

JFG ENTERPRISES
P.O. BOX 100
ARTESIA, NEW MEXICO 88210

OPERATOR: JFG ENTERPRISES
LEASE & WELL #: #1 Daugherty LC 057674 (a)
LOCATION: 330' FNL & 2310' FEL Section 10,
T 17S, R 27E, Eddy County, New Mexico

1. See Form 9-331C
2. See Form 9-331C
3. The geologic name of the surface formation is "TRIASSIC".
4. See Form 9-331C
5. See Form 9-331C
6. The estimated tops of important geologic markers are:
 1. Bowers - 575', 2. Queen - 850', 3. Graybury - 1200', 4. Premier 1600', 5. San Andres - 1725'.
7. The estimated depths at which anticipated water, oil and gas formations are to be encountered are:
 1. Water - Brackish - 325'
 2. Queen - 850', Gas or Oil
 3. Graybury - 1200', Oil
 4. Premier - 1600', Oil or Gas
 5. San Andres - 1860', 2012-2160', Oil
8. All pipe will be new. See 933C1 for size.
9. See form 933C1 for cementing proposal.
10. A blowout preventor will be installed on 8 5/8" casing with 1 set Blind Rams and 1 set 3 1/2" Rams. See diagram.
11. Native mud will be used from surface to 400'; From 400' to 2180' will use fresh water with 2% KCL.
12. No mud logging will be used. Do not use any auxillary equipment, only standard rig equipment.
13. Will log open hole: use "Dual Induction Focused Log" & "Sidewall Nuutron Gamma Ray".
14. No abnormal pressures are expected. Very low bottom hole pressure.
15. The starting date will be approximately 10-1-77.