

COMPANY	<u>Enserch Explroation, Inc.</u>	WELL	<u>Federal 1-31</u>
FIELD	<u>UTE Dome (Penn)</u>	LOCATION	<u>Sec. 31, T32N, R13W</u>
COUNTY	<u>San Juan</u>	STATE	<u>New Mexico</u>

RECOMMENDED DRILLING FLUID PROGRAM

Interval (Feet)	Mud Weight (lbs/gal.)	Viscosity (sec/qt.)	Fluid Loss (ml/30 min.)
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0-650'	8.4 - 8.7	27-30	NC
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Spud in with a fresh water gel slurry. Adjust viscosity, as needed, to clean hole. Additional hole cleaning can be accomplished with occasional sweeps with a viscosifier and/or gel. This is especially recommended prior to setting surface pipe.

650 -5000'	8.7 - 9.0	27-30	10-12 cc
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Drill out casing shoe bypassing the shaker and dumping cement contamination to the reserve pit. Fresh water with additions of Benex, CMC, Caustic Soda, Zinc Chromate, Scale Inhibitor, and Soda Ash will be used to drill this portion of hole. This treatment will inhibit shale heavage and prevent bit ballage, as well as build a thin film cake on bore wall to facilitate in better trip conditions. Mud sweeps will be mixed as needed for additional hole cleaning..

5000' -7000'	8.8 - 9.0	28-32	8-10 cc
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Continue to maintain good flow properties using above products plus addition of gel.

7000' - TD	9.2 - 9.6	34-55	8-10 cc
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Change mud system over a low solids system using gel, Caustic Soda, Soda Ash, Hi-Thin, Zinc Chromate, Scale Inhibitor, Ironite Sponge, and CMC. In anticipation of H₂S gas at approximately 7400'-7700', the mud system will be treated with 1500-2000 ppm Zinc Chromate, 2-2 1/2 ppb Ironite Sponge and film Amine during connections and trips.

EXHIBIT NO. 3