

9. Abnormal Pressures, Temperatures and Potential Hazards:

No abnormal pressures or temperatures are foreseen. The anticipated bottom hole temperature at total depth is 104 degrees and maximum bottom hole pressure is 800 psig. Hydrogen sulfide gas has been reported, or, is known to exist in the Grayburg and San Andres formations. An H₂S Drilling Operation Plan is included. Loss circulation has been experienced when drilling the surface hole at offset wells. Loss circulation intervals are isolated with the 8 5/8" surface casing. No major loss circulation intervals have been experienced when drilling the production hole in offset wells.

10. Anticipated Starting Date and Duration of Operations:

Barry Hunt of Carlsbad, New Mexico BLM office will review the proposed pad site for the location. A Cultural Resources Examination will be completed by Desert West Arch Service Inc. and a copy forwarded to the Carlsbad, New Mexico BLM office.

Road and location preparation will not be undertaken until approval has been received from the BLM. The anticipated spud date is approximately June 1, 2000. The drilling operation should require approximately 10 days. If the well is deemed productive, completion operations will require, at minimum, an additional 30 days of testing to ascertain whether permanent production facilities will be constructed.