

## PROPOSED DRILLING FLUID PROGRAM

### 0 - 300' - Surface Hole

FW  
Spud with a gel/lime slurry having 32-34 second funnel viscosity. Use ground paper for seepage losses.

If total returns are lost, build 200-300 barrels of viscous mud containing coarse loss circulation material and pump downhole. If circulation is not restored after pumping two loss circulation pills, dry drill to casing point. While dry drilling, begin sweeping the hole as needed with viscous mud to insure a wellbore free of excessive cuttings. If dry drilling at casing TD, sweep the hole with viscous mud and spot 50-60 bbls of viscous mud in hole to insure a safe casing job.

### 300' - 2,300' - Intermediate Hole

Drill below the surface casing with freshwater maintaining 9.5-10 pH with caustic soda.

Problems with loss circulation is anticipated while drilling this section of hole. We will utilize the above mentioned procedures to carry the drilling operations to casing point.

### 2,300' - 9,850' - Production Hole

Drill out below intermediate casing with freshwater using a flocculant for maximum settling of drilled solids. Maintain a 9.5-10.0 pH with caustic. At 6500' or prior to drilling the Wolfcamp, start adding brine water to increase the chlorides to 50,000 for logging purposes. Also begin using MF-55 to inhibit the Wolfcamp shales. At 8300' mud up with a MF-55/Driscap/Starch mud system for 8.8 MW, 34-38 sec viscosity, and a fluid loss of 10-12 cc.

Exhibit C  
Santa Fe Energy Operating Partners, LP  
Right Hand Canyon Federal No. 1  
Section 34, T21S, R24E  
Eddy County, New Mexico