

PROPOSED DRILLING FLUID PROGRAM

350'
0 - ~~3,200'~~

Spud mud consisting of AQUAGEL flocculated with Lime. Use ground paper for seepage loss of fluid and KWIK-SEAL, FIBERTEX and Cottonseed Hulls for severe or total loss.

If total loss of circulation occurs, we suggest mixing two or three 150-200 barrel pills of viscous AQUAGEL/Lime mud treated with 10-15 ppb KWIK-SEAL and/or Cottonseed Hulls. If this does not regain circulation, we suggest drilling to casing point without returns and spotting a similar pill on bottom prior to logging and running casing.

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3,200 - 5,150'

Drill out with cut brine circulating a controlled section of the reserve pit using BEN-EX/MF-1 and CON DET for control of solids build up. The fluid weight in this interval should be 8.5-9.5 pH. Use ZEOGFL/ground paper or pre-hydrated AQUAGEL pills to sweep the hole free of cutting when needed and prior to trips. Use Lime for a 9.0-9.5 pH.

The additions of MR-1/BEN-EX and CON DET may be used for control of solids build up. Use ZEOGEL/ground paper sweeps for seepage and additional hole cleaning. Should abnormal pressures be encountered in the Strawn formation, an early mud up may be necessary.

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Exhibit C
Santa Fe Energy Operating Partners, LP
Parkway 30 Federal No. 1
Section 30, T19S, R30E
Eddy County, New Mexico

MRB:dw-2105

★ Use Brine for interval 350'-1150'.
★ Use FW for interval 1150'-3200'.

(SJS)