

7. ABNORMAL CONDITIONS - PRESSURE - TEMPERATURE - POTENTIAL HAZARDS:

- a. 17-1/2" Surface Hole to 470':  
 Normal pressures (fresh water gradient or less) and temperatures (70 F. to 75 F.) are anticipated for this hole segment.  
**A COMPLETE LOSS OF RETURNS IS ANTICIPATED FROM 130' TO T.D.**

- b. 11" Intermediate Hole from 470' to 2625':  
 Fresh water gradient (8.34 ppg.: 0.433 psi./ft.) to saturated brine gradient (saturated salt water gradient @ 10.4 ppg.: 0.54 psi./ft.) pressures and normal temperatures (75 F. to 95 F.) are anticipated for this hole segment.  
 No H2S is anticipated in this hole interval.  
**A COMPLETE LOSS OF RETURNS IS ANTICIPATED FROM 1300' TO T.D.**

- c. 7-7/8" Production Hole from 2625' to 11200':
- | FORMATION TARGET:     | DEPTH: | EST. BHP: | GRADIENT: | RATING:   |
|-----------------------|--------|-----------|-----------|-----------|
|                       | Feet:  | PSIG      | PSI/FT    |           |
| Cherry Canyon Fm.:    | 2645'  | 1550      | 0.590     | Abnormal  |
| Brushy Canyon Fm.:    | 3665'  | 1550      | 0.423     | Subnormal |
| Bone Springs Ls. Fm.: | 4315'  | 1750      | 0.406     | Subnormal |
| 3rd Bone Springs Fm.: | 7977'  | 2500      | 0.313     | Subnormal |
| Wolfcamp Fm.:         | 8317'  | 4000      | 0.481     | Normal    |
| Cisco Fm.:            | 9315'  | 3550      | 0.381     | Subnormal |
| Canyon Fm.:           | 9477'  | 4300      | 0.454     | Normal    |
| Strawn Fm.:           | 9677'  | 4900      | 0.506     | Abnormal  |
| Morrow 'B' Fm.:       | 10760' | 4500      | 0.418     | Subnormal |

**KICKS AND WELL CONTROL HAZARDS ARE COMMON IN THIS AREA:**

**AN ADEQUATE SUPPLY OF BRINE WATER, GEL AND BARITE WILL BE MAINTAINED ON LOCATION AT ALL TIMES, THROUGHOUT DRILLING OPERATIONS BELOW THE SURFACE CASING SHOE @ 470', TO RAISE THE MUD WEIGHT OF THE ENTIRE CIRCULATING SYSTEM A MINIMUM OF 2 PPG.**

A PVT System with a gas buster and rotating head will be installed immediately after the surface casing is set (prior to drilling out the surface casing shoe @ 470'), this equipment will permit the safe handling of minor gas volumes at the surface and the monitoring of well flow and trip volumes while the well is being drilled.

Normal temperatures (95 F. to 170 F.) are anticipated for this hole segment.

H2S is anticipated in the Cherry Canyon Fm., Brushy Canyon Fm., and Bone Springs Fm. intervals from 2645' to 7977' if these intervals are productive. An H2S Safety Plan is prepared as Exhibit #3 and will be posted at the well-site. An H2S monitoring system will be rigged-up and functional after the Surface Casing is set at 470', and PRIOR TO DRILLING OUT OF THE SURFACE CASING SHOE. ALL RIG-SITE AND SUPERVISORY PERSONNEL WILL BE TRAINED AND CERTIFIED TO WORK IN AN H2S ENVIRONMENT PRIOR TO ENTRY ONTO THIS JOB SITE.