

TEXAS MUD AND CHEMICAL CO.

P. O. BOX 1966

PHONE A/C 915/381-0400

ODESSA, TEXAS 79760

August 21, 1978

Depco, Inc.
800 Central
Odessa, Texas 79761

Attn: C.O. Bizzell

Dear Carl:

We are pleased to submit a Mud Program for your " Midwest Federal #3 " to be drilled in Section 22, Chaves County, New Mexico.

0 - 400'	TMC Gel and Lime, Vis. 36-38, for hole conditions.
400 - 2850'	Drill with native mud, Vis. 30-31. Add Mud Seal if needed for seepage. Add Lime or Caustic for P.H. control 9.5 - 10.
2850 - 6000'	Drill with fresh water circulating reserve pit for solids control. Add Lime or Caustic for P.H. control 9.5 - 10. Add Mud Seal if needed for seepage.
6000 - 8000'	Add Salt Gel to raise Vis. 32-33. Add 2-3% Oil. Maintain P.H. 9.5-10. with Caustic. For D.S.T. lower W/L 20cc.
8000 - 8800'	Maintain Vis. 33-34, Lower W/L 20cc or less, 2-3% Oil.
8800' - T.D.	Lower W/L 5cc or less, Raise Vis. 36-38 if needed for D.S.T. and logging.

Drilling
Hazards: None Expected

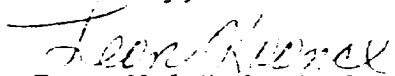
Est. Mud Cost: \$15,000.00

Stock Point: Lovington, N.M. - Call Odessa 915 - 381-0400.

Engineer: Ronnie Koonce - 915 381-0400

Thank you for the opportunity of submitting this program for your consideration. We hope to hear from you soon.

Sincerely,


Texas Mud & Chemical Company
Leon Koonce, President