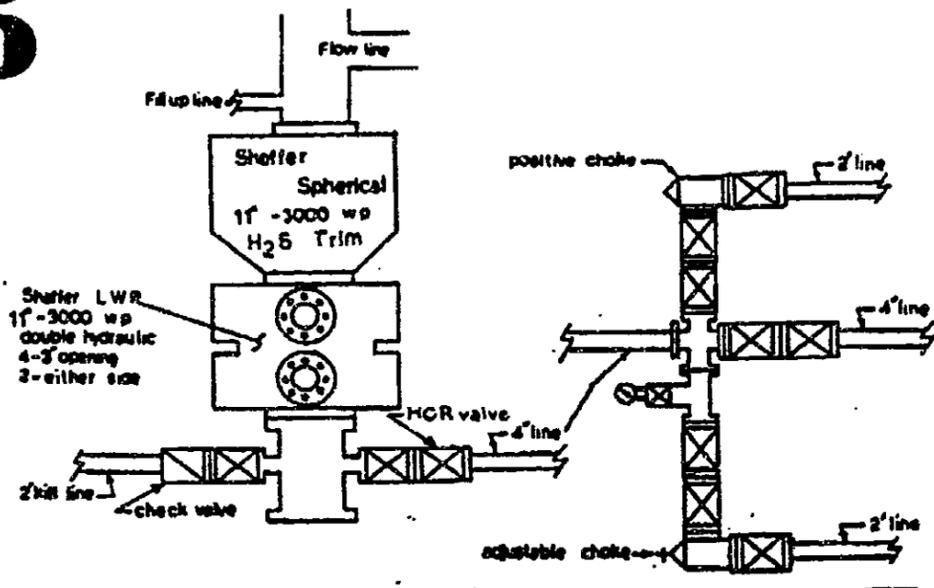
806 785 8420

RILLING → 403 262 8936

NO. 983

002

# RIG 5



ARIZONA GEOLOGICAL SURVEY  
 845 NORTH PARK AVE. #100  
 TUCSON, ARIZONA 85719

SOLD BY *L.C.* DATE *6-15-95*  
 NAME *ARIZON Corporation*  
 ADDRESS *Phoenix AZ*

LINE NO.	DESCRIPTION	AMT.	ACCT. NO.
1			
2	Drill #887		
3	Application	2500	
4	Check		
5	# 131		
6		22	
7			
8			
9			
10			
11			
12			
13			
14			25.00

NEDEFORM 58201

ARIZONA GEOLOGICAL SURVEY  
 845 NORTH PARK AVE. #100  
 TUCSON, ARIZONA 85719

SOLD BY *L.C.* DATE *6-12-95*  
 NAME *ARIZON Corporation*  
 ADDRESS *5421 N 26th St  
 Phoenix AZ 85016*

LINE NO.	DESCRIPTION	AMT.	ACCT. NO.
1			
2	Drilling Bond		
3			
4	Job # 887		
5	Check #		
6	61-18978-4197/Bank Doc		
7		\$10,000.00	
8			
9			
10			
11			
12		23	
13			
14			

NEDEFORM 58201

Bank One, Arizona, NA

OFFICIAL CHECK

June 15, 1995

61-189784197

PAY Ten Thousand and 00/100 Dollars

TO THE ORDER OF OIL & GAS CONSERVATION COMMISSION ST OF ARIZ.

REMITTER ARZON CORP  
ISSUED BY AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC. BREMEN, OHIO  
The American Express Bank, San Francisco, California

VOID IF ALTERED  
Authorized Signature  
*Scott A. Miller*

Two Signatures Required for Check Over \$20,000

⑆ 122124⑆ ⑆ 2203717⑆ ⑆ ⑆ 1897841970⑆

ARIZONA GEOLOGICAL SURVEY  
845 NORTH PARK AVE., #100  
TUCSON, ARIZONA 85719

SOLD BY *L.C. S. L.R.* DATE *6-12-95*

NAME *ARZON Corporation*  
ADDRESS *5421 N 26th St Phoenix, AZ 85016*

REG. NO.	AMT. RECD.
1	
2	<i>Drilling Bank</i>
3	
4	<i>for # 887</i>
5	
6	<i>Check #</i>
7	<i>61-189784197/Bank</i>
8	
9	<i>\$10,000.00</i>
10	
11	
12	<i>23</i>
13	
14	

REG. NO. 58201



**ORGANIZATION REPORT**

Full Name of the Company, Organization, or Individual ARZON CORPORATION

Post Office Address (Box or Street Address) P.O. BOX 10186, Phoenix, Az. 85064-0186

Plan of Organization (State whether organization is a corporation, joint stock association, firm or partnership, or individual)  
Corporation

Purpose of Organization (State type of business in which engaged)  
Exploration and Development of Petroleum Reserves.

If a reorganization, give name and address of previous organization.  
N.A.

If a foreign corporation, give (1) State where incorporated  <u>Nevada</u>	(2) Name and post office address of state agent <u>Daniel N Miles</u> <u>302 North 1st Ave, Suite 410</u> <u>Phoenix, Az. 85003</u>	(3) Date of permit to do business in state <u>March 9, 1995</u>
--	--	--

Principal Officers or Partners (if partnership) NAME	TITLE	POST OFFICE ADDRESS
<u>John A. Tessari</u>	<u>President</u>	<u>P.O. Box 10186</u> <u>Phoenix Az. 85064-0186</u>

DIRECTORS NAME	POST OFFICE ADDRESS
<u>John A. Tessari</u>	<u>As above</u>

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the President of the Arzon Corporation (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature J. A. Tessari

Date June 14, 1995

STATE OF ARIZONA  
OIL & GAS CONSERVATION COMMISSION  
Organization Report  
File One Copy  
Form No. 1

**Geophysical Evaluation of Arzon Corporation's  
Bowie Prospect  
Cochise Co., Arizona**

*Prepared by: Stewart G. Squires, Palantir Exploration Services, Inc.  
518 17th St, Ste. 930, Denver, CO 80202*

### **Executive Summary**

Palantir Exploration Services, Inc. has provided processing quality assurance and interpretation for approximately 20 miles of modern CDP speculative seismic data over the Arzon Corporation Bowie Prospect located in Cochise Co, Arizona. The data were reprocessed with Dip Moveout (DMO) and Prestack Time Migration to provide the best structural presentation possible for this data set. As a result of this processing flow a drillsite has been delineated at SP 296 on line KN-3, near the #1 Funk well in section 27-T13S-R30E. This well was drilled to 6,668' in 1929 with numerous shows throughout the Cretaceous and Permian sections. Depth conversion of time horizons, based on DMO derived stacking velocities, indicate a good match to the expected section beneath the basin fill. Based on these projections a 13,000' test located as described above should encounter a complete stratigraphic section from Cretaceous through Cambrian Bolsa Quartzite, prior to encountering the basin bounding listric fault.

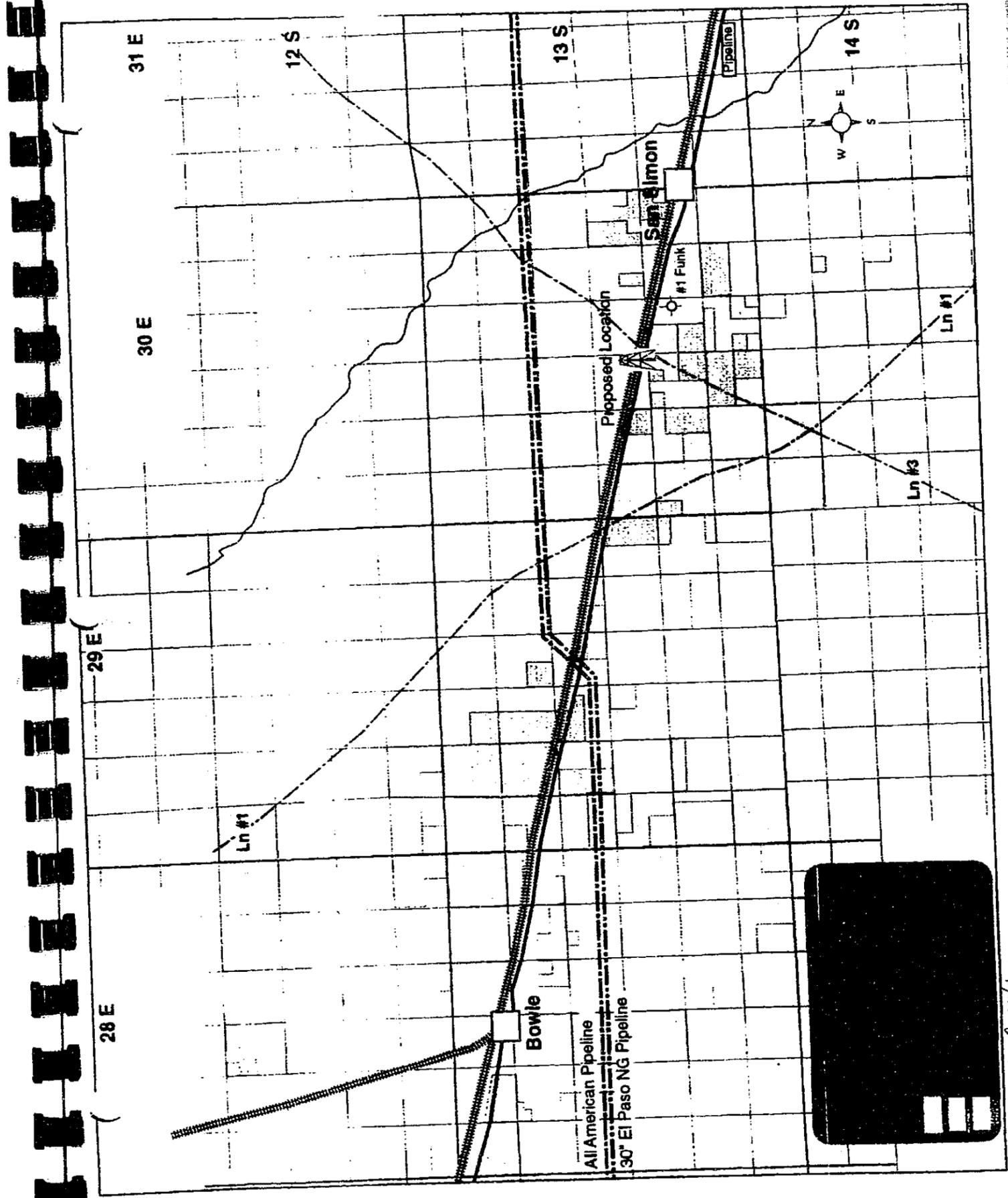
### **Introduction**

Palantir Exploration was tasked by Arzon Corporation in September of 1994 to select from available seismic data in the Bowie valley of SE Arizona, and in the vicinity of the #1 Funk well in section 27-T13S-R30E, for the purpose of delineating a drill site that would test a complete Paleozoic section within the basin and evaluate the shows encountered in the #1 Funk well. Palantir personnel participated in the acquisition of 90 miles of speculative seismic data in 1979 to evaluate the stratigraphy and structure in the vicinity of the #1 Funk well and other prospective areas as delineated by subsurface and potential field methods (ie. gravity and aeromagnetics). After a review of twenty prospective miles of data it was decided to acquire ten miles of this data and apply modern processing technology to enhance the quality of the geologic image.

Portions of Lines KN-1 and KN-3 were acquired by Arzon Corporation and reprocessed by Vector Seismic Processing, in Denver. In contrast to the Wave Equation Migration products which characterized state of the art processing in the early 1980's, Dip Moveout (DMO) and Prestack Time Migration (PTM) were applied to this data volume. The results were a significant improvement in the quality of reflectors. For the first time it was possible to map events correlatable to Mesozoic and Paleozoic horizons.

