

KUKUI OPERATING COMPANY
HIGHLANDS "14" FEDERAL # 1
UNIT "F" SECTION 14
T19S-R21E EDDY CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

- A. Open hole logs: Run dual Laterolog, CNL, LDT, Gamma Ray, Caliper from TD back to 1360' True Gamma Ray neutron from 1360' back to surface.
- B. Put mud logger on hole at 850'± (500' above the top of the San Andres.)
- C. DST's may be run on zones of the Wolfcamp, Cisco-Canyon, Atoka and Morrow.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H²S in this area. If H²S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 3500 PSI, and Estimated BHT 135°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 25 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Morrow formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialized as a gas well.