Sundance Federal Well #2 Page 3

5. Mud Program and Auxilary Equipment:

From 0 to 650' (Minimum)
Mud Weight: 8.6 ppg, Viscosity: 32 sec./1000 cc, Water Loss:
N.C cc, Mud Type:FW Gel/LCM
Mud will be checked tourly by mud engineer. Sufficeint quant-

Mud will be checked tourly by mud engineer. Sufficeint quantities of mud will be kept on location to maintain minimum properties.

From 650' to 4300'(Minimum Properties)
Mud Weight: 10.0 ppg, Viscosity: 28 sec./1000cc, Water
Loss: N/C cc. Mud Type: Brine, use salt water gel for
hole sweeps.

Mud will be checked tourly by mud engineer. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 4200' to 5000' (Minimum Properties)
Mud Weight: 8.3 ppg, Viscosity: 28 sec./1000cc, Water
Loss: N/C cc, Mud Type: Fresh
Use paper and poly visII for weight for hole sweeps.
Mud will be checked tourly by mud engineer. Sufficient
quantities of mud will be kept on location to maintain
minimum properties.

From 5000' to 8200' (Minimum Properties)
Mud Weight: 8.7 ppg, Viscosity: 30 sec./1000cc, Water
Loss: N/C cc, Mud Type: Brine
Use salt water gel for hole sweeps.

6. Testing, Logging and Coring Program: Samples: Every 10' from surface casing to TD. DST's: Any tests will be based on the recommendation of the wellsite Geologist as warranted by drilling breaks and shows. Coring: None Anticipated. Logging: CNL-FCD from TD to casing, with GR-CNL up to surface; DLL from TD to casing.

7. Abnormal Conditions, Bottom hole Pressure and Potential Hazards:

Anticipated BHP:

From: -0- to 650' Anticipated Max. BHP: -0- PSI From: 650' to 4200' Anticipated Max. BHP: 1700 PSI From: 4200' to 8200' Anticipated Max. BHP: 2400 PSI

Abnormal Pressures Anticipated: None
Lost Circulation zones anticipated:
Possible lost ciculation 450' - 4200'
H2S Zones Anticipated: Nome
Maximum Bottom Hole Temperature: 144°F

8. Anticipated starting date: As soon as Possible after approval with the drilling time being approximately 15 days and the completion time being another 15 days.