### **Background**

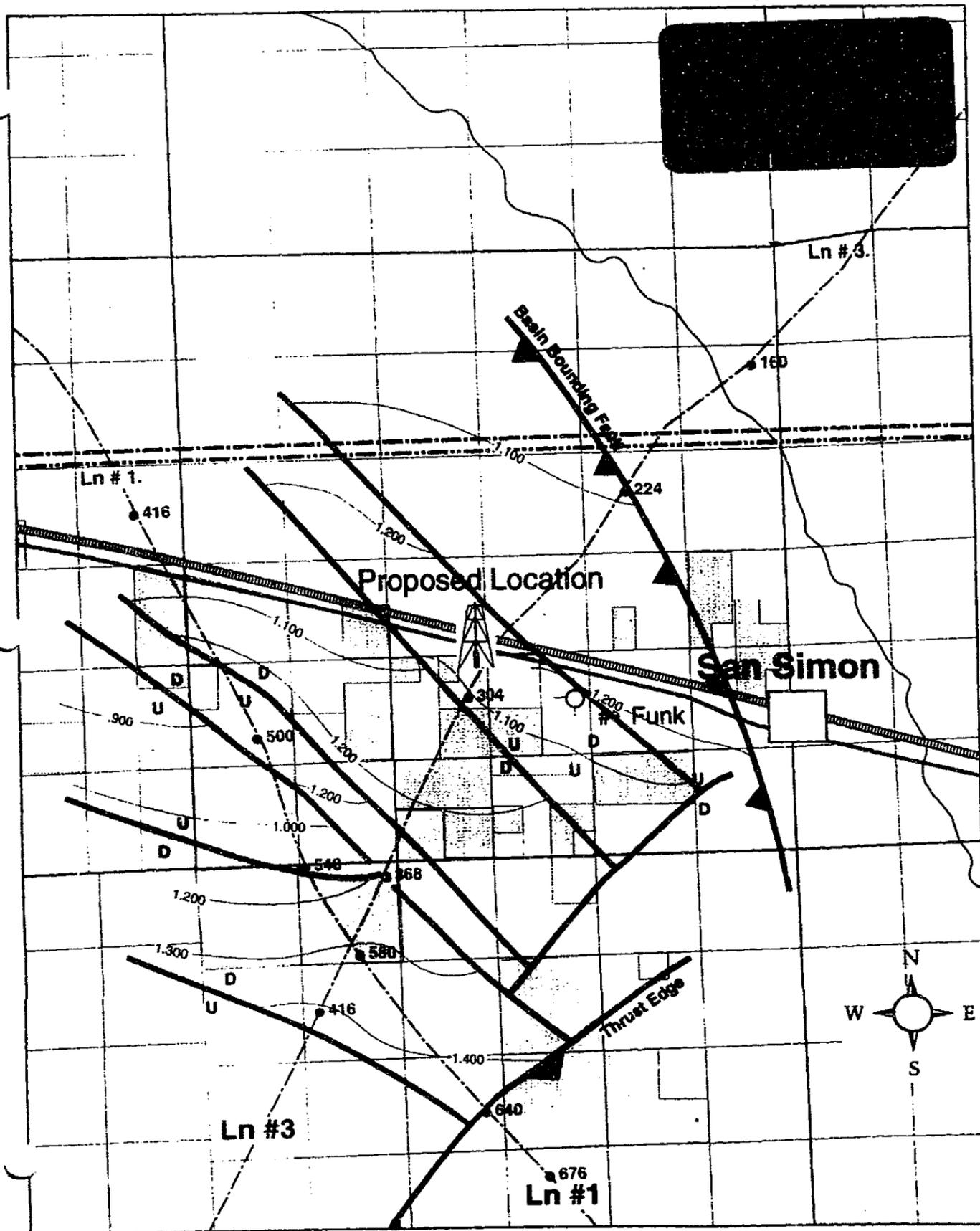
The Bowie valley of SE Arizona has been the target of explorationists since the 1920's. As our understanding of the sediments underlying the valley increased, it was determined that source and reservoir rocks, similar to those of West Texas are present and likely exploration targets. Kansas-Nebraska Natural Gas (KN) pursued exploration in this valley, focusing on the #1 Funk well and its associated shows. Gravity, aeromagnetic, and seismic data were acquired by KN and evaluated by Palantir personnel while in their employ. Additional seismic data was



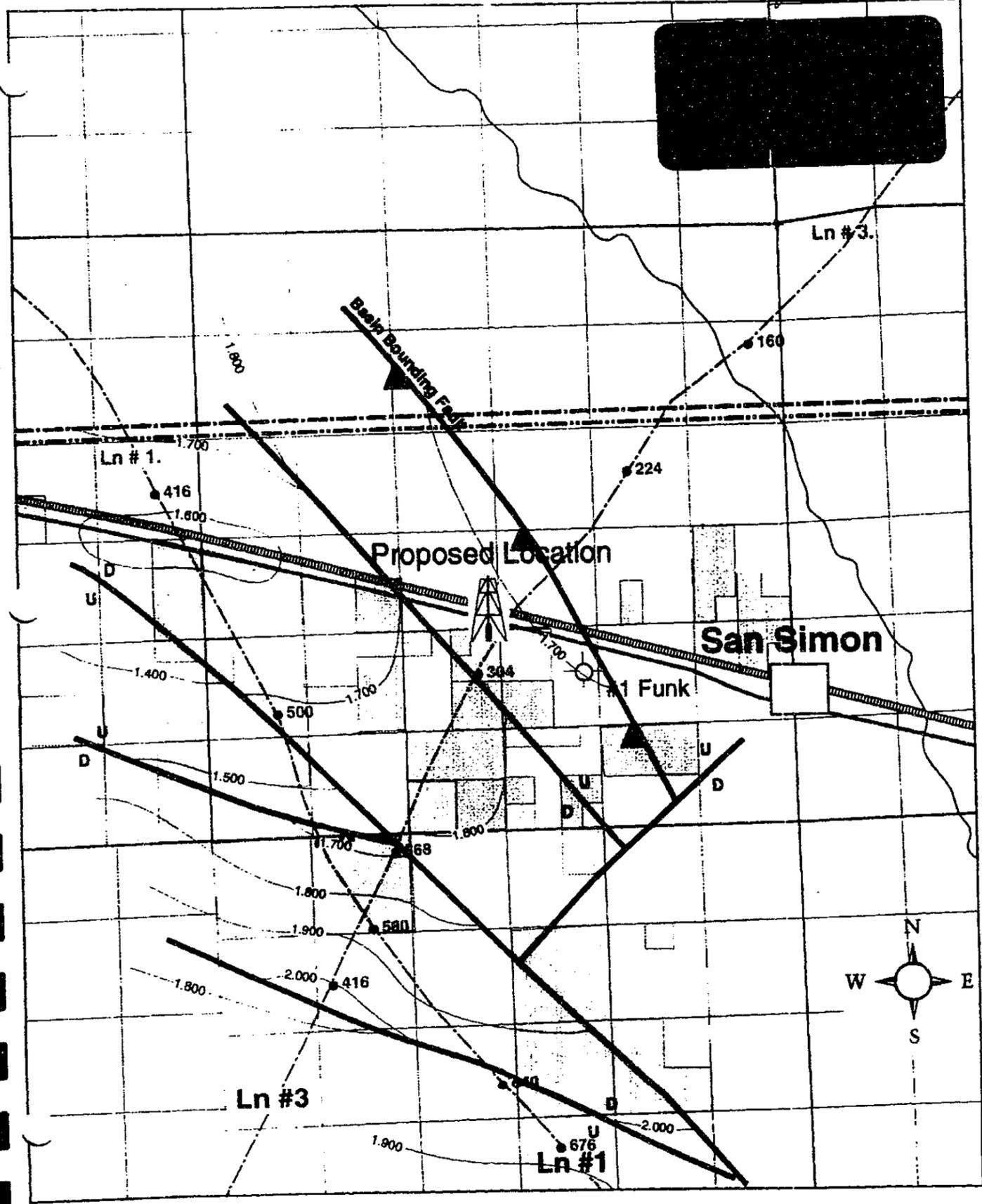
*Well Position*



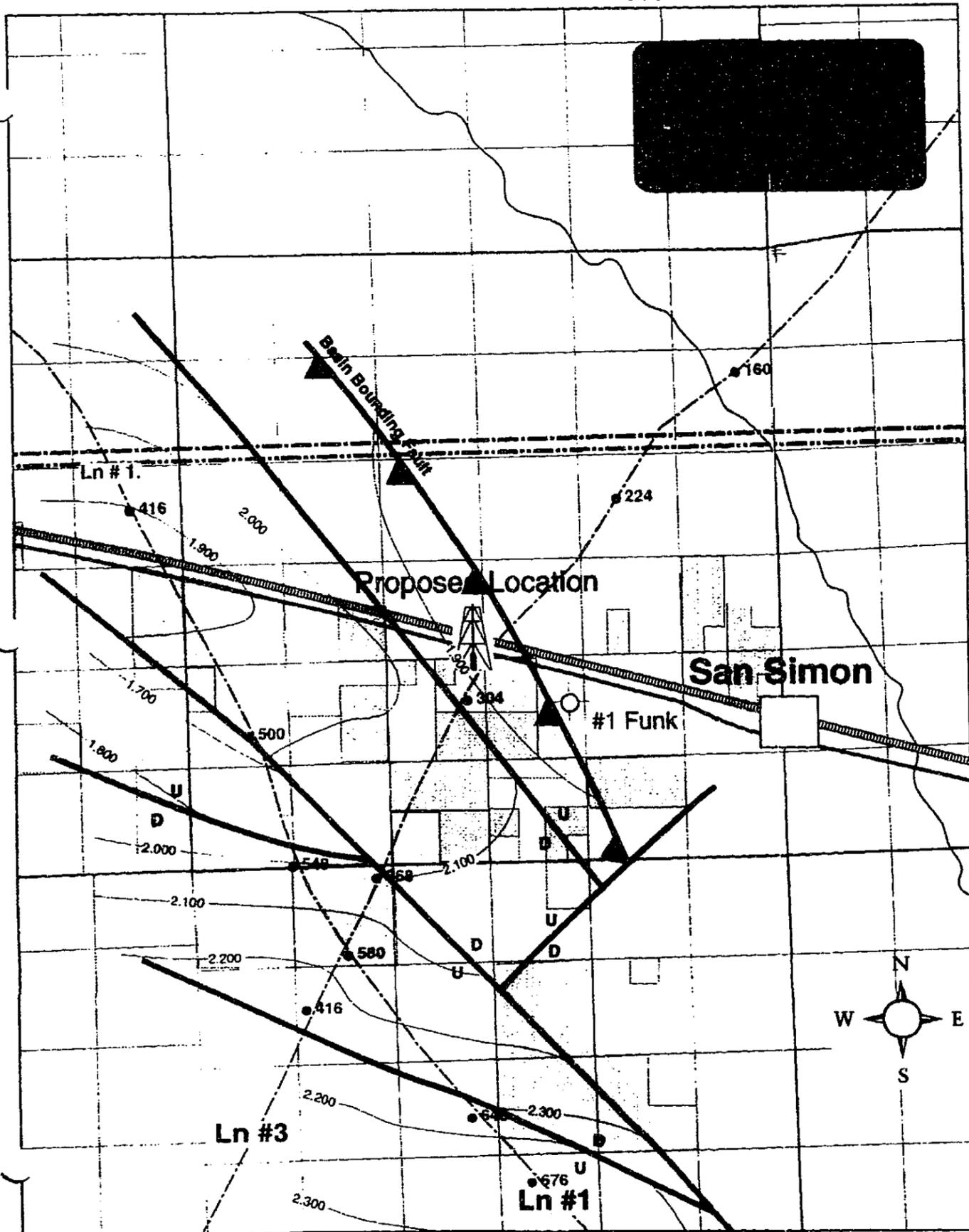
Cret. CO<sub>2</sub> time Struct



Penn Horquillo Ls Time Struc



Old EL Paso LS



acquired by Placid Oil Company in 1982, but was acquired to evaluate an alternate exploration methodology and did not contribute much to the #1 Funk well area evaluation. Much of the basin interpretation to that date, however, was validated through the addition of this Placid data. No drilling or further evaluation has occurred until this interpretation.

#### Processing

Significant additions to the seismic data processing flow have already been described. The nature of the DMO process requires an improved velocity estimate that is self checking and has provided the Time to Depth conversions mentioned in this report. Additionally the DMO and PTM processes are applied at the gather level allowing for reflection energy to be properly placed in space prior to noise reduction, achieved through the stacking process. This process flow provided sections that are a significant improvement over the original and previously reprocessed versions.

#### Interpretation

The interpretation was accomplished using a variety of software. The goals were to provide clear differentiation of the Valley Fill sediments from the Cretaceous and deeper sediments, and to evaluate the structure and stratigraphy in the vicinity of the #1 Funk well in section 27-T13S-R30E.

A basemap of the area, showing acreage, pipelines and seismic lines is shown at Figure #1. Line KN-1 is oriented down the axis of the valley. Line KN-3 is oriented at about 60 degrees NE of Line KN-1 and crosses near the #1 Funk well. A portion of this line, interpreted, is included in this report at Figure 2.

In Figure 2 Line KN-3 is displayed with a colored amplitude scale. Troughs are cool colors and peaks are warm colors. The vertical scale is in time and the horizontal scale is in shotpoints which are related to distance (1 SP = 165'). Using the DMO velocity information from processing, a time scale was selected that provides an aspect ratio of approximately 1:1. The proposed location is indicated at SP 296. Depth to the lowermost horizon, which indicates the shallow dipping Basin Bounding Fault (BBF) plane, is approximately 13,000'. The horizons that have been indicated on this display are either considered prospective as reservoirs or are possible source rocks.

A clear break between the basin fill sediments and the Cretaceous and deeper sediments can be seen on the color display. This horizon has been marked on the sections but has not been mapped. Mapped horizons, Figures 3, 4, and 5, include a carbonate in the Cretaceous, the top of the Pennsylvanian Horquillo Limestone and the Ordovician El Paso Limestone. Major faulting is indicated on these maps. The included seismic section shows some additional minor faulting. The main fault trends have not changed from earlier interpretations with the exception of the BBF. In the early 1980's these faults were considered near vertical and of substantial throw. Current

thought is that they are listric in nature, flattening and dying out at depth. The events on Line KN-3 clearly show the listric nature of the BBF.

