

PHILLIPS OIL COMPANY  
KGS-A LEASE WELL NO. 1, NM 384624C  
E/2 SE/4 & SW/4 SE/4 SECTION 14, T-16-S, R-30-E, Eddy COUNTY, N. MEX.

DRILLING PROGNOSIS

1. Location of Proposed Well: 1200' FE & 330' FS lines, Section 14,  
T-16-S, R-30-E.
2. Unprepared Ground Elevation: 3830.4'.
3. The geologic name of the surface formation is Quaternary.
4. Type of drilling tools will be Rotary.
5. Proposed drilling depth is 9100'±.
6. The estimated tops of important geologic markers are as follows:

<u>Rustler @ 280'</u>	<u>Glorieta @ 4450'</u>
<u>Yates @ 1460'</u>	<u>Tubb @ 5720'</u>
<u>Seven Rivers @ 1710'</u>	<u>Abo @ 6410'</u>
<u>Grayburg @ 2660'</u>	<u>Wolfcamp @ 7730'</u>
<u>San Andres @ 2985'</u>	<u>Lower Wolfcamp @ 8810'</u>
7. The estimated depths at which anticipated water, oil, gas, or other mineral bearing formations are expected to be encountered are as follows:

Water: approx. 400'  
Oil & Gas: Grayburg 2660'  
San Andres 2980'

8. The proposed casing program is as follows:

Surface String 13-3/8" @ 380'±  
Intermediate Casing 8-5/8" @ 2700'±  
Production String 5-1/2" @ Total depth

9. Cement Program:

Surface String = Circulate to surface using 400 sx Class C w/2%  
CaCl<sub>2</sub> mixed 14.8 ppg using 6.3 gallons water per sx. Yield  
1.32 cu ft/sx.

Intermediate String = Circulate to surface using 800 sx Class C plus  
20% DD plus 1/4# cellophane/sx mixed at 12.4 ppg w/13.5 gallons  
water per sx to yield 2.43 cu ft/sx, followed by 300 sx Class C  
mixed at 14.8 ppg w/6.3 gallons water per sx to yield 1.32 cu ft/sx.