8. Logging, Testing and Coring Program

A. One or two drill stem tests may be run.

B. The open hole electrical logging program will be as follows.

Neutron-Density and resistivity from TD to base of intermediate casing with GR/NEUTRON through casing to surface.

A formation pressure testing tool and a formation imaging tool may be run.

C. No coring program is planned.

D. Additional testing will be initiated subsequent to setting the 5 1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

9. Abnormal Pressures, Temperatures and Potential Hazards

No abnormal pressures or temperatures are foreseen. The anticipated bottom hole temperature at total depth is 170 degrees and maximum bottom hole pressure is 3,500 psig. Hydrogen sulfide gas is associated with the Penn formation in this area. A hydrogen sulfide operations plan will be implemented prior to penetrating the Penn formation (see attached Exhibit 7 "Hydrogen Sulfide Operations Plan"). No major loss circulation intervals have been encountered in adjacent wells.

10. Anticipated Starting Date and Duration of Operations

The Carlsbad, New Mexico, BLM office has performed the onsite inspection for the proposed pad site of this location.

A cultural resources examination has been completed by Southern New Mexico Archaeological Services, Inc. and submitted to the BLM in March, 2001, as report No. SNMAS-01NM-550. Road and location preparation will not be undertaken until approval has been received from the BLM. If approved, this well will be drilled as part of a development project. The anticipated spud date for the projeet is May 2001. The drilling operation should require approximately 40 days. If the well is deemed productive, completion operations will require, at minimum, an additional 30 days of testing to ascertain whether permanent production facilities will be constructed.