

There have been instances of overpressuring reported in the area and crews will be on the alert here. With the flow detection equipment, casing design, drilling fluid program, surface pressure control equipment, and with alerted crews, any unusual flows caused by overpressuring will be quickly detected and readily contained.

Lost circulation has been a problem in some wells in the area. The circulating system will be closely monitored and adequate stocks of lost circulation materials will be kept on hand.

B. Abnormal Temperatures:

There are no known instances of abnormally high subsurface temperatures being recorded in the area and none are expected in this well.

C. Other Hazards:

Hydrogen Sulphide has been considered and is not anticipated to be a problem in any of the formations to be penetrated in this well. However, monitoring equipment will be installed and crew training completed prior to penetrating the Bone Springs at 5300 ft. In the event that H₂S is encountered, a Hydrogen Sulfide Drilling Operations Plan is included as Exhibit "J".

9. Anticipated Starting Date and Duration of Operations

Dirt work operations will commence as soon as drilling contractor selection is completed and the required permits have been received which is expected to be mid to late July 2000. Location and road construction will require about 6 working days. Drilling operations will require about 35 days and completion operations and surface facilities construction are estimated to require an additional 30 days.