At the proposed drillsite the entire sedimentary sequence through Cambrian should be encountered prior to drilling across the BBF plane into sediments below.

Analysis of the #1 Funk well sample log by KN indicated that the Cretaceous was encountered in this well at approximately 2,600'. Converting the seismic picks for the Base of Valley Fill to depth using DMO velocities yields very near the same depth. The #1 Funk well appears to have penetrated a large horst block that has slumped into the valley. Interpretable horizons exist at depth converted times that match very well the expected stratigraphic sequence as published in the literature for this area. Possible reservoirs in the Pennsylvanian, Mississippian and Ordovician will benefit from both the horsting and termination against the fault plane for possible trapping mechanisms. Anticipated depths to specific horizons based on DMO velocities are:

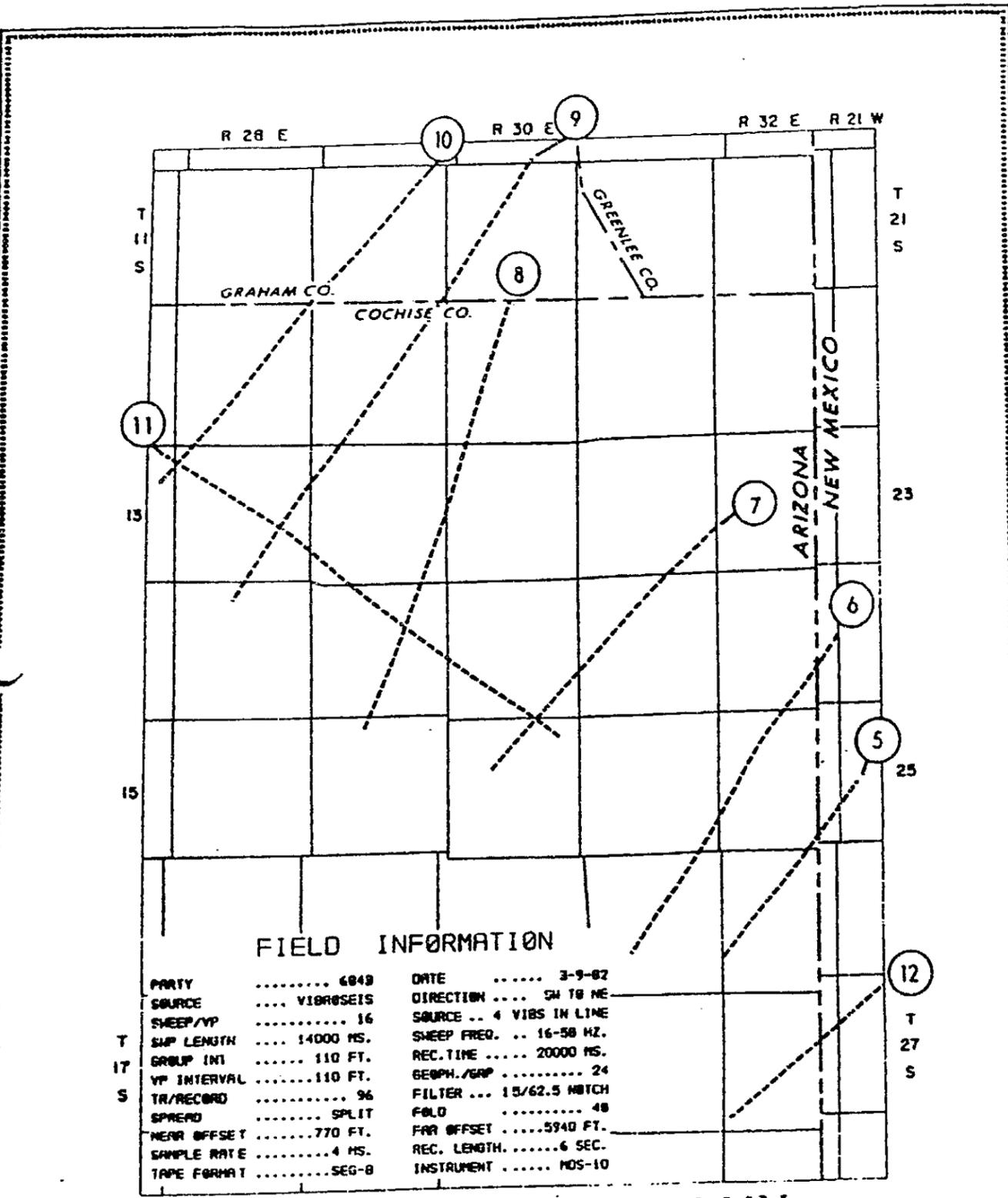
<u>Horizon</u>	<u>Depth</u>
Cretaceous Carbonate	4,800'
Permian Concha Shale	5,500'
Pennsylvanian Horquillo Lime	9,300'
Mississippian	11,400'
Ordovician El Paso Lime	12,400'
Cambrian Bolsa Quartzite	12,800'
TD	13,000'

As indicated on all three maps, additional areas interpreted from this data volume are prospective. Another horst on line KN-1 at SPs 500-540 is also prospective. Given the structural complexity indicated on these two lines, the acquisition of additional seismic would be warranted should the proposed test be successful.

#### **Conclusions**

Arzon Corporation has enhanced a previously identified prospect in the Bowie valley of the Pedregosa Basin through the acquisition and reprocessing of two lines of seismic data. This data provides confirmation that the #1 Funk well appears to have encountered a horst block beneath the valley fill topped by Cretaceous rocks and containing a complete representative section through Cambrian, overlaying the Basin Bounding Fault. It is recommended that the shows described in the #1 Funk well as well as the deeper prospective horizons be tested with a well drilled to a total depth of 13,000', located at SP 296 of Line KN-3, which corresponds to NENENE section 28-T13S-R30E.

PLACID 28-57



FIELD INFORMATION

PARTY	..... 6849	DATE	..... 3-9-82
SOURCE	..... VIBROSEIS	DIRECTION	..... SW TO NE
SWEPT/YP	..... 16	SOURCE	... 4 VIBS IN LINE
T SWP LENGTH	..... 14000 MS.	SWEEP FREQ.	... 16-58 HZ.
17 GROUP INT	..... 110 FT.	REC. TIME	..... 20000 MS.
S YP INTERVAL	..... 110 FT.	GEOPH./GAP	..... 24
TR/RECORD	..... 96	FILTER	... 15/62.5 NOTCH
SPREAD	..... SPLIT	FOLD	..... 48
NEAR OFFSET	..... 770 FT.	FAR OFFSET	..... 5940 FT.
SAMPLE RATE	..... 4 MS.	REC. LENGTH	..... 6 SEC.
TAPE FORMAT	..... SEG-8	INSTRUMENT	..... NOS-10

**PLACID OIL COMPANY**  
 Southeastern Arizona Proprietary Seismic Data  
 COCHISE & GRAHAM COUNTIES

\$1500/MILE

STATE: ARIZONA  
COUNTY: COCHISE  
API: 02-003-20009  
FIELD: WILDCAT  
WELL CLASS: WF  
ARZON CORP

27-13S-30E  
NW NW  
660 FNL 660 FWL SEC  
STATUS: J&A

*PN 887*

1 ARZON STATE

SPUD : 07/15/1995 COMP : 09/30/1995 ELEV : 3613 KB 3600 GR  
TD : 8974 (08/15/1995) FM/TD : PENNSYLVANIAN DTD : 8974 BHT : 117F  
CONTR : NORTON DRILLING COMPANY RIG # 16 (VERTICAL)  
PROJ DEPTH/FM : 9900 PENNSYLVANIAN LEASE TYPE: STATE

8974 DTD COMP:09/30/1995 J&A; , NO DST RUN

LOCATION DATA : 2 MI W OF SAN SIMON, AZ;  
CASING : 9 5/8 IN @ 546 W/500 SACK, 4 1/2 IN @ 4064 W/570 SACK;  
LOG TYPES : DI 900-3080, SONL 1500-3080, GG 2734-3996, CCL 2734-3996, CBND 2734-3996,  
DSN 2815-4000;  
DRLG COMMENTS : DRLG PROBLEMS: LOST 4 1/2" DRILLPIPE AND COLLARS, TOP OF FISH  
@ 4213;

(OVER)

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03/03/2000

CARD# 0019-AZ

ARZON CORP

API: 02-003-20009, 27-13S-30E

1 ARZON STATE

(CONTINUED)

PROD TEST(S): # 001 PERF (PENNSYLVANIAN) 3030-3040 3170-3180 3648-3658 3824-3824  
3876-3886 3922-3932 3956-3966 ; WTR: 130 BBL  
OPER ADD: BOX 10186, PHOENIX, AZ ;

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03/03/2000

CARD# 0019-AZ

**P/DWIGHTS PLUS DRILLING WIP<sup>TM</sup>  
ROCKY MOUNTAIN REGION  
Section II - 03/03/2000**

**COMPLETIONS**

**ARIZONA / NEVADA-APACHE COUNTY CONTINUED**

**RIDGEWAY ARIZONA OIL COMPANY**  
13-36-29 RIDGEWAY STATE  
API 02-001-20313

**36-13N-29E**  
SW NE  
1356 FNL 1726 FEL SEC

**WILDCAT**; 2200 FORT APACHE PERMIT: 901 (PMT APP'D 04/08/1997)  
(FR:04/10/1997 FM Update) LEASE TYPE: STATE TARGET OBJ: GAS; OPER  
ADD: P O BOX 1110, ST. JOHNS, AZ 85936, (520)337-3230 EL: 6180 KB 6167  
GR LOCATION DATA: 4 MI NE UNNAMED FLD(FORT APACHE)CO2 DISC  
15-12N-29E 7 MI E ST JOHNS, AZ; VERTICAL;

**WF  
D&A**

**CONTR:** AZTEC WELL SERVICING, SPUD:05/14/1997 CSG: 8 5/8 IN @ 1262 W/774 SACK; LOG TYPES: MICL 1262-2400, POR 1262-2400, LITH 1262-2400, AISF 1262-2400; LOG TOPS: GLORIETA /SD/ 558, SUPAI 772, FORT APACHE 1500, PRE CAMBRIAN 2420; 2452 TD, (PRE CAMBRIAN) (TD REACHED:05/20/1997) 2452 DTD COMP:05/20/1997 D&A; , NO DST RUN

**PETROSUN EXPLORATION & PRODUCTION**  
15-1 NEW MEXICO & ARIZONA LAND CO1445 FNL 1050 FEL SEC  
API 02-001-20306

**15-14N-25E**  
SE NE  
15-14N-25E FNL 1050 FEL SEC

**WILDCAT**; 3800 PRE CAMBRIAN PERMIT: 894 (FR:06/10/1996 FM KMS)  
LEASE TYPE:FEE TARGET OBJ: OIL; OPER ADD: 6836 E LUDLOW DR,  
SCOTTSDALE, AZ 85254-3421, EL: 5552 GR LOCATION DATA: 1 1/2 MI  
SW HUNT, NM 30 MI S-SW PINTA DOME FLD(COCONINO)ABND; PRIMARY  
TARGET: DEVONIAN; VERTICAL;

**WF  
D&A-G**

**CONTR:** UNITED DRILLING CORPORATION, RIG # 3; SPUD:06/17/1996 CSG: 8 5/8 IN @ 609 W/365 SACK, 5 1/2 IN @ 1368 W/145 SACK; DRLG  
COMMENTS: OPR REPORTS ROTARY BUSHING BLEW OUT OF HOLE WITH MUD & METHANE IN SUPAI @ 1202-1232. OPERATOR MAY, DRILL AN  
OFFSET IN FUTURE.; SHOWS: 1034-1062 SUPAI GAS, 1034-1062 SUPAI OIL; LOG TYPES: DLL 608-3644, MSFL 608-3644, CNDL 608-3644, CBND 608-3644,  
FD 608-3644, GR 608-3644, CBND 0-1281, CCL 0-1281, BHCS 608-3644; LOG TOPS: COCONINO 200, SUPAI 530, NACO 3040, MOLAS 3450, DEVONIAN 3480,  
GRANITE 3540; DST # 001(SUPAI) 1034-1062 NO OP 15 MIN SI 30 MIN OP 30 MIN SI 60 MIN; PIPE REC: 200 FT MW, 305 FT W SPL REC: 2500 CC W; SPL  
CHAMBER :20; IFP 51 FFP 167 IFP 178 FFP 308; ISIP 388 FSIP 391; IHP 547 FHP 547 BHT 80 F 3648 TD, (GRANITE) (TD REACHED:07/04/1996) BHT: 115F  
PROD TEST(S): # 001 PERF (SUPAI) 1206-1226 W/ 4 PF; ACID (1206-1226) W/ 2000 GAL ACID 15% HCLREC 5 MCFGPD, 8 BW IN 30 MIN @ 350 PSI AND  
DIED (86.6% NITROGEN, 12.1% CO2, 1.1% METHANE) 3648 DTD COMP:01/02/1998 D&A-G;

