

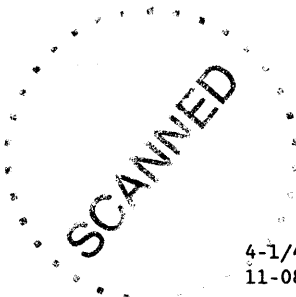
Instructions: Prepare and submit the "Initial Report" on the first Wednesday after a well is spudded or workover operations are started. Daily work prior to spudding should be summarized on the form giving inclusive dates only.

District <b>WESTERN</b>	County, parish or borough <b>CLATSOP</b>	State <b>OR</b>
Field <b>MIST</b>	Lease or Unit <b>STERLING</b>	Well no. <b>12-24-66</b>
Auth. or W.O. no. <b>API: #007-00019</b>	Title <b>NEW DRILL</b>	

**N 0°, 58', 52"E 529'-S89°, 01', 08"E 546' F/WEST 1/4 COR SEC 24/T6N/R6W, WB&M**

Operator <b>ARCO OIL AND GAS COMPANY</b>	ARCO W.I. <b>100%</b>
Spudded or W.O. begun <b>SPUDED</b>	Date <b>11/03/88</b>
Date and depth as of 8:00 a.m.	Hour <b>11/03/88</b>
	Prior status if a W.O.

Date and depth as of 8:00 a.m.	Complete record for each day reported
-1 11-03-88	<p><b>STERLING #12-24-66 (Clatsop County, OR) Paul Graham #4 AFE #R47041</b>                      TD: 40' (0') MIRU                      (13-3/8" @ 40')</p> <p>Location: 528.83'N &amp; 546.30'E f/ W 1/4 Corner S24/T6N/R6W                      Ground Elev: 604.923'                      MIRU. Plan to spud late pm 11/3/88.</p>
1/4 11-04-88	<p>TD: 164' (124') Drlg                      MW: 8.6 VIS: 54</p> <p>Finish RU. Accept rig @ 1600 hrs 11/3/88. Repair rig. Mix spud mud.4                      Spud @ 2300 hrs 11/3/88. Drld to 69'. Unplug conductor &amp; flowline. Drld to 136'. Returns noticed in cellar around rathole. Mix &amp; pumped LCM pill. POOH to stab. RIH to 136'. Unplug flowline. Drld to 157'. Flowline plugged w/ clay. CO same. Drld to PD.</p>
3-1/4 11-07-88	<p>TD: 1381' (1217') Drlg                      MW: 9.5 VIS: 44                      (7" @ 437')</p> <p>Drill 9-7/8" hole f/ 164' to 223'. Approx 25% returns. CC mud. Add LCM. Drill 9-7/8" f/ 223'-315'. POOH. Allow LCM to soak. TIH to 315'. Drill f/ 315'-350' w/ 75% returns. Drill f/ 350'-400' w/ 90% returns. WT to bit. CC mud f/ 7" csg. Survey @ 437' (0°30). POOH. RU &amp; ran 10 jts 7" K-55 LTC csg. Shoe @ 437'. Mix and pump 220 sx Cl "G" cmt + 2% CaCl<sub>2</sub> + 1/4 #/sx flocele @ 15.8 ppg. Full returns w/ 10 bbls cmt to surface. Bumped plug w/ 500 psi over. Floats did not hold. Shut in w/ 200 psi. CIP @ 0319 hrs 11/5/88. Cut off cond &amp; 7" csg. Weld on 7" x 7-1/16" 3M SOW. Test weld to 1500 psi. NU BOPE. Test to 1000 psi (DOGMI witness). MU 6-1/4" bit &amp; BHA. Drill out FC @ 390' &amp; cmt t/ 417'. Test csg to 1000 psi. Drill shoe @ 437'. Drill 6-1/4" hole f/ 437'-730'. CBU. POOH f/ new bit (plugged jet). Drill f/ 730'-973'. CBU. Survey @ 973' (4°). POOH f/ BHA. Change to 60' pendulum assy. TIH. Drill f/ 973'-1381'. WT @ 1163'-853' &amp; 1287'-1100'.</p>
4-1/4 11-08-88	<p>TD: 1537' (156') Drlg w/ MM                      MW: 9.6 VIS: 46</p> <p>Drill 6-1/4" hole f/ 1381'-1537'. WT to 1200'. Surveys @ 1021' 4°45' S84W, 1458' 4° S54W, 1520' 4° S49W. Wait on directional man. PU MM and MU BHA.</p>



The above is correct		
Signature <i>[Signature]</i>	Date <b>3/3/89</b>	Title <b>DISTRICT DRILLING ENGINEER</b>

For form preparation and distribution, see Procedures Manual, Section 10, Drilling, Pages 86 and 87.