

GENERAL DRILLING FLUIDS PROGRAM

CONTRACT "D" COY NO. 2

0 to 600' or 13-3/4" cas shoe:

Fresh water w/gel & lime added; fiber and cottonseed hulls for possible minor fluid loss.

600' to 3000' or 9-5/8" cas shoe:

Drill out with fresh water; have system treated with 5 to 10 lbs per barrel of paper by time the top of Capitan Reef lost-circulation zone is reached at estimated 1200'. If loss is severe, use slugs of 40-50 lbs/bbl of paper, mica, fiber and increase viscosity to 34 to 36 cecs; use CMC to lower water loss to approximately 20 cc to prevent excessive wall cake if drilling is continued with viscous fluid. Should circulation not be regained with above treatment after approximately 500 bbls, continue dry-drilling ahead with fresh water to 3000' and load bottom part of hole with 200 bbls of 34 to 36 viscosity mud just prior to running casing.

3000' to 8800':

Drill with fresh water and drilling detergent; keep pH in 9.5-10.5 range. Use gel slugs & paper to clean hole should fill be encountered after trips.

8800' to T.D. or 11700':

Displace fresh water to brine:

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|------------|---------------------------|
| Weight | 10.0% to 10.5% with depth |
| Viscosity | 35 |
| Water Loss | 8 to 10 cc |
| pH | 9.5 to 10.5 |

Exhibit "D"