**RIDGEWAY ARIZONA OIL COMPANY**  
15-28-29 RIDGEWAY  
API 02-001-20316

**28-15N-29E**  
NE NW  
818 FNL 1423 FWL SEC

**WILDCAT**; 2200 FORT APACHE PERMIT: 904 (FR:05/27/1997 FM KMS)  
LEASE TYPE: STATE TARGET OBJ: GAS; OPER ADD: P O BOX 1110, ST.  
JOHNS, AZ 85936, (520)337-3230 EL: 5708 KB 5695 GR LOCATION DATA:  
12 MI N-NE ST JOHNS, AZ 16 MI N UNNAMED FLD(FORT APACHE)CO2 DISC;  
VERTICAL;

**WF  
D&A**

**CONTR:** AZTEC WELL SERVICING, RIG # 124; SPUD:05/27/1997 CSG: 8 5/8 IN @ 1049 W/548 SACK; SPL TOPS: FORT APACHE 1463; 2264 TD,  
(GRANITE) (TD REACHED:05/31/1997) 2264 DTD COMP:06/01/1997 D&A; , NO DST RUN

**THOMPSON ENGINEERING & PRODUCTION CORP**  
11 NAVAJO TRACT 138  
IC 020017000597

**2-40N-28E**  
NW SW  
2520 FSL 1200 FWL SEC  
IC 020017000597

**DRY MESA**; 5500 BARKER CREEK (PMT APP'D 11/05/1997) (FR:11/05/1997  
FM KMS); OPER ADD: 7415 EAST MAIN, FARMINGTON, NM 87402,  
(505)327-4892 LOCATION DATA: 6 MI SW TEEC NOS POS, AZ W/IN DRY  
MESA FLD(BARKER CREEK);

**D  
AB-LOC**

ABANDONED LOCATION;

**THOMPSON ENGINEERING & PRODUCTION CORP**  
7 NAVAJO TRACT 138  
IC 020017000197

**2-40N-28E**  
NW SW  
2285 FSL 1245 FWL SEC  
IC 020017000197

**DRY MESA**; 5700 LEADVILLE (PMT APP'D 11/05/1997) (FR:11/05/1997 FM  
KMS); OPER ADD: 7415 EAST MAIN, FARMINGTON, NM 87402,  
(505)327-4892 LOCATION DATA: 6 MI SW TEEC NOS POS, AZ W/IN DRY  
MESA FLD(LEADVILLE);

**D  
AB-LOC**

ABANDONED LOCATION;

**THOMPSON ENGINEERING & PRODUCTION CORP**  
8 NAVAJO TRACT 138  
IC 020017000297

**11-40N-28E**  
NE NE  
1000 FNL 800 FEL SEC  
IC 020017000297

**DRY MESA**; 5500 BARKER CREEK (PMT APP'D 11/05/1997) (FR:11/05/1997  
FM KMS); OPER ADD: 7415 EAST MAIN, FARMINGTON, NM 87402,  
(505)327-4892 LOCATION DATA: 7 MI SW TEEC NOS POS, AZ W/IN DRY  
MESA FLD(BARKER CREEK);

**D  
AB-LOC**

ABANDONED LOCATION;

**THOMPSON ENGINEERING & PRODUCTION CORP**  
9 NAVAJO TRACT 138  
IC 020017000397

**12-40N-28E**  
SW NE  
1560 FNL 1965 FEL SEC  
IC 020017000397

**DRY MESA**; 5500 BARKER CREEK (PMT APP'D 11/05/1997) (FR:11/05/1997  
FM KMS); OPER ADD: 7415 EAST MAIN, FARMINGTON, NM 87402,  
(505)327-4892 LOCATION DATA: 6 1/2 MI SW TEEC NOS POS, AZ W/IN  
DRY MESA FLD(BARKER CREEK);

**D  
AB-LOC**

ABANDONED LOCATION;

**ARZON CORPORATION**  
1 ARZON STATE  
API 02-003-20009

**27-13S-30E**  
NW NW  
660 FNL 660 FWL SEC

**COCHISE COUNTY**

**WILDCAT**; 9900 PENNSYLVANIAN (FR:06/26/1995 FM KMS) LEASE  
TYPE: STATE; OPER ADD: BOX 10186, PHOENIX, AZ EL: 3813 KB 3600 GR  
LOCATION DATA: 2 MI W OF SAN SIMON, AZ VERTICAL;

**WF  
J&A**

P/N 897

**P/DWIGHTS PLUS DRILLING WIRE™  
ROCKY MOUNTAIN REGION  
Section II - 03/03/2000**

PAGE 5

ER  
WF

**COMPLETIONS**  
ARIZONA / NEVADA-COCHISE COUNTY CONTINUED  
CONTR: NORTON DRILLING COMPANY, RIG # 16; SPUD:07/15/1995 CSG: 9 5/8 IN @ 546 W/500 SACK, 4 1/2 IN @ 4064 W/570 SACK; DRLG COMMENTS: DRLG PROBLEMS: LOST 4 1/2" DRILLPIPE AND COLLARS, TOP OF FISH @ 4213; LOG TYPES: DI 900-3080, SONL 1500-3080, GG 2734-3996, CCL 2734-3996, CBND 2734-3996, DSN 2815-4000; 8974 TD, (PENNSYLVANIAN) (TD REACHED:08/15/1995) BHT: 117F PROD TEST(S): # 001 PERF (PENNSYLVANIAN) 3030-3040 3170-3180 3648-3658 3824-3824 3876-3886 3922-3932 3956-3966; WTR: 130 BBL 8974 DTD COMP:09/30/1995 J&A; , NO DST RUN

**MOHAVE COUNTY**  
MEDALLION OIL COMPANY 15-37N-12W WILDCAT; 5000 PERMIT: 879 (FR:03/31/1994 FM KMS) LEASE WF  
1-15 FEDERAL SW SE SE TYPE:FEDERAL TARGET OBJ: OIL; OPER ADD: PO BOX 1101, HOUSTON, D&A  
API 02-015-20028 626 FSL 1060 FEL SEC TX 77251, (713)654-0144 EL: 5517 KB 5511 GR LOCATION DATA: 36 MI S ST GEORGE, UT 56 MI S-SW VIRGIN FLD(MOENKOPI); VERTICAL;

CONTR: MEDALLION DRILLING, SPUD:05/19/1994 CSG: 10 3/4 IN @ 445 W/110 SACK, 7 IN @ 2735 W/150 SACK; LOG TYPES: DI 0-3361, SPCT 0-3361, DENL 0-3361, DSN 0-3361; LOG TOPS: MISSISSIPPIAN 3368, DEVONIAN 4116, CAMBRIAN 4305; 5000 TD, (CAMBRIAN) (TD REACHED:06/27/1994) BHT: 104F 5000 DTD COMP:07/15/1994 D&A; , NO DST RUN

**PREMCO WESTERN** 10-41N-11W WILDCAT; 8500 CAMBRIAN (FR:09/11/1995 FM KMS) LEASE WF  
1-10 MOHAVE COUNTY NE SE TYPE:FEDERAL; OPER ADD: BOX 496568, GARLAND, TX 75049-6568, EL: J&A  
API 02-015-20029 2353 FSL 510 FEL SEC 3090 GR LOCATION DATA: 24 MI S-SW VIRGIN FLD(UTAH/INACHOE) 9 MI SE ST GEORGE, UT; PLAN SPUD NOV-1-1995; VERTICAL;  
CONTR: LAYNE-WESTERN, SPUD:11/30/1995 CSG: 18 IN @ 80, 10 3/4 IN @ 240 W/5 SACK; DRLG COMMENTS: ORIGINALLY DRILLED TO 1075 FT AND SHUT-IN 1995-1996, HOLE CAVED-IN, DRLG RESUMED FROM 80 FT TO 380 FT IN, SEPT 1997; DLR TOPS: MOENKOPI 0, KAIBAB /LM/ 105, TOROWEAP 600; 1075 TD, (TOROWEAP) (TD REACHED:10/08/1997) 1075 DTD COMP:12/25/1997 J&A; , NO DST RUN

**YUMA COUNTY**  
CONTENDER OIL 5-10S-23W WILDCAT; 2850 (FR:03/21/1984 FM KMS); EL: 205 KB 188 GR LOCATION WF  
1 AMAN NE SE NW DATA: 7 MI S YUMA, AZ APPROX 200 MI SE NEAREST ESTABLISHED D&A-G  
API 02-027-20038 1897 FNL 2097 FWL SEC PRODUCTION IN; ORANGE COUNTY, CA; ARIZONA DRY HOLE; VERTICAL;  
IC 020277000184 WELL ID CHANGES: OPR CHGD FROM CENTRAL OIL CO PREV OPER: CENTRAL OIL CO PREV WELL NO: 1 PREV LEASE: AMAN

CONTR: H & W DRILLING INCORPORATED, RIG # 3; SPUD:03/30/1984 CSG: 9 5/8 IN @ 40 W/20 SACK, 7 IN @ 393 W/100 SACK; LNR: 4 1/2 IN @ 2840 W/337 SACK; DRLG COMMENTS: LOCAL CALLS: TRANSITION 1450, BC SAND 1726, COCO SD 2386, OPR EVALUATING SEISMIC/GEOLOGIC DATA, LOG TOPS NOT RPTD.; LOG TYPES: IL 390-2866, GR 390-2866, DN 390-2512, NE 390-2512; LOG TOPS: ALLUVIUM 0, TRANSITION ZONE 1450; SDWL # 001 1321-2848 \* 1321.0FSD,LT BRN, FG-MG, NS \* 1350.0FSD,LT BRN, VFG-MG, SLI SILTY, PEB, SLI CALC \* 1410.0FSD,LT BRN, VFG-MG, SLI CALC \* 1504.0FSD,LT GRY-BRN, VFG-COAG, SLTY, PEB, SLI CALC \* 1729.0FSD,BRN, FG-MG, SLI LAM, NS \* 1738.0FSD,GRY, FG, CALC \* 1746.0FCS,GRY, SLTY, SLI CALC \* 2390.0FCS,GRY, SLTY, FRAC, NS \* 2392.0FSD,LT TN, VFG-FG, LAM, CALC \* 2398.0FSD,LT GRY, VFG-FG, SLTY, LAM, CALC, NS \* 2604.0FSD,LT GRY, VFG, SLI SLTY, CALC \* 2641.0FCS,RED-BRN, SLI SLTY, CALC \* 2680.0FSD,LT TN, VFG-FG, SLI SLTY, LAM, SLI CALC \* 2820.0FSD,LT GRY, VFG-FG, V SLTY, CLYSTN, LAM \* 2848.0FCS,RED-BRN, SLI SLTY, SNDY, FG, LAM, SLI CALC NS: 2866 TD, (TRANSITION ZONE) (TD REACHED:06/06/1984) BHT: 126F PROD TEST(S): # 001 PERF (TRANSITION ZONE) 2390-2410 2432-2438 2446-2452 2508-2518 2572-2582; WTR: UW AMT NOT RPTD W/ SLI GAS SHOW (4000 PPM SALT) 2866 DTD COMP:07/29/1994 D&A-G; , NO DST RUN

\*\*\*\*\*

San Simon Well (Steve Rauzi)

mailto:/C:/Program%20Files/Netscape/Na...b2e2d960%24fdb92399@oemcomputer&number=59

**Subject:** San Simon Well (Steve Rauzi)  
**Date:** Tue, 10 Mar 1998 09:32:05 -0600  
**From:** "David Sullivan" <sully658@email.msn.com>  
**To:** <Harris\_Ray@pop.state.az.us>

What were the results of the well drilled a few years ago in the San Simon Valley along interstate 10 (just off the highway) Any data released.

The well was not drilled to proposed total depth of 19,000 feet due to stuck pipe while drilling at 8974 feet. Stuck pipe from 4995-4281' was not recovered. Electric logs (Dual Induction, Compensated sonic, and Gamma ray) were run from about 4000' to surface. 4 1/2" production string was run to 4064 feet. This data is now available for inspection.

SCR



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

April 18, 1997

Mr. John A. Tessari, President  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Re: Arzon Corporation #1 State, Permit #887

Dear Mr. Tessari:

It has been some time since I have heard from you regarding the captioned well. Do you plan to conduct further tests? If not, will you advise this office at your earliest convenience when you plan to plug or turn it over as a water well.

Sincerely,

Steven L. Rauzi  
Oil & Gas Administrator

John calls 5/29/97  
well still locked in & secure  
no change in plan to turn over as well  
no plan for further tests in this hole.  
Hope to drill another test in area.

1-29-97

Ken Kostenbader, Montgomery Alabama  
334-272-5105

request that I send mud log 0-2500' from  
Arzon hole to Larry Lynch  
Box 455  
Silver City NM 88062

Ken is intrigued about the oil potential  
of the Pedregosa Basin and specifically from  
surface ~ 2500' in San Simon area.

Use It  
It Works!

