

SURFACE = 660' FSL $\frac{1}{2}$ 529' FEL

660' FSL $\frac{1}{2}$ 660' FEL = BTM
HOLE



S26-T185-R29E

Directional Drilling Proposal

**Myco Industries, Inc.
E. Turkey Track Fed. Com. #4
Eddy County, New Mexico**

Prepared for Mr. Bill Hansen

**Prepared by Rick Eaton
April 23, 2001**



Weatherford
Drilling & Intervention Services





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Drilling & Intervention Services

April 23, 2001

Mr. Bill Hansen
Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico

RE: Directional Proposal
E. Turkey Track Fed. Com. #4

Dear Bill:

Thank you for the opportunity to present the following preliminary well plan and cost estimate for the East Turkey Track Fed. Com. #4 in Eddy County, New Mexico. If you have any questions, please call me at (915) 561-8892. We look forward to working with you on this project.

Regards,

Rick Eaton
District Manager

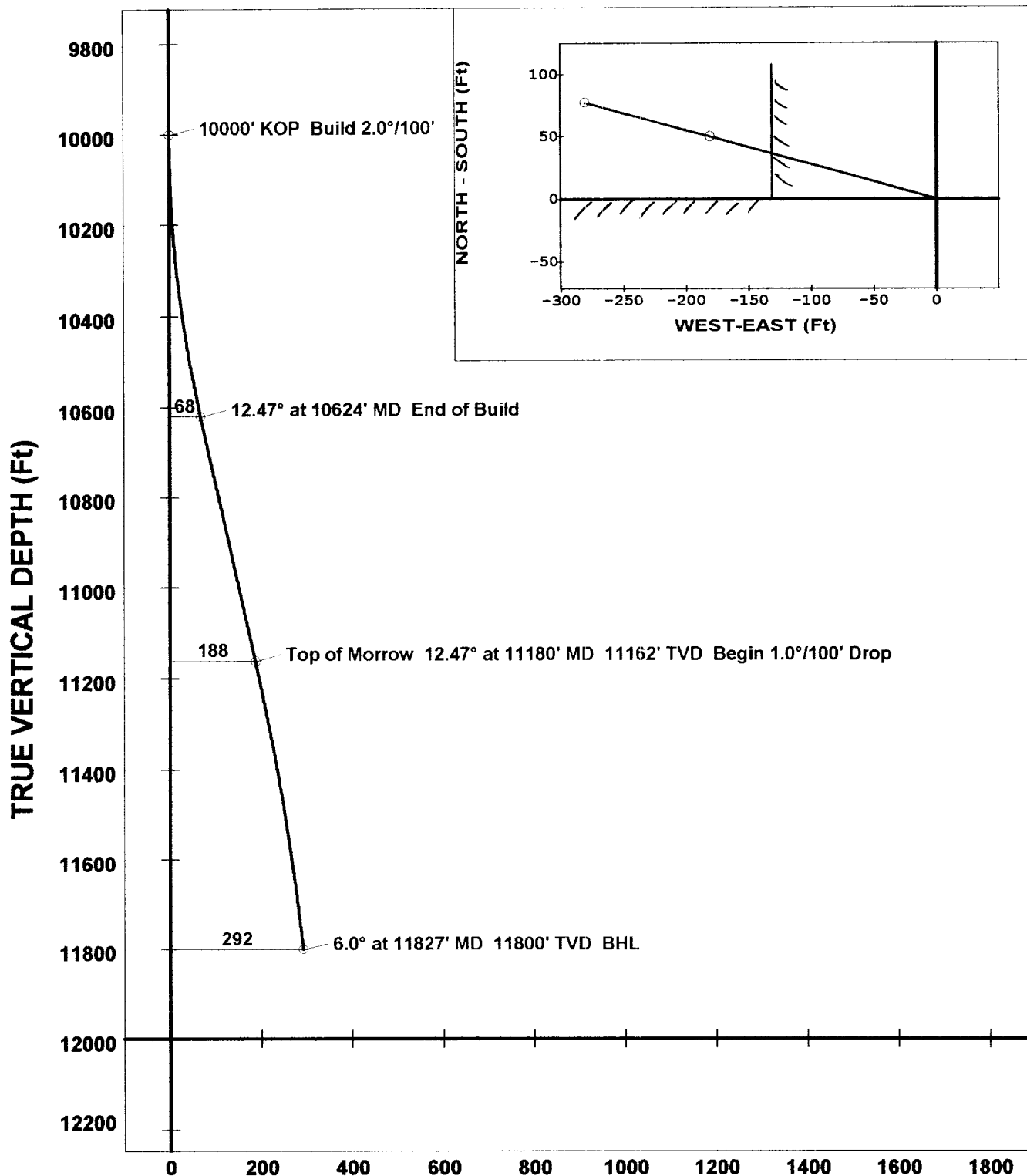
Dailey

Dailey Directional Services
P.O. Box 61028
4309 So. Co. Rd. 1290
Midland, Texas 79711

915/561-8892 Direct
1-888/366-0083 Main
915/561-8895 Fax

www.weatherford.com
www.dailey.com

Company: Myco Industries, Inc.
 Lease/Well: E. Turkey Track Fed. Com #1
 Location: Eddy County
 State/Country: New Mexico



-- Preliminary Plan #1

VERTICAL SECTION (Ft) @ 285.44°



Job Number:
Company: Myco Industries, Inc.
Lease/Well: E. Turkey Track Fed. Com #1
Location: Eddy County
Rig Name:
RKB:
G.L. or M.S.L.:

