Magcobar DRILLING FLUID SERVICES

DRESSER

# SUGGESTED DRILLING FLUID PROGRAM

April 3, 1979

EXHIBIT G

Mr. E. G. Durrett
Durrett & Associates
P. O. Box 4431
Odessa, TX 79760

MAX WILSON, Inc.
Wildernhel #1
1720'FSL and 920'FWL
Section 24,T20S,R21E
Eddy County, New Mexico

Dear Mr. Durrett:

Thank you for giving Magcobar this opportunity to serve you and Durrett & Associates.

The following is our suggested drilling fluid program with casing and estimated mud cost for your well to be drilled in Section 24-20S-21E, Eddy County, New Mexico.

CONDUCTOR: 30' of 13 3/8"

Rathole Machine

SURFACE: 1700' of 8 5/8" (or through Yeso Section)

We suggest drilling out from under conductor with air (dusting) with the possibility of mist drilling the major portion of surface hole.

Water intrusion can be expected at any depth from 90' on.

COMMENTS:

1. There is a possibility you may encounter severe loss circulation while drilling surface hole. If loss circulation occurs, we suggest dry drilling with air or mist to casing point.

2. We suggest mixing 300 barrels of 50 to 60 sec/1000 cc viscosity consisting of Magcogel and Soda Ash and spot in bottom portion of surface hole prior to running casing to insure a good cement bond around bottom of casing.

   Max Wilson Oil Company's Big Sky #1 drilled in Section 29-20S-21E; encountered fluid intrusion at 1300'. Mist drilled to 1538', ran 8 5/8" casing.

PRODUCTION: 8800' of 5" or 5 1/2"

We suggest drilling out from under surface with air (dusting).

It is possible to dust drill to 6500'. However, fluid intrusion can be expected at any depth from 3000' that will require mist drilling to 6500'.

Also, there is a possibility you may encounter a large volume of water that will deem mist drilling impractical.

In the event a large volume of water is encountered, we suggest loading the hole with fresh water and fluid drill on to 6500'.

At 6500' we suggest mudding up with a fresh water, non-dispersed Magcogel, BenEx and Soda Ash type drilling fluid having the following characteristics:

| | |
|---|---|
| Weight | 8.7 to 9.3 lbs/gal. |
| Viscosity | 38 to 55 sec/1000 cc |
| Water Loss | 10 cc or less |
| Initial Gel | 0 |
| 10 Minute Gel | 0 to 5 |
| pH | 9.5 to 10.0 (Soda Ash) |

This type drilling fluid should be sufficient to drill to 8800' with exception of weight and viscosity, which may need altering as hole conditions dictate.

COMMENTS:

1. There is a possibility you may encounter high pressure gas in the Atoka-Morrow Section that will require a drilling fluid weight in excess of 9.3 lbs/gal. to control. We suggest sufficient amount of sack Magcobar be on location prior to drilling into Atoka-Morrow Section.

   Max Wilson's Big Sky #1 dust drilled to 6300'. Encountered large volume of water and mudded up. Also, did not encounter high pressure gas.

2. For corrosion control: see CORROSION SECTION.

ESTIMATED MUD COST: $10,000.00 to $12,000.00

The estimated cost is under normal operating conditions and does not include any extensive loss circulation, gas problems, fishing jobs, etc. This cost is also based on a normal drilling rate per day; therefore, any excessive time spent drilling due to crooked hole, testing, breakdown, etc. would increase mud cost.