PLS

## ALABAMA

### LAMAR COUNTY PRODUCTION S

One Active Well.  
Brush Creek Field.  
CARTER Formation. 2,431 Ft.  
Well Completed In July 1984.  
8.75% NonOperated WI. & 7.11% NRI.  
Gross Prod.: 1.7 BOPD & 50 MCFD.  
Avg Monthly Cash Flow: \$315 /MN.  
NEGOTIATED SALE.  
PP 0812

## ARIZONA

### COCHISE CO., ARIZONA LF/DV

Sale Of Major Reserve Prospect.  
11,800 NET Acres.  
Obj: Lower Cretaceous, Jurassic, And  
Pennsylvanian. 10,000 To 20,000 Ft.  
SubSurface & Seismically Defined.  
100% OPERATED WI & 81.25% NRI.  
Estimated Reserves: 20 TCF & 3 MMBO.  
LF 2293DV - STILL AVAILABLE.

Continued from ENERVEST on page  
20 months to buy properties in 10 states.  
Our GE Capital partner has enabled us to  
significantly expand the size and scope of  
our operations, a trend which we would  
expect to continue in coming months."

Continued from SANTA FE on page 1  
designed to allow each business to more  
efficiently develop its distinct resource  
base and pursue business opportunities  
and to provide improved access to capital  
markets.

Bakersfield, CA-based Monterey will  
assume the assets and liabilities of the  
Western Division of Santa Fe, which  
operates primarily in California's San  
Joaquin Valley. The Western Division  
owns and operates properties in the  
Midway Sunset, Kern River and South  
Belridge fields, the three largest  
producing oil fields in the 48 contiguous  
states.

Following the completion of the  
transactions, Santa Fe will maintain its  
Houston headquarters and continue  
operations in the Permian Basin, offshore  
Gulf of Mexico and its international core  
areas.

Of the 7.9 million shares to be offered  
by Monterey Resources, 6.3 million will  
be offered initially in the U.S. and 1.6  
million will be offered outside the U.S.  
**Goldman, Sachs & Co.** is the lead  
managing underwriter and **Morgan  
Stanley & Co.** and **Petrie Parkman &  
Co.** are the co-managing underwriters  
outside of the U.S. Financial advisors  
include **Petrie Parkman & Co., Chase  
Securities** and **Lehman Brothers.**

### More utility mergers

Utility mergers continue to proliferate.  
**West Ohio Gas** will merge with sister  
sub **East Ohio Gas** under  
**Consolidated Natural Gas.** The  
merger will combine 1.7 million  
customers and is part of an overall plan to  
lower costs.

**Ohio Edison** will buy **Centerior  
Energy** for \$1.5 billion in stock, merging  
the two into **FirstEnergy.** The deal will  
create the U.S.' 11th largest investor-  
owned electric system valued at \$5  
billion.

An independent auditor hired by  
**Kansas City Power & Light** issued its  
final report on the takeover battle  
between **Utilicorp United** and **Western  
Resources,** with only 48% supporting  
**Utilicorp.**

**IES Industries** has reported that  
stockholders OK'd a merger with  
**Interstate Power** and **WPL Holdings,**  
while voting down a hostile bid from  
**MidAmerican Energy.**

## KENTUCKY

### KY DEVELOPMENT PROJECT C+DV

(110) Oil Wells. (138) Injectors.  
Easton Field. 1,200 Acre Waterflood.  
Tar Springs Oil Zone. 325 Ft.  
(4) Deeper Oil Zones.  
(100) Additional Drilling Locations.  
100% OPERATED WI & 85% NRI.  
Current Production: 35 BOPD (35 Wells).  
75-Equipped Wells 600-800 BOPD Potential.  
PP 0855DV

## INTERNATIONAL

### DAGESTAN REPUBLIC, RUSSIA INTL

Approximately 90 Wells.  
Exclusive Right To Produce ACHISU FIELD.  
Miocene "G" Formation. 2,000 Ft.  
Other Wells Completed In 1974.  
License In Place To Sell Oil In Russia.  
Also On World Market. 100% OPERATED WI.  
3.0 MMBO Have Been Produced.  
Will Sell Project Or Take On Partners.  
Primary & Secondary Resv: 14.6 MMBO.  
PP 0443INTL

## WEST VIRGINIA

### WEST VIRGINIA PROPERTIES A+

(295) Gas Wells.  
Various Fields in (11) Counties.  
Shallow DEVONIAN SHALE Gas.  
Qualify For Sec-29 Tax Credits.  
11-83% OPERATED WI. 80% Avg NRI.  
Gross Production: 2.7 MMCFD.  
Monthly Cash Flow: ~\$60,000 /MN.  
NET PDP Reserves: 3-4 BCFG.  
50% Additional PDNP Reserves.  
PP0801BHP - Offers Due: Oct 18, 1996.

## KANSAS

### DECATUR COUNTY, KANSAS S+DV

(3) Wells. (2) Active. (1) INJ.  
NW Decatur Center Field. 640 Acres.  
LANSING Formation. 3,750 Ft.  
Wells Completed In 1982.  
Potential For (4-6) Add'l Wells.  
50% NonOperated WI. & 82% NRI.  
Current Gross Prod.: 9 BOPD.  
Wells Area Cumins.: ~65 MBO/Well.  
PP 0633DV

## ARKANSAS

### LOGAN COUNTY, TEXAS B+AU

(3) Active Wells.  
Caulksville Field. 7,500-9,000 Ft.  
ORR, HALE & UPPER HALE Formations.  
Additional Drilling Potential.  
Behind Pipe Potential Exists.  
~5-15% NonOperated WI. & ~4-13% NRI.  
Current Gross Production: 1.8 MMCFD.  
Engineering/Land/Geologic Info Avail.  
Will Be Sold Oct. 2, 1996.  
PP 0866DV/AU

### FINNEY COUNTY, KANSAS C

(2) Active Wells.  
Stewart Field.  
Mississippian Zone. 4,900 Ft.  
Wells Completed In 1991.  
23% Average OPERATED WI.  
Current Gross Prod.: 85 BOPD.  
Reasonable Offers Considered.  
Negotiated Cash Sale.  
PP 0701

### KANSAS SALES PACKAGE C+

(34) Wells. (16)-Active (9)-SI (1)-Inj  
(8) Salt Water Disposal Wells.  
HODGEMAN, NESS, GROVE, LANE, MARIM,  
MCPHERSON, LOGAN, THOMAS & BARTON  
81-100% OPERATED WI & 76-87.5% NRI.  
Current Gross Production: 89 BOPD.  
Current NET Production: 65 BOPD.  
UPDATE: Production Increase (2) Wells.  
PP 0808 - OFFERS DUE: Sept 27, 1996.

MEMBERSHIP-BASED!

LIST WITH PLS  
MULTIPLE LISTING  
WORKS!

5/2/96 John Tessari called: Well still secure with chained valves.  
Recently opened valve & no pressure. Hopes to arrange financing  
for 12,500' offset. Will use service riser & ready wellhead  
for transfer as waterwell @ that time.



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

October 18, 1995

Mr. William O. Dewitt  
P.O. Box 670322  
Dallas, Texas 75367

Dear Mr. Dewitt:

Some of the material we discussed yesterday is enclosed, including a copy of the Olga 7.5-minute topo map showing the location of the recently drilled Arzon hole in Cochise County, Arizona; a list of selected references on stratigraphy in southeastern Arizona; a table of rocks in the central Peloncillo Mountains from Gillerman, 1958; a discussion of southeastern Arizona from Bulletin 182; and a list of oil and gas publications available from our office.

This material should give you a quick, but accurate, understanding of the geology of southeastern Arizona. The wealth of stratigraphic material in the selected references will definitely enhance this initial understanding. Just let me know if I may be of any further assistance.

Sincerely,

Steven L. Rauzi  
Oil and Gas Program Administrator

Enclosures



## ARZON CORPORATION

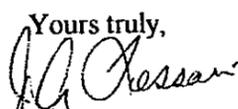
Steven L. Rauzi  
Oil & Gas Program Administrator  
Arizona Geological Survey  
416 West Congress, Suite 100  
Tucson, Arizona 85701

February 21, 1995

Dear Mr. Rauzi:

Attached is a copy of the Arzon State #1 completion program. Please note that the bottom six zones were perforated and tested first. There was no cement bond over zone 7, therefore cement was squeezed through this zone to perforate and test it later.

There is currently 3850 feet of tubing in the hole which will be pulled out and taken to a storage site along with the extra casing and the wellhead. We believe we can make arrangements with one of the local ranchers for this site. The restoration of the reserve and test pits will be completed as soon as possible.

Yours truly,  
  
John Tessari,

Enclosures





Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

February 2, 1996

Mr. John Tessari, President  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Dear Mr. Tessari:

Thank you for your letter and sundry report of January 23 about retaining the Arzon State #1 as a source of fresh water. Transfer of responsibility from operator to landowner is explained in A.A.C. R12-7-129 and our Water Well Acceptance Form 26, copies of which are enclosed.

You may wish to discuss the transfer with Mr. Charles A. Cantwell, Water Rights Management Section, Arizona State Land Department, 1616 West Adams Street, 4th Floor, Phoenix AZ 85007, phone (602) 542-2670. He can advise you on how to cap the well for transfer and would be the one to complete the Water Well Acceptance Form on behalf of the State Land Department. Please keep me advised of any discussions you may have with Mr. Cantwell.

Finally, our records show the well is basically completed for use as a water well but some questions remain. For instance, your Sundry Notice of January 23 reports a water zone from 3030' - 3044' whereas your Completion Report of October 4 reports the interval from 2800' - 3060' was squeezed with cement leaving the intervals from 3966' - 3180' open. Is this correct? Our records also show 3850' of 2 3/8" tubing landed in the wellhead. What are your plans for the tubing, extra casing, and wellhead, and for restoration of the reserve and test pits?

Sincerely,

*Steven L. Rauzi*

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

*John called 2/8/96: He will ready hole for transfer when service ris is in the area. I advise no rush as long as well is secure + mechanically sound, also that transfer will be to the State Land Dept, owner of land, + not rancher. John advised: squeezed 2800-3900 before perf. Lwt. perf dry on swabs. Only 3030-44 contributed w/ b.p*



## ARZON CORPORATION

January 23, 1996

Steven L. Rauzi  
Oil & Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, Suite 100  
Tucson, Arizona 85701

**Re: Arzon State #1**

Dear Mr. Rauzi

Attached is a report on the current status of the subject well. The well has good potential for fresh water production. Arzon and its partners would like to recommend that the well be retained as a source of fresh water.

Arzon is currently evaluating geological and seismic data to identify a site for drilling another well in the area. The decision to proceed with the drilling of this test well will depend on approval of the partners.

Please do not hesitate to contact me if you require further information on this matter.

Yours truly,

  
John A. Tessari  
President





Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

January 12, 1996

Mr. John Tessari  
President  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

*file 887*

Dear Mr. Tessari:

The Oil & Gas Conservation Commission will meet on February 9 in Tucson and will be expecting a status report on the Arzon State #1. Since I have not heard from you since your Sundry Report of October 5, 1995, I would appreciate an update on the current status and future plans for this well. I look forward to hearing from you soon.

Sincerely,

*Steven L. Rauzi*

Steven L. Rauzi  
Oil & Gas Program Administrator



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

October 13, 1995

Mr. Sherman Norton  
Norton Drilling Company  
5211 Brownfield Highway, Suite 230  
Lubbock, Texas 79407-3501

*file 887*

Dear Sherman:

I have enclosed an 8 x 10 enlargement of the Arzon #1 State photo that appeared in the August 7, 1995, issue of *Oil & Gas Journal*. I understand that this is your Rig No. 16. The enlargement cost me \$4.00.

Let me know if I may be of further assistance.

Sincerely,

Steven L. Rauzi  
Oil and Gas Program Administrator

Enclosure



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

September 29, 1995

*file 887*

Mr. Robert E. Johnson  
370 Seventeenth Street, Suite 3210  
Denver, Colorado 80202

Dear Robert:

I haven't heard anything about the well since you stopped in earlier this month. As a result, and because we discussed this when you were here, I have enclosed a copy of A.A.C. R12-7-121 on well completion, and R12-7-126 and R12-7-127 on plugging and temporary abandonment.

Please note the filing requirements in R12-7-121(A) and (B), and the notification requirements on re-entering a temporarily abandoned well in R12-7-127(B). Pursuant to R12-7-128(A), the Commission may allow an additional six-month period to the confidential period provided in R12-7-121(B).

Finally, you should advise me in writing as soon as possible if you wish to continue or extend the temporary abandonment status of the Arzon #1 State hole.

Sincerely,

*Steven L. Rauzi*

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

c John Tessari, Phoenix

9-20-95 : Bob Johnson stoped in office to advise that a pulling unit has moved onto the Atzon hole. The hole was cleaned out to the top of the junk and the hole will be swabbed to see if any flow can be obtained from the zone behind the fish. The plan will then be to log to 4064 and test any zones that look good.



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

416 W. Congress, Suite 100  
Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

August 28, 1995

Mr. Robert E. Johnson  
370 Seventeenth Street, Suite 3210  
Denver, Colorado 80202

Dear Robert:

I have enclosed an 8 x 10 enlargement of the Arzon #1 State photo. This enlargement cost me \$4.00 should you wish to reimburse me for it.