State/Country: New Mexico
Declination:
Grid: True North
File name: C:\WINSERVE\SUR\MYCO\ETTFC#4.SVY
Date/Time: 21-Feb-01 / 20:48
Curve Name: Preliminary Plan #1

WINSERVE SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 285.44
Vertical Section Referenced to Wellhead
Rectangular Coordinates Referenced to Wellhead

<i>Measured Depth FT</i>	<i>Incl Angle Deg</i>	<i>Drift Direction Deg</i>	<i>True Vertical Depth</i>	<i>N-S FT</i>	<i>E-W FT</i>	<i>Vertical Section FT</i>	<i>CLOSURE Distance FT</i>	<i>Direction Deg</i>	<i>Dogleg Severity Deg/100</i>
Kick-off Point Build 2.0°/100'									
10000.00	.00	285.44	10000.00	.00	.00	.00	.00	.00	.00
10100.00	2.00	285.44	10099.98	.46	-1.68	1.75	1.75	285.44	2.00
10200.00	4.00	285.44	10199.84	1.86	-6.73	6.98	6.98	285.44	2.00
10300.00	6.00	285.44	10299.45	4.18	-15.13	15.69	15.69	285.44	2.00
10400.00	8.00	285.44	10398.70	7.42	-26.87	27.88	27.88	285.44	2.00
10500.00	10.00	285.44	10497.47	11.59	-41.95	43.52	43.52	285.44	2.00
10600.00	12.00	285.44	10595.62	16.67	-60.34	62.60	62.60	285.44	2.00
End of Build									
10623.62	12.47	285.44	10618.71	18.00	-65.17	67.61	67.61	285.44	2.00
Target / Top of Morrow / Begin 1.0°/100' Drop									
11180.05	12.47	285.44	11162.00	50.00	-181.00	187.78	187.78	285.44	.00
11280.05	11.47	285.44	11259.82	55.52	-200.99	208.52	208.52	285.44	1.00
11380.05	10.47	285.44	11357.99	60.59	-219.34	227.55	227.55	285.44	1.00
11480.05	9.47	285.44	11456.48	65.20	-236.03	244.87	244.87	285.44	1.00
11580.05	8.47	285.44	11555.26	69.35	-251.06	260.46	260.46	285.44	1.00
11680.05	7.47	285.44	11654.29	73.04	-264.42	274.32	274.32	285.44	1.00
11780.05	6.47	285.44	11753.55	76.27	-276.11	286.45	286.45	285.44	1.00
BHL									
11826.77	6.00	285.44	11800.00	77.62	-281.00	291.53	291.53	285.44	1.00

DIRECTIONAL DRILLING COST ESTIMATE

**MYCO INDUSTRIES, INC.
E. TURKEY TRACK FED. COM. #4
EDDY COUNTY, NEW MEXICO**

STEERABLE ASSEMBLY

Steerable System, 8 days @ \$6100/day	\$ 48,800
Standby for Steerable System, 1 day @ \$3050/day	3,050

CONVENTIONAL DRILLING

Conventional Drilling Package, 4 days @ \$1000/day	4,000
7 7/8" IB Stabilizers, 2 @ \$750 each	1,500
7 7/8" Roller Reamer, 1 @ \$700 each	700

OTHER CHARGES

Gyro Survey, 0 – 10,000' (Gyrodatta, Inc.)	5,250
Wireline Services for Gyro	1,500
Misc. (Mileage, Inspections, etc.)	<u>3,000</u>

TOTAL ESTIMATE \$ 67,800

ESTIMATE DOES NOT INCLUDE:

Transportation of Tools
Drilling Jars
Drill Bits

NOTE: ALL COSTS ARE ESTIMATES ONLY. ACTUAL COST WILL VARY.

PRICES EFFECTIVE 30 DAYS FROM APRIL 23, 2001

PRICE QUOTE FOR DIRECTIONAL DRILLING PACKAGE

STEERABLE SYSTEM \$6,100 / DAY

DAY RATE INCLUDES:

Drilling Motors
MWD or Steering Tool W/Wet-connect
Directional Supervisor
MWD/Steering Tool Operators
Subsistence for Personnel
Housing for Personnel
Non-Mag Drill Collars

NOT INCLUDED:

Motor Inspection & Re-build	\$500/motor
Non-Mag Tool Joint Inspection	\$50/end
Steel Tool Joint Inspection	\$15/end
Mileage for Personnel	\$1.20/mile
Mileage for Wireline Truck	\$1.75/mile
Wireline Splice Charge	\$1150 each
Repair Charges	as incurred
Water, Sewer, & Power for Trailers	as incurred
Transportation of Tools (Third Party)	billed direct
Gyro or Multishot Surveys	see estimate
Drilling Jars	
X-over Subs	
Drill Bits	

STAND-BY FOR STEERABLE SYSTEM \$3,050/DAY

PRICES EFFECTIVE 30 DAYS FROM APRIL 23, 2001

PRICE QUOTE FOR CONVENTIONAL DRILLING PACKAGE

PACKAGE PRICE \$1,000 / DAY

DAY RATE INCLUDES:

Directional Supervisor
Subsistence for Supervisor
Housing for Supervisor
Non-Mag Drill Collars
Single-shot Instrument
Baffle Plates

NOT INCLUDED:

Non-Mag Tool Joint Inspection	\$50/end
Steel Tool Joint Inspection	\$15/end
Mileage for Personnel	\$1.20/mile
Repair Charges	as incurred
Water, Sewer, & Power for Trailers	as incurred
Transportation of Tools (Third Party)	billed direct
Reamers or Stabilizers	
X-over Subs	
Drilling Jars	
Drill Bits	

PRICES EFFECTIVE 30 DAYS FROM APRIL 23, 2001