

DRILLING PROGRAM

Old Ranch Knoll "8" Fed #5

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9. Abnormal Conditions, Pressures, Temperatures & Potential Hazards:

No abnormal pressures or temperatures are anticipated. The estimated bottom hole temperature is 130 degrees Fahrenheit and the estimated bottom hole pressure is 2500 psi. A Blow Out Preventer System as outlined in Exhibit B will be utilized should the need arise to shut the well in prior to running and cementing production casing. The Cisco/Canyon zones are our primary objectives. The zones are hydrogen sulfide productive in the area. Our plan is to have everyone on location trained in H₂S safety procedures and install monitors and Scott Air Packs at strategic locations around the rig by 7000', prior to encountering the Cisco/Canyon. It is our understanding that H₂S is only detected in the area whenever the reservoir fluids are produced up the wellbore. Our drilling fluid hydrostatic head will prevent fluid entry due to the reservoir being overbalanced. We will have a rotating head installed and monitors operational during the drilling of the Cisco/Canyon zone. Due to the remote location of this drillsite, H₂S warning signs will be placed prior to entry of the drillsite, a public protection plan is not required for this location.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the B.L.M. The anticipated spud date is March 25, 2000. Once spudded, the drilling operation should be completed in approximately 20 days. If the well is productive, an additional 30 days will be required for completion and testing before permanent facilities are installed.