Please feel free to contact me at any time.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosure



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

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Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

August 25, 1995

Mr. David W. Sullivan  
BecSul Energy  
6815 N.W. 10th, Suite 1  
Oklahoma City, Oklahoma 73127

Dear Mr. Sullivan:

Thank you for your letter of August 16 inquiring about the well just south of the interstate near San Simon, Arizona. This is the Arzon Corporation #1 State in nw nw Sec. 27, T. 13 S., R. 30 E. A picture of the well taken on July 16, 1995, ran on page 73 in the August 7 issue of *Oil & Gas Journal*.

I have enclosed a copy of the approved application to drill, which lists the drilling contractor used for the job. Wellsite engineering was by J.W. Mulloy Associates, Midland, Mudlogger was Suttles Logging, Inc., Midland, and cementing was by Haliburton, who may have run wireline logs as well, but I'm not sure. I do not know who provided mud services. The only other information I am able to provide at this time is that the hole was drilled to about 8,900 feet, casing was run to facilitate further work, and the hole is in a temporarily abandoned status.

State law provides for confidentiality on this hole, so I am not at liberty to provide any more information than what is enclosed. You may, however, wish to contact John Tessari, President of Arzon Corporation, for further discussion about this hole. His phone number and Phoenix address are shown on the attached application.

Let me know if I may be of further assistance.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosure

PS We moved July 1. Please note our new mailing address and phone number.

# FAX

Date 08/21/95

Number of pages including cover sheet 1

**TO:** STEVE L. RAUZI, OIL &  
GAS PROGRAM  
ADMINISTRATOR  
ARIZONA GEOLOGICAL  
SURVEY

**FROM:** Jack M. Shadle, Jr.,  
Executive Director  
Commission on Marginally  
Producing Oil and Gas  
Wells  
Sarkeys Energy Center  
100 E. Boyd, Suite 510-A  
Norman, Oklahoma 73019

Phone 520-770-3500

Fax Phone 520-770-3505

Phone 405-325-0713

Fax Phone 405-325-0409

CC:

**REMARKS:**  Urgent  For your review  Reply ASAP  Please Comment

I would like to inquire as to how I might obtain an copy of the picture you had published in the August 7, 1985 Oil and Gas Journal page 73? This photograph would be an asset to our collection.

Thank you for your response.

*Jack M. Shadle, Jr.*

*8-22-95  
I've enclosed a complimentary  
print of the referenced photo.  
Steve Rauzi*

**GREYHOUND LINES, INC.**  
15110 NORTH DALLAS PKWY., DALLAS, TEXAS 75248

8 19 1995 11:55 AM A013

043

DESTINATION STATION CITY & STATE <b>TUCSON AZ 85719</b>		ZIP <b>85719</b>		116 246 460 0		RATE ZONE <b>C.O.D.</b>	
To (Recipient's Name) <b>STEVEN RAVZ</b>		Exact Street Address Cannot deliver to P.O. Box or Zip Code		INTERLINE INFORMATION		PREPAID <input checked="" type="checkbox"/> CHARGES COLLECT	
City <b>TUCSON AZ</b>		Recipient's Package Express Account No.		Carrier Code City Schedule #		EXPRESS \$	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		Carrier Code City Schedule #		REFWD	
From (Shipper's Name) <b>Robert Brals</b>		Exact Street Address Cannot deliver to P.O. Box or Zip Code		Carrier Code City Schedule #		VALUE	
City <b>Midvale TX 77007</b>		Recipient's Phone Number (Very Important)		Routing: If no routing specified, shipment will be routed via Greyhound direct to the extent possible.		COLLECT / C.O.D. FEE	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		5		PICKUP	
From (Shipper's Name)		Exact Street Address Cannot deliver to P.O. Box or Zip Code		6 SERVICE REQUIRED		DELIVERY	
City		Recipient's Phone Number (Very Important)		PAYMENT		STORAGE	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		7		OTHER	
From (Shipper's Name)		Exact Street Address Cannot deliver to P.O. Box or Zip Code		8		C.O.D. AMOUNT	
City		Recipient's Phone Number (Very Important)		DIMENSIONAL WEIGHT COMPUTATION		TOTAL \$	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		NO. OF PIECES		TOTAL \$	
From (Shipper's Name)		Exact Street Address Cannot deliver to P.O. Box or Zip Code		ACTUAL WEIGHT LBS		TOTAL \$	
City		Recipient's Phone Number (Very Important)		DIMENSIONAL WGT. LBS		TOTAL \$	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		CARTON DESCRIPTION		TOTAL \$	
From (Shipper's Name)		Exact Street Address Cannot deliver to P.O. Box or Zip Code		CARTON DESCRIPTION		TOTAL \$	
City		Recipient's Phone Number (Very Important)		CARTON DESCRIPTION		TOTAL \$	
Shipper's Phone Number (Very Important)		Shipper's Package Express Account No.		CARTON DESCRIPTION		TOTAL \$	

SUBJECT TO TARIFF REGULATIONS PRINTED ON REVERSE SIDE. **MANIFEST/INTERLINE - 2** RECIPIENT MUST SIGN DELIVERY COPY

*Wet samples for Arzon 1 State, Permit 887, Sample No. 1879*

Bob Beales - 8-17-95

Plan to turn csg + set on top of fish.  
Come in later, drill shoe, swab in zone.

Top of fish @ 4211'

Set viscous gel plus on top fish.

Cmt plus 4070'-4120'

Cite 4 hrs

Turn csg with shoe @ 4060'

Cmt w/ 600 SKS, calc fill to 3000'

E-loss kept setting down @ 3080', swelling clays.

Will set gamma-ray to @ least 4060'

next hurdle will be to get csg to 4060'.



Fife Symington  
Governor

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Larry D. Fellows  
Director and State Geologist

August 9, 1995

Mr. John Tessari  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Dear John:

I've enclosed five complimentary prints each of the pictures I took of the Arzon #1 State on July 15 and 16. The sunset shot with the flare-appearing cloud appeared on page 73 in the August 7, 1995, issue of *Oil & Gas Journal*.

Let me know if I may be of further assistance.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

## EXPLORATION

### Geochemistry research effort takes shape

Houston Advanced Research Center (HARC), The Woodlands, Tex., and Texaco Inc. plan to set up a 4,000 sq ft petroleum and environmental geochemistry research laboratory at HARC, effective Sept. 1.

Texaco donated geochemical tools, intellectual property, patents, inventions, gas chromatographs, and mass spectrometers. It committed two years' funding, and six Texaco research scientists with 5-30 years' experience will become full time HARC employees.

The new lab will expand geochemical technology through collaborative research while fulfilling Texaco's needs in applying the technology to exploration and production operations, said Ronald J. Robinson, general manager of Texaco's Exploration and Production Technology Department.

Texaco and HARC hope to expand the partnership into a broader global industry alliance supported by a large segment of the petroleum industry and staffed by geoscientists from the supporting companies. Funding levels would be based on each entering company's research desires, Robinson said.

Geochemistry combines elements of geology and chemistry. It involves chemical analysis of rocks, oil, gas, and water as well as computer models of physical processes to help solve oil and gas exploration, exploitation, and environmental problems.

Core research—work that supporting companies don't anticipate having commercial use of for at least 2 years—will get 75% of Texaco's funding. The rest will go to support service work. The lab is designed not to compete with routine analyses performed by commercial

geochemistry labs, Robinson said.

#### Multifaceted research

The geochemistry center will be part of HARC's Geotechnology Research Institute. Unocal Corp. supported the development of a rock physics lab at GTRI last year. Other companies, including Texaco, are considering participation in that work.

GTRI also operates a 3D imaging consortium aimed at producing innovative approaches to 3D processing for improved subsurface imaging. Other projects include seismic modeling and, under Gas Research Institute sponsorship, research on using seismic data for direct detection of hydrocarbons.

Manik Talwani, GTRI director, said oil companies

faced with declining research budgets have found that shared research cuts redundancy and enhances their capabilities.

Texaco's Robinson said, "The ability to quickly apply new technology is the advantage, regardless of where the technology originated."

Other than GRI, Stanford University operates a similar alliance and Texas A&M University is forming one, Robinson said.

### CALIFORNIA

Mobil Oil Corp. and Santa Fe Energy Resources Inc. will expand steamfloods 4½ miles northwest of Fellows in the North Midway portion of supergiant Midway-Sunset field.

Mobil will extend the steamflood on the Alberta and Shale leases to the adjoining Finley Joint Venture property. All are in 14-31s-22e, Kern County. The

project initially calls for converting 13 producing wells to injectors and ultimately converting more wells to boost the number to 40.

A maximum of 26,000 b/d of water converted to steam is to be injected into the Potter sand, which produces 110 gravity oil from about 1,525 ft. With expansion to the Finley property, the maximum volume for injection will be raised to 71,000 b/d through 68 injectors.

Santa Fe Energy Resources is also targeting Oligocene Potter sand in 22-, 23-, and 27-31s-22e. It is permitted as many as 134 injectors and a 55,000 b/d injection rate.

The expansion project in Sec. 21 has been approved for as many as 24 injectors and a maximum injection rate of 17,000 b/d, which would bring the number of injectors to 158 wells and injection rate to 55,000 b/d.



### Remote Arizona wildcat drilling

Arzon Corp., Phoenix, spudded in mid-July at a remote Arizona wildcat in Cochise County. The 1 Arzon-State is in Cochise County in the nonproducing Pedregosa basin. The Dos Cabezas mountains provide a backdrop for Norton Drilling Co., Lubbock, Tex., Rig 16. The well is projected to 9,900 ft with Permian and Cretaceous objectives. The drillsite is 110 ft south of a major interstate highway and 10 miles west of the New Mexico state line. Photo courtesy Steven L. Rauzi, Arizona Oil & Gas Program Administrator.

## EXPLORATION

### Williston Lodgepole activity spreads

C. Alan Petzet  
Exploration Editor

Oil discoveries are drawing numerous operators to a Mississippian Lodgepole play in the Williston basin.

The play is also stimulating significant 3D seismic acquisition aimed at helping operators pick out Lodgepole mounds about 10,000 ft deep.

Here is the approximate status of the play as of end-July:

About 40 wells have been drilled since early 1993 in the four townships 139n and 140n, ranges 96w and 97w, Stark County, N.D., with Lodgepole as primary objective. This drilling has resulted in discovery of five reefs—Dickinson, Knopik-Klein, Kuntz, Haller, and Hondl.

Several wells are still being drilled or evaluated, but at least 19 have produced commercially. That number includes two Conoco Inc. Dickinson field wells that have been converted to injection wells.

Daily production is 5,500-6,000 b/d of oil, including about 4,000 b/d from Conoco's Dickinson Lodgepole unit. The fields are also producing an undetermined volume of casinghead gas.

Unitization is being sought for the Knopik-Klein area, and there is some thought that production from that area might be as much as 8,000-10,000 b/d when a unit is implemented.

Cumulative production from the play exceeds 2 million bbl, including more than 1 million bbl from Dickinson field and more than 500,000 bbl from discoveries by Duncan Oil Inc., Denver.

Six rigs are involved, including Duncan operating two and adding a third, Conoco operating one and adding a second, Armstrong Operating Inc., Dickinson, N.D., running one, and Meridian Oil Inc. about to field one.

The play is expected to stimulate new drilling in Manitoba, where several fields have produced oil from Lodgepole for years.

#### Activity growing

One of the newest entrants is TransTexas Gas Corp., Houston. The company said in late July it had acquired an 80% working interest in 110,000 net acres in Stark, Billings, and Dunn counties, N.D., including 1,100 acres near Dickinson, N.D. Phoenix Energy Cos. Inc., Dallas, holds the other 20%.

TransTexas said the acquisition included interests in acreage near the Armstrong 1-15 Hondl discovery well, in 15-139n-96w, and is near where Duncan has announced its intention to drill five wells.

TransTexas said it plans to acquire 3D seismic surveys on more than 160 sq miles to pick drilling locations in the carbonate reef fairway. It said it was seeking a permit to drill one well.

TransTexas noted the involvement in the play of Conoco, Shell Western E&P Inc., Amerada Hess Corp., Total Minatome Corp., and JN Exploration & Production Co., Billings, among many others.

#### Lodgepole discoveries

When completed in early 1993, Conoco's Dickinson field Lodgepole discovery was 70 miles from nearest Lodgepole production, the North Dakota Geological Survey reported.

Here are the Lodgepole discoveries completed since Conoco's Lodgepole deeper pool discovery in Dickinson field with the most recent successes listed first:

- Armstrong and Summit Resources Ltd., Calgary, 1 Hondl, in 15-139n-96w. This well is thought to be another significant oil and gas discovery. Drilling was stopped to avoid penetrating the oil-water contact after the bit penetrated 80 ft of an oil bearing reef. The well was cased after being drillstem tested. Later drilling will determine total oil column thickness, said Columbia Gas Development Corp., Houston, which holds a 50% working interest. It is 3 miles northeast of the 1 Haller.

- Armstrong and Summit 1 Haller, in 29-139n-96w, located an estimated 20 million bbl of 44° gravity oil in place in Lodgepole at about 9,700 ft based on 3D seismic data and log analysis. It encountered 134 ft of net oil pay in a 303 ft Lodgepole section. Recovery factor is expected to be 40-65%.

