E) DIRECTIONAL DRILLING

No directional services anticipated.

POINT 7: ANTICIPATED RESERVOIR CONDITIONS

Normal pressures are anticipated throughout the Delaware section. A BHP of 6500 psi (max) or MWE of 11.1 ppg at TD is expected. Due to the tight nature of the reservoir rock (high pressure, low volume), the well will be drilled underbalanced utilizing a rotating head. Lost circulation may exist from surface to 3875'. No H₂S is anticipated. Estimated BHT at TD is 154° F.

POINT 8: OTHER PERTINENT INFORMATION

A) Auxiliary Equipment

Upper and lower kelly cocks. Full opening stab in valve on the rig floor.

B) Anticipated Starting Date

Upon approval

- 30 days drilling operations
- 10 days completion operations