MARALO, INC.

#2 HANSON FEDERAL

Eddy County, New Mexico 660' FSL & 1650' FEL Sec. 28 T-20-S, R-27-E

Proposed Total Depth: 11,000' Morrow Test.

Casing Program: 13 3/8" @ 400 feet

8 5/8" @ 2300 feet

5 1/2" @ 11,000 feet

2 3/8" @ 11,000 feet

Mud Program: 0'-400' Fresh water w/Magcogel & lime to bring vis. to 40-60 sec.

/1000 cc.

400'-2300' Fresh water to 2300' w/lime for Ph. control. Spot 300

bbls. viscous fresh wtr. Mud on bottom to run pipe.

2300'-7000' Fresh water.

7000'-11000' Brine 9.0-9.2 lbs./gal. 32-36 Vis. - 15cc or less

water loss.

Drilling Time: One copy of 10 foot drilling time from surface to T.D.

Samples: One set of 10 foot samples from 400' to T.D. Please label depths correctly,

tie sacks in 100 foot bundles, and store in a clean dry place.

Drill Stem Tests: Test all shows from 2300' to T.D. - estimate 4 DST's.

Electric Logs: Run #1 @ 11,000 Dresser Atlas. Compensated Neutron-Formation

Density w/Caliper, Dual Laterolog, Microlaterlog.

Logging Trailer: A two man full time logging trailer will be installed @ 2300 feet

(10' samples from 2300' to T.D.)

Geological Supervision: Everett R. Sharp 694-0043 684-7441

Cecil Evans 694-1166 684-7441