- Conoco Inc. 1 Kuntz, in 2-139n-97w, along the southwestern flank of Dickinson field, a discovery capable of producing at high rates and placed on restricted production last spring until hooked to a gas pipeline at midyear.

- Duncan Oil Inc. 1 Knopik, in 11-139n-97w, which flowed as much as 2,707 b/d of oil and 1.55 MMcf of gas. State figures show it produced 183,236 bbl of oil, 40.2 MMcf of gas, and 2,507 bbl of water during January through March 1995.

### KENTUCKY

Blue Ridge Group Inc., Bowling Green, Ky., and Preston Oil Co., Houston, staked a deep wildcat in Elliott County.

The 1 Greene, in 10-T-79, is projected to 8,700 ft or Middle Cambrian Rome. It is 1½ miles east of Stephens gas field, which produces from Upper Cambrian Rose Run at about 4,900 ft, PI reported.

Kentucky Geological Survey, Lexington, published a map and chart series on the Rome trough of eastern Kentucky.

The map covers most of eastern Kentucky's counties and shows the geologic structure that is dominated by a deeply buried, fault-bounded depression that runs from the Lexington area into West Virginia.

A Rome trough well recently drilled in Elliott County is producing 500 Mcfd of gas, but the trough's potential is not fully tested, KGS said.

### NEW MEXICO

Vastar Resources Inc., Houston, staked a remote wildcat north of Albuquerque.

The 1 Tamara, in 3-13n-2e, Sandoval County, is to go to 9,100 ft or Cretaceous Dakota.

The well would probe Albuquerque-Belen basin sediments 14 miles north of Albuquerque and 36 miles southeast of San Juan basin production in South San Luis oil field, PI reported.

#### API MONTHLY U.S. WELL COMPLETIONS\*

	Oil wells	Footage	Gas wells	Footage	Dry holes	Footage	Total wells†	Footage
Apr. 1995	664	3,041,063	839	4,877,496	404	2,063,583	1,907	9,982,142
Mar. 1995	633	3,384,148	1,095	6,284,098	549	3,008,180	2,277	12,676,426
Apr. 1994	708	3,770,361	766	4,672,834	402	2,325,360	1,932	10,956,004

\*Total wells reported to API during April 1995. †Includes oil, gas, and dry holes plus service wells and stratigraphic and core tests.



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

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(520) 770-3500



Larry D. Fellows  
Director and State Geologist

July 31, 1995

Mr. John Tessari  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Dear John:

I've enclosed the material we talked about at the well site on Saturday. This includes a copy of Ross's article on the Pennsylvanian and Early Permian depositional history in southeastern Arizona, Scott's article on Early Cretaceous reefs, a 1:375000-scale geologic map of Cochise County, a 1:1000000-scale geologic map of Arizona, and some parts of Harald Drewes's 1980 tectonic map of southeastern Arizona.

Our new office is only two blocks from the I-10 freeway. Just take the Congress exit east. Stop in the next time you're on your way through if you have time.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

F A X

DATE: July 31 1995  
TO: Marty and Ray, Suttles Logging  
FROM: Steve Rauzi, 520-770-3500

The following three pages consist of the description of map units from USGS Map I-1109 (Tectonic Map of Southeastern Arizona) by Harold Drewes, 1980. They may be helpful to you.

Drewes maps QTgu in the San Simon Valley and at T.D. in several of the shallower wells in the valley. He maps Tv? at T.D. of 4400 in the Thayer well in 31-13S-31E. He maps Tuc? at T.D. of 7563 in the Arizona Oil & Gas Dev well in 36-14S-30E. He maps QTgu + Tc? to 3300 and Tv from 3300 to t.D. of 5334 in the Thomson well in 10-16S-31E.

He's mapped Yg, Xp, Tug, and Paleozoic and Cretaceous rocks in the Dos Cabezas Mtns to the west. He's mapped Tv and Ta in the Peloncillo Mtns to the east.



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Larry D. Fellows  
Director and State Geologist

**MEMORANDUM TO FILE**

**DATE:** July 18, 1995

**FROM:** Steven L. Rauzi *SLR*  
Oil and Gas Program Administrator

**SUBJECT:** CIRCULATION OF CEMENT ON SURFACE CASING & BOP TEST  
**Arzon 1 State, Permit #887**  
NW NW Sec. 27, T. 13 S., R. 30 E., Cochise County

I witnessed Haliburton circulate cement on the 9 5/8" casing set to about 545 feet per an approved modification to the casing program on July 15. About 40 sacks of cement were circulated.

I witnessed the testing of the blind rams, pipe rams, hydrill, choke line HCR valve, choke line manifold valves, and upper and lower kelly cocks on July 16. A rubber was replaced on the pipe rams and the upper kelly cock needed repair after which all BOPE tested good.



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Larry D. Fellows  
Director and State Geologist

MEMORANDUM TO FILE 887

DATE: July 18, 1995

FROM: Steven L. Rauzi *SLR*  
Oil and Gas Program Administrator

SUBJECT: MODIFICATION TO SURFACE CASING PROGRAM  
Arzon 1 State, Permit #887  
NW NW Sec. 27, T. 13 S., R. 30 E., Cochise County

I witnessed the running of two of the final six joints of 9 5/8" casing. After these two joints, the 9 5/8" surface casing could not be lowered below 545 feet. It is probable that a plug of clay was being pushed below the casing and became unmovable when the mud below the clay plug was compressed. The inability to move the clay plug below 545 ft, plus the fact that shale is recorded on the mud log from 500 to 726 ft, indicates that no permeable zones exist between 545 and 726 ft. As a result, I approved a modification to the surface casing program to set the 9 5/8" casing at 545 ft. Otherwise there is no modification to the drilling program.



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Governor

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Larry D. Fellows  
Director and State Geologist

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DATE: July 18, 1995

FROM: Steven L. Rauzi *SLR*  
Oil and Gas Program Administrator

SUBJECT: MODIFICATION TO SURFACE CASING PROGRAM  
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Governor

State of Arizona  
**Arizona Geological Survey**

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Tucson, Arizona 85701  
(520) 770-3500



Larry D. Fellows  
Director and State Geologist

July 17, 1995

Mr. Hudson Routh  
J.W. Mulloy Associates, Inc.  
1110 North Big Spring  
Midland, Texas 79701

Dear Hudson:

I've enclosed a few copies of our sundry report form 25. If you need more, please feel free to copy them as needed.

Let me know if I may be of further assistance.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures



## ROCKY MOUNTAIN

### REGION REPORT



FOUR CORNERS EDITION

Vol. 68, No. 132  
7-12-95

#### Inland Continues Successful Infill Program in Utah's Monument Butte Field

**I**NLAND PRODUCTION Co (formerly Lomax Exploration Co), a wholly owned subsidiary of Denver-based Inland Resources Inc, has completed a new development test in the central Uinta Basin eight miles south of Myton in northeastern Utah.

The 14-36 Monument Butte-State, se sw 36-8s-16e, eastern Duchesne County, produced an average of 263 bbls of oil per day from six Green River intervals perforated between 5336 and 5676 ft during its first 11 days on line. At last report, the well was producing 239 bbls of oil, 330,000 cu ft of gas and eight bbls of water daily.

Inland's new producer is part of a multi-well development program under way in the greater Monument Butte field area along the Duchesne/

#### Work Under Way at Remote Pedregosa Basin Wildcat

**A**RZON CORP, Phoenix, has moved in Norton Drilling's Rig #16 to drill a remote wildcat on the northwestern edge of the Pedregosa Basin two miles west of San Simon in non-producing southeastern Arizona.

Primary objectives of the 1 Arzon-State, nw nw 27-13s-30e, northeastern Cochise County, are Permian and Cretaceous zones. It's projected to reach total depth at about

9900 ft in Pennsylvanian (PI 6-28-95).

The remote venture is approximately 265 miles west of the nearest production, on the western flank of the Delaware Basin in southeastern New Mexico. It's some 300 miles south of the closest current production in Arizona, in Diné Bi Keyah field, an Hermosa (Pennsylvanian) oil and gas pool in northeastern Apache County.

Uintah County line, where 25 new tests are planned for 1995. Operating as Lomax, the company recently completed three other Monument Butte field Green River wells with initial pumping potentials ranging from 71 to 170 bbls of oil with 55,000-263,000 cu ft of gas daily (PI 6-28-95).

In addition to its drilling program, Inland is participating as a working interest holder in Green River development programs being carried out by Wildrose Resources Corp in the Monument Butte field area and by Petroglyph Operating Co in Duchesne County's Antelope Creek field.

NEWSLETTER  
DAILY ACTIVITY REPORT  
WESTERN COLORADO  
UTAH  
NEW MEXICO  
ARIZONA & NEVADA

SECTION I  
SECTION II  
SECTION III  
SECTION IV  
SECTION V  
SECTION VI



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7-13-95

Robert Beals, Alotson Dets, San Simon.

Moving in rig today.

Spudding sometime tomorrow.

Est. 8-12 hrs to drill 700', 1.5 hrs to run CSG.

7-12-95

Mike Ball, ADWR, 417-2470 ext. 7141

Norton Dtlg in office to take trade exam.  
Exam not really appropriate for oil well dtlg.  
Asterisk on general drillers requires this exam.  
ADWR rules clearly exempt oil dtlg!

500 N 3rd St  
Phx 85004

Allen Felber, Reg. Contractors, 542-1502

Administered business management exam.  
Sent to ADWR for trade exam. (see above)  
Dick George (under Allen) opinion that since doing  
work for someone else needs exam.

800 W. Washington  
Phx 85007

Question. Business management exam.  
Trade exam.

Trade exam needs to be looked @.

7-5-95

John Tessari

Request to amend surf casing program to:

$9\frac{5}{8}$ " K-55 36# ft

will drill  $12\frac{1}{4}$ " surf. hole to 700'  
cut to surf. with 350 sx

will drill  $8\frac{3}{4}$ " main hole, if trouble run 7" csg  
would drill out 7" hole with  $6\frac{1}{4}$ " bit.

No change in surf csg setting depth +  
no loss in integrity or pressure control

∴ amendment is approved SL Rainey

---

Norton still drls on TX hole. hope to move in 9<sup>th</sup> or 10<sup>th</sup> + Spud by 15<sup>th</sup>



# ROCKY MOUNTAIN



## REGION REPORT

**FOUR CORNERS EDITION**

**Vol. 68, No. 123  
6-28-95**

*file 887*

### Remote Wildcat Slated for Non-Producing Southeastern Arizona

**P**HOENIX-BASED ARZON Corp has staked a 9900-ft test to Pennsylvanian on the northwestern edge of the Pedregosa Basin in non-producing southeastern Arizona two miles west of the town of San Simon.

Objectives of the northeastern Cochise County wildcat, the 1 Arzon-State in nw nw 27-13s-30e, are Permian and Cretaceous horizons. The remote venture is some 265 miles west of the nearest production in fields on the western flank of the Delaware Basin in southeastern New Mexico. Closest current production in Arizona is about 300 miles to the north in Dineh Bi Keyah field, a Hermosa (Pennsylvanian) oil and gas pool in northeastern Apache County. Reports indicate oil production has been established in the northern Mexico portion of the Pedregosa Basin, but no confirmation has been received

from Pemex, that country's national oil concern.

In the late 1920s through early 1940s, Funk Benevolent Corp worked periodically on a wildcat half

a mile southeast of the new Arzon location. The 1 Farm (later 1 Torrance Ranch) in se ne 27-13s-30e, reached

*(Please see Arizona, Page 2)*

### New Mexico State Lease Sale Draws \$1.27 Million for Lea County Acreage

**T**HE JUNE 20 oil and gas lease sale held by the New Mexico Commission of Public Lands in Santa Fe drew high bids totaling \$1,277,638.97 for 34 tracts comprising 13,272.34 acres in Lea County, an average of \$96.26 an acre.

The sale's top per-acre bid of \$550 was made by Santa Fe landman Daniel E. Gonzales for Tract No. V0-0-9, a 160-acre lease covering Lots 13, 14, w/2 sw 1-21s-34e, Lea County. It's about 21 miles northwest of Eunice in an area of Seven Rivers and Yates production in Wilson West field, and Bone Spring, Morrow and Wolfcamp production in Osudo and Grama Ridge North fields.

The sale offering was published in PI 5-31-95. No tracts in the state's northern townships were offered.

NEWSLETTER  
DAILY ACTIVITY REPORT  
WESTERN COLORADO  
UTAH  
NEW MEXICO  
ARIZONA & NEVADA

SECTION I  
SECTION II  
SECTION III  
SECTION IV  
SECTION V  
SECTION VI



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## Exploratory Drilling Slated for Three Las Animas Arch Counties

Three operators have scheduled new exploratory tests projected to Mississippian on the Las Animas Arch in eastern Colorado's Bent, Kiowa and Cheyenne counties.

Wichita-based Murfin Drilling Co has staked a 5600-ft test 11 miles northwest of Wiley in a non-producing northeastern Bent County township.

