

RECEIVED

PROPOSED DRILLING FLUID PROGRAM

OCT 29 9 51 AM '87

CARBON DIOXIDE
AREA ALL WATERS

0 - 650'

Spud mud consisting of AQUAGEL flocculated with Lime. Use ground paper for seepage loss of fluid and KWIK-SEAL, FIBERTEX and Cottonseed Hulls for severe or total loss.

If total loss of circulation occurs, we suggest mixing two or three 150-200 barrel pills of viscous AQUAGEL/Lime mud treated with 10-15 ppb KWIK-SEAL and/or Cottonseed Hulls. If this does not regain circulation, we suggest drilling to casing point without returns and spotting a similar pill on bottom prior to logging and running casing.

650 - 4350'

Drill out with brine water and treat with CON DET and BEN-EX/MF-1 to flocculate solids. Circulate controlled section of the reserve pit. Use ground paper for seepage loss. Use pre-hydrated AQUAGEL or ZEOGEL/paper slugs as needed to sweep hole. For corrosion control, use Sodium Bichromate.

4350 - 12000'

Drill out with fresh water or cut brine circulating a controlled section of the reserve pit using BEN-EX/MF-1 and CON DET for control of solids build up. The fluid weight in this interval should be 8.5 - 9.5 p.p.g. Use ZEOGEL/ground paper or pre-hydrated AQUAGEL pills to sweep the hole free of cutting when needed and prior to trips. Use Lime for a 9.0 - 9.5 p.p.g. Use Sodium Bichromate at 600 - 800 ppm concentration for drill pipe and casing corrosion control.

The additions of MR-1/BEN-EX and CON DET may be used for control of solids build up. Use ZEOGEL/ground paper sweeps for seepage and additional hole cleaning. Should abnormal pressures be encountered in the Strawn formation, an early mud up may be necessary.

12000 - 15250'

Prior to entering the Atoka, limit circulation to the steel pits and treat out hardness with Soda Ash. Lower filtrate to 10 -15 cc with DEXTRID/PAC-R. Add XC Polymer for desired viscosity. Use BAROID for density as dictated by hole conditions. This non-dispersed bipolymer system should have the following properties: Weight: to be dictated by hole conditions, Viscosity: 34 - 38 sec/1000 cc, Filter Loss: 10 -15 ml.

Exhibit C, Page 1
Santa Fe Energy Operating Partners, L.P.
Sterling Silver 3 Federal No. 1
Section 3, T-24S, R-31E
Eddy County, New Mexico