GEOSC - 107 - 99 INTER OFFICE MEMO

To: JOHN MEYERS From: PEDRO ALARCON

Ref: Your PTP- ENG- 448- 99 memo.

Date: September 15, 1999

Based on results of LO16-22 well, we have reviewed the geological interpretation of Basal Salina in the LO16 platform area. Please find attached the Structural map and Stratigraphic correlation.

According to the present geological review, the Gas Injector LO16-21 well was not properly correlated, the sands called originally as "Lower Basal Salina" corresponds to the "Upper Basal Salina".

Our recommendations are as follows:

- LO16-22: Take Temperature Survey then isolate the Upper Bs. Sn.
 (Interval 7544' 7316') to improve the secondary recovery of the reservoir.
 Perforate the San Cristobal Wedge Sands from 6505' to 6452', and produce commingle with Mogollon.
- LO16-21: Keep temporarily suspended the gas injection until the Basal Salina of the LO16-22 has been isolated, and to re-initiate the gas injection to benefit wells LO16-8, LO16-7, LO16-20, LO16-16, LO16-9 and LO13-16.
- LO16-8: Perforate the San Cristobal Wedge Sands at intervals 7358' 7354', & 7240'–7158' and produce commingled with Basal Salina. Estimated EUR's 30 MBO, expected IPR 150 BOPD.

Equivalent sandy sections were opened in wells LO16-21 and LO16-24.

Cc: Carlos Valdizán.

MCh/VP/HC

C:\WellServiceLO16-22.doc