

10. Specifications for Pressure Control Equipment (See attached Schematic)

12" Shaffer Tupe B Hydraulic BOP 3000 psi & 10" GK Hydrill 3000 WP. When nipping up, test blowout preventor and choke manifold to 1500 psi. Operate BOP equipment once a day, or more often if directed to do so by Company representative.

An independent contractor will conduct a BOP test after 3500' and prior to drilling Wolfcamp @ 9570'.

Items of the blowout control equipment from top of test plug in casing spool up through Hydrill will be tested to 2500#, with separate tests being made at the pressure of 5000# to pipe rams, blind rams, choke manifold, upper kelly cock, drill pipe safety valve, and to the valves and fittings of the BOP stack proper. Blowout control equipment will be operated after test. Closures will be made using closing unit pump only to a pressure of 1500# for testing ram type BOPs and 1200# for testing Hydril. Accumulators will be tested 3000#. Control valves will be operated and checked.

Equipment to be installed in addition to BOP are:

Pump Stroke Counter  
Pit Level Indicator  
Flow Sensor  
Pit Volume Totalizer  
Swaco Choke  
Gas Separator

11. Mud System -

0' - 650' - Native fresh water mud w/paper to control seepage.  
Mud weight = 8.5#/gal.  
@ 650' - Empty reserve pit of fresh water; fill with brine.  
650' - 4500' - Drilg w/brine. Mud weight = 10.0#/gal.  
@ 4500' - Empty reserve pit of brine water & store same in  
three storage tanks. Fill reserve pit with fresh water.  
4500' - 6500' - Drill with fresh water native mud. Mud weight = 8.5#/gal.  
6500' - 9300' - Add fresh water gel to raise viscosity to 32 sec for  
DST #1. Mud weight = 8.6#/gal.  
9300' - 10400' - Cut brine to control Wolfcamp shale. MW = 9.0#/gal.  
10400' - T D - Switch from reserve pit to steel pits. Cut brine,  
3% KCL & Drispac to control WL 12-8cc.  
Mud weight = 9.4#/gal.  
Visc = 33

Note: - Type & Quantity of Weight Material - Weight material will consist of brine water & soda ash. A maximum weight of 10.5#/gal will be possible with this system. This weight material will not be stored on location but will be trucked to location as needed. Brine water is available on Highway 529 or near Lush Plant on Highway 31 in New Mexico. The soda ash is stored at Hobbs, New Mexico (approx. 40 miles).

12. Testing, Logging & Coring Program:

Testing - DSTs will be essentially conducted as the well is drilled as determined by Mud Logger Gas Shows. Additional DSTs will be conducted after T D is reached and the well is logged. A total of approximately three DSTs are planned.