

4. Types and Characteristics of the Proposed Mud System:

The Horizontal portion of the well will be drilled to TD with:

<u>Depth</u>	<u>Type</u>	<u>Weight (ppg)</u>	<u>Viscosity (sec)</u>
6050' to TD	XCD Polymer	8.4-8.6	36-40

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept at the wellsite at all times.

5. Auxiliary Well Control and Monitoring Equipment:

- (A) A kelly cock will be kept in the drill string at all times.
- (B) A full opening drill pipe stabbing valve (inside BOP) with proper drill pipe connections will be on the rig floor at all times.
- (C) The drilling fluids system will be visually monitored at all times.

6. Logging, Testing and Coring Program:

- (A) No logging, testing, or coring is anticipated at this time.

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

No abnormal pressures or temperatures are anticipated. No hydrogen sulfide or other hazardous gases or fluids are anticipated.

8. Anticipated Starting Date and Duration of Operations:

Collins & Ware, Inc. has attended a hearing in Santa Fe, New Mexico for approval to drill the Horizontal wellbore. We received approval of our request on June 4, 1994. We will be awaiting approval of our APD from the NMOCD and APD from the BLM. Drilling will commence as soon as these approvals have been received. We anticipate the drilling operations will conclude within 10 to 12 days.