Phillips Oil Company <u>KGS-A</u>Lease Well No. <u>1</u>, NM-<u>384624</u>C Page: 2

> Production String = <u>Tie back into intermediate csg string with hole</u> <u>caliper volume plus 30% excess using Class H plus 20% DD and</u> <u>1/4# cellophane/sx mixed at 12.4 ppg w/13.5 gallons water/sx to</u> <u>yield 2.43 cu ft/sx, followed by 500 sx Class H plus 0.1% LWL</u> <u>mixed at 15.6 ppg w/5.23 gallons water/sx to yield 1.18 cu ft/sx.</u>

- 10. The minimum specifications for pressure control equipment which are to be used, a schematic diagram thereof showing sizes, pressure ratings (or) API series) and the testing procedure and testing frequency are attached.
- 11. The proposed mud program is attached (see drilling specialties mud letter).
- 12. The testing, logging, and coring programs are as follows:

D.S.T.'s or cores None

Logs: CNL-LDT-GR-Caliper from TD to 2700'; CNL-GR-Caliper to surface; DLL-GR from TD to 2700'; EPT-GR from TD to 2700'.

Special tests: None

- 13. Anticipate no abnormal pressures or temperatures to be encountered or any other potential hazards such as Hydrogen Sulfide Gas.
- 14. The anticipated starting date is immediately upon approval with duration of operations for approximately 30 days thereafter.
- 15. Water Supply: To be purchased commercially from I&W Transports, Loco Hills, NM.
- 16. Caliche for road and pad construction to be obtained from pit On federal lease located in NW/4 SW/4 Sec. 21, T-16-S, R-30-E on Turkey Track Ranch.