The 1-1 McClave-State, nw nw of irregular section 1-21s-49w, will be drilled by a company-owned rig one and a half miles west of McClave field, where gas is produced from the Pennsylvanian Morrow. Kicking Bird field, a Morrow gas pool in neighboring Kiowa County, is a little more than two miles to the northwest.

*(Arizona, continued from Page 1)*

total depth of about 6658 ft. The operator reported numerous oil and gas shows between 1730 ft and total depth.

The nearest deep drilling is about 50 miles to the east-southeast at a 9282-ft dry hole completed by Cockrell Corp in 1969 in southern Grant County, New Mexico—the 1 State-Coyote, sw sw 14-25s-16w. Log tops at this wildcat include the Montoya group (Upper Ordovician) at 7240 ft, El Paso limestone 7720, Cambro-Ordovician Bliss sandstone 8360 and Precambrian sediments at 8580 ft. Cockrell reported oil shows at 4140 ft, but a drillstem test at 4140-4240 ft recovered only water.

In Kiowa County, Wichita independent Mull Drilling Co will drill a 5520-ft test to Spergen 19 miles southeast of Cheyenne Wells at the 2 UPRC-Ash, ne sw 17-17s-42w. This site is three quarters of a mile east-northeast of the abandoned Jalapeno field discovery, Mull's 1 Kriss in sw se 18-17s-42w, which produced 9,741 bbls of oil and 150,850 bbls of water from Lansing-Kansas City (Pennsylvanian) at 4271-74 ft in the early 1990s. Morrow oil and gas production in Jace field is four and a half miles to the southeast.

The 2 UPRC-Ash is half a mile south-southeast of Union Pacific Resources Co's 1 Ash 11-17 in nw nw 17-17s-42w, which was completed four years ago as a 5445-ft dry hole.

The latter well was neither cored nor drillstem tested.

Nearly two miles to the south, Mull has staked a 5485-ft Spergen test at the 1 Taffy in sw nw 29-17s-42w. This Kiowa County wildcat is one and a half miles south-southeast of the Jalapeno field opener and four miles northwest of Jace field.

Kudu Drilling holds the contracts for the two Mull ventures.

To the northwest in Cheyenne County, Union Pacific Resources Co has scheduled three wildcats, including one 12 miles east-southeast of Kit Carson.

The 1 Morton Trust 31-32, ne nw 32-15s-46w, will be drilled to about 5700 ft in Mississippian by a Cheyenne Drilling rig. It's two miles north-northwest of the inactive, one-well Dust Bowl field, a Marmaton oil pool, and three miles west-southwest of Grouse field, which produces from Morrow and Spergen.

In northeastern Cheyenne County, Union Pacific has staked a 5900-ft test at the 1 Ptero 23-31 in ne sw 31-12s-43w, a little more than 10

*(Please see Colorado, Page 6)*

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*file 887*

*(Wyoming, continued from Page 1)*

of oil and 7,293,000 cu ft of gas before being shut in. The discovery is now operated by Denver independent Conley P. Smith.

Brown's proposed wildcat is a mile east of Clabaugh field, a Muddy/Minnelusa oil pool, and a little more than a mile north-northwest of Piney field, which produces from Minnelusa.

Approximately 20 miles to the north, Maxim has plans to drill a stepout from Bronco field 12 miles northeast of Gillette.

Maxim's 41-29 Broncbuster-Federal will be drilled at a location in ne ne 29-51n-70w and presumably will be drilled to about 8600 ft in Minnelusa. It's within a quarter mile southwest of the inactive Bronco field discovery well, the Neward Corp-

## One Parcel Leased at June 15 Arizona BLM Lease Sale

ROBERT JOHNSON of Denver made the sale's minimum bid of \$2 an acre for one parcel at the June 15 oil and gas lease sale held by the Arizona Office of the Bureau of Land Management in Phoenix.

Johnson, the sale's lone bidder, acquired Parcel AZ-06-95-015, which comprises 160 acres in ne 21-13s-30e, northeastern Cochise County, for an overall bonus bid of \$320.

The sale offering, described in PI 5-24-95, encompassed 16 parcels covering 24,880.14 acres in Cochise, Coconino and Mohave counties.

operated 14-21 Echo-Federal in sw sw 21-51n-70w, which was completed in 1977 by Bronco Oil & Gas and Mitchell Energy producing oil from Minnelusa at 8533-64 ft. The 8667-ft discovery produced a total of 28,323 bbls of oil and 50,113 bbls of

water before being shut in.

Bronco field has produced about 154,700 bbls of oil, 93,000 cu ft of gas and 102,930 bbls of water from Minnelusa. In March, the field's lone active well produced an average of 16 bbls of oil and one bbl of water daily.

*(Colorado, continued from Page 1)*

field discovery, a non-commercial Mancos oil producer on the western flank of the San Luis Basin, is nearly

45 miles to the west-southwest.

The closest current production from Dakota is approximately 80

miles to the southwest, in Price-Gramps field off the northeastern flank of the San Juan Basin.



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

845 North Park Avenue, #100  
Tucson, Arizona 85719  
(602) 882-4795

June 15, 1995



Larry D. Fellows  
Director and State Geologist

Mr. John Tessari  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Re: Arzon Corporation #1 State  
Sec. 27, T. 13 S., R. 30 E., Cochise County, Arizona  
State Permit #887

Dear Mr. Tessari:

An approved copy of Arzon Corporation's Application for Permit to Drill the referenced well, Permit to Drill #887, and filing fee receipt #22 are enclosed. Samples are required pursuant to A.A.C. R12-7-121.

This Permit is issued on the condition that you conduct operations substantially as outlined in the drilling prognosis submitted with the application to drill and that you *notify me at least 48 hours* before you:

- 1) Commence drilling operations;
- 2) Run and cement surface casing; and
- 3) Nipple up and test the BOPE prior to drilling out of the surface casing.

I plan to witness the circulation of cement on the surface casing and the pressure test of the BOPE. My office number after July 1 will be (520) 770-3500, and my home phone number is (520) 881-4850.

The Oil and Gas Conservation Commission of the State of Arizona looks forward to a successful completion of this well.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

**MEMORANDUM TO FILE**

**DATE:** June 2, 1995

**FROM:** Steven L. Rauzi *SLR*  
Oil and Gas Program Administrator

**SUBJECT:** Known and reasonably estimated freshwater aquifers in vicinity of  
ARZON CORP STATE WELL  
NW NW Sec. 27, T. 13 S., R. 30 E., Cochise County

Rick Herther, Basic Data Section, Arizona Department of Water Resources, reported this date of one water well registered in the ne ne se sec. 27, T. 13 S., R. 30 E. It was drilled in the 1960's to about 1500 feet and has a reported water level of 65 feet below the surface.

Other water wells registered with the Department are in the southeast quarter of section 22 and the northeast quarter of section 28. The well in section 22 is 125 feet deep with a water level reported at a depth of 60 feet. The well in the sw sw ne section 28 was drilled in 1952, is about 1354 feet deep, and had a water level reported at a depth of 36 feet.

This information shows that surface casing set between 700 and 1000 feet deep will be sufficient to protect waters in surface alluvium and all other reasonably estimated freshwater aquifers in the vicinity of the subject well.



Fife Symington  
Governor

State of Arizona  
**Arizona Geological Survey**

845 North Park Avenue, #100  
Tucson, Arizona 85719  
(602) 882-4795



Larry D. Fellows  
Director and State Geologist

June 2, 1995

Mr. John Tessari  
Arzon Corporation  
P O Box 10186  
Phoenix, Arizona 85064-0186

Dear Mr. Tessari:

The following enclosed forms are required before drilling and completing wells in Arizona:

- 1) Organization Report, Form 1. [see A.A.C. R12-7-194]
- 2) Performance Bond, Form 2 (or cash alternative, see below). [see A.A.C. R12-7-103]
- 3) Application for Permit to Drill or Reenter, Form 3. [see A.A.C. R12-7-104]
- 4) Completion Report, Form 4. [see A.A.C. R12-7-121]
- 5) Application to Plug and Abandon, Form 9. [see A.A.C. R12-7-126]
- 6) Plugging Record, Form 10. [see A.A.C. R12-7-127]
- 7) Sundry Report, Form 25 (BLM Form 3160-5 may be substituted for Form 25).

Submit Forms 1, 2 (or cash alternative), 3 (include drilling prognosis), and a \$25 application fee to my attention at this office. Upon approval, a Permit to Drill will be issued. Submit Form 4 upon completion of the well as a producer or dry hole. Submit Form 9 for approval of proposed plugging plan and Form 10 to record final placement of plugs. Submit Form 25 to report wellsite activities.

Alternatives for surety include cash or a certificate of deposit payable to the **Arizona Oil and Gas Conservation Commission**, which must be automatically renewable, drawn on a federally insured bank doing business in Arizona, and sent to this office with the enclosed assignment form properly filled out. Irrevocable letters of credit are not accepted.

Please contact me with any questions.

Sincerely,

Steven L. Rauzi  
Oil & Gas Program Administrator

Enclosures

6-2-95

John Tessari, Atzon Corp. (602) 956-3174.  
Working with Bob Johnson, plan to drill in Cochise Co.  
location being staked today (nw nw 27-135-30E)  
Hope to drill between 15<sup>th</sup> + end of month.  
Cultural work being done + access being worked out.

Requests procedure on permitting + forms. ✓

Plans 12 $\frac{1}{4}$ " to 1000' w/ 9 $\frac{5}{8}$ " CSS to 700' or 1000'.\*

send letter + forms to: PO BOX 10186  
Phx AZ 85064-0186  
[5421 N. 26<sup>th</sup> St.]  
Phx AZ 85016

\* 1 contact ADWR to verify wth levels in area.

6-14-95

Bob Johnson calls: will be in Phx @ BLM sale tomorrow a.m.  
will call this office between 10:15-11:00am + may drive down.  
Hope to have all permit forms + requirements tomorrow.

KEN KAMON

TEL:1-915-686-0720

May 30 95 10:38 No.001 P.01

**Ken Kamon**  
**Petroleum Engineer**  
Telephone: (915) 686-0720  
Facsimile: (915) 686-0621

*Postal Address-*  
P. O. Box 10589  
Midland, Texas 79702

*Street Address-*  
One Wall Plaza  
306 W. Wall St., Ste. 375  
Midland, Texas 79701

May 30, 1995

Facsimile Transmission

To: Steve Rouze

520-628-5106

RE: Press release regarding proposed well in Cochise County

Steve-

Please call me if press release is illegible, and I will mail you a copy. I apologize if I misspelled your name.

Two pages follow.

KEN KAMON

TEL:1-915-686-0720

May 30 95 10:38 No.001 P.02

Starquote \* Screen 1 \* MDBL2048 \*\*\*\*\* Tuesday April 11th 1995 10:05:28 AM ED:

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11-Apr-95 at 04:32:56

10:05 Page 1

CURLEW LAKE RESOURCES INC

CHQ:CHLRF Agreed to Participate in Evaluation of Cochise Prospe

Symbol: CHQ CHLRF

11Apr95 Market News Publishing Inc. 95/04/11 No:0007

CURLEW LAKE RESOURCES INC ("CHQ-V:CHLRF-L")

- Agreed to Participate in Evaluation of Cochise Prospect

Robert B. Pincombe, President reports that Curlew Lake Resources Inc. has agreed to participate in the evaluation of the Cochise Oil and Gas Prospect in Cochise County, Arizona. The Company will pay 10% of the cost of the initial well on the prospect to earn 10% of revenues until payout and a 6.5% working interest thereafter in the well and over 80,000 acres of oil and natural gas leases assembled by the operator of the prospect. This prospect is another high potential exploration project where land and data have been assembled over a number of years. The consortium will be drilling adjacent to a number of oil and gas shows recorded in the area. It is expected that the initial well will be spudded by May 31, 1995.

The Company has participated in two other very high potential oil and

KEN KAMON

TEL:1-915-686-0720

May 30 95 10:38 No.001 P.03

Starquote \* Screen 1 \* MDSL2049 \*\*\*\*\* Tuesday April 11th 1995 10:05:37 AM ED

93 VM

11-Apr-95 at 04:32:56

10:05 Page

gas exploration projects in the last year and a half. In the Turner Valley area of Alberta we have participated in five exploratory wells resulting in a significant Devonian sour gas discovery, with excellent potential for extensions to the reservoir and for new oil discoveries. Curlew Lake holds working interests varying from 2.5% to 10% in the 45,000 acres of oil and natural gas leases held in the project. Drilling is expected to continue on this prospect for several years.

On the Forum prospect in the Los Angeles basin of California, the company has participated in a well which has been drilled to a depth of 10,500 feet and production casing has been run. Drilling indications and log analysis suggest the well has the potential to be a major oil and gas discovery. Production testing will take place in the near future, and with initial success it is anticipated that drilling will continue in the area for a number of years. Curlew Lake has a 7.5% carried working interest in this project to the commencement of production, and thereafter will pay its 7.5% share of development costs. This project and the new Cochise oil and gas project will be operated through our wholly owned Nevada subsidiary, Curlew Resource Corporation.

These three participations in very large exploration projects complement the company's solid Alberta producing base, including future