

DRILLING PROGRAM

COLLINS & WARE, INC.
SPIKE FEDERAL WELL NO. 1

1980' FNL & 1650' FNL Sec. 24, T20S, R28E, Eddy County, NM

The following information is filed in accordance with New Mexico Oil Conservation Rules and Regulations:

1. SURFACE FORMATION: Quaternary
2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

| | |
|--------------|-------|
| Rustler | 190' |
| Yates | 775' |
| Seven Rivers | 1042' |
| Delaware | 3060' |
| Bone Springs | 5300' |

3. ESTIMATED DEPTH TO FRESH WATER:
Possible fresh water 100'-300'.

ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

| | |
|------------------------|-----|
| Delaware (below 3000') | Oil |
| Bone Springs | Oil |

No other formations are anticipated to give up commercial quantities of hydrocarbons.

The fresh water sands will be protected by setting 13.375" casing at 400' and circulating cement back to surface. The first intermediate 9.625" casing will be set at 1300' and cement circulated back to surface. The 7" second intermediate string will be set at 3200' and cement will be circulated to surface in two stages. A 4.5 production string will be run to 5800' and cemented to tie back to the 7" casing.

4. PROPOSED CASING AND CEMENTING PROGRAM:

Casing:

| Hole Size | Interval | Casing OD | Weight, Grade, Joint, Condition |
|-----------|----------|-----------|---------------------------------|
| 17.5" | 0-400' | 13.375" | 48-68#, K-55, ST&C, Used |
| 12.25" | 0-1300' | 9.625" | 36-47#, J/S-55/95, LT&C, Used |
| 8.5" | 0-3200' | 7" | 23-32#, J-55, LT&C, New |
| 6.125" | 0-5800' | 4.5" | 11.6-13#, J-55, ST&C, Used |

Cement:

13.375" Surface Csg: Cemented with 400 sacks of Class "C" with 2% CaCl. Circulate cement.

9.625" First Intermediate: Cemented with 300 sacks of 50-50 Pozmix cement tailed in with 250 sacks of Class "C" with 1% CaCl and 5# salt per sack. Cement to circulate.