PROPOSED MUD PROGRAM

RANKLIN, ASTON & FAIR REPENTRY SECTION 20, 17-S, 30-E EDDY COUNTY, NEW MEXICO

CASING PROGRAM:

1,800' of 8-5/8"

0' - 6,800'

Go in hole to first cement plug and displace the fluid in hole with fresh water. Drill cement plugs and displace to original total depth.

6,800' - 9,700'

Drill this interval with fresh water using a flocculating agent to minimize solids build-up. The addition of IMCO-MD (detergent) will be beneficial in improving penetration rates. Should seepage be encountered, small additions of IMCO-Paper should minimize this problem.

9,700' - 11,400'

At approximately 9,700', mud up with a Low Solids IMCO-Gel-Ben-Ex System with the following properties:

Weight 8.6 - 8.8 ppg Viscosity 36 - 38 sec Fluid Loss 8 - 10 ml

Should hole instability be encountered prior to reaching the original total depth, we suggest circulating from that point and conditioning a low solids fresh water mud with adequate properties to restore hole stability. After hole conditions have been restored, proceed to total depth and resume drilling.

APPROXIMATE MUD COST:

\$4,000.00 - \$4,500.00

SENIOR ENGINEER:

Carl Emerson, Hobbs, New Mexico, 505 - 397-1582.

STOCKPOINT:

Lovington, New Mexico, 505 - 396-3663.

DISTRIBUTOR:

Runnels Mud Company

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