

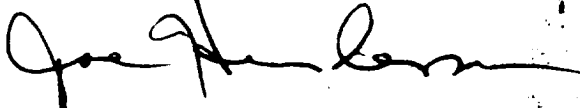
At a point 300 to 400 feet above the expected Cisco pay mud up
with a Drispac-Flosal type system with the following characteristics:

Weight 8.7-8.8 #/gal
Viscosity 35-36 scc/1000 cc
Water loss 8-12 cc/30 min
pH 9.5-10.5
Kcl 3-4%

Soda Ash will be needed along with Drispac (salt water CMC), and Flosal (Asbestos) to maintain this system. Of course, your actual mud-up point will be dictated by hole conditions up the hole, and characteristics may be altered at any time.

Excluding unexpected problems of a critical nature your total mud cost should not exceed \$7,500.00.

Very truly yours,



Joe Henderson

JH/ps

cc: Mr. Jim Knauf
Artesia, New Mexico