



September 25, 1978

Mud Program (Page 1 of 2)

EXHIBIT G

Mr. James L. Flinn
Pauley Petroleum, Inc.
822 Building of the Southwest
Midland, TX 79701

Pauley Petroleum Inc.
Poker Lake Unit No. 46
660' FNL and 660' FWL,
Section 5, T-25-S, R-31-E,
Eddy County, New Mexico.

Dear Mr. Flinn:

Thank you for giving us this opportunity to be of service to you and to Pauley Petroleum, Incorporated.

The following is our suggested drilling fluid program with casing and estimated mud cost for your Poker Lake Unit #45 to be drilled in Section 5-25S-31E, Eddy County, New Mexico.

CONDUCTOR: 30' of 13 3/8" (Optional)

SURFACE: 600' of 8 5/8"

We suggest spudding with a Magcogel and Lime type drilling fluid having a viscosity in the 40 to 50 sec/1000 cc range.

Some loss circulation materials, Dick's Mud Seal with small amounts of fibers should be added to prevent seepage and minor losses.

This type drilling fluid should be sufficient to drill to 600' and run 8 5/8" casing.

NOTE: In this general area Gravel Beds exist around 65' to 75' ±. Viscous mud with Dick's Mud Seal added may be required to control.

COMMENTS:

1. There is a possibility you may encounter a seepage to complete loss circulation in the Water Sand Sections.

Normally, seepage or loss circulation can be controlled with the addition of Cottonseed Hulls and Chip Seal to the drilling fluid system. However,