Sundance Federal Well #3 Page 3 of 3

5. Mud Program and Auxiliary Equipment: From 0 to 650' (Minimum) Mud Weight: 8.6 ppg, Viscosity: 32 sec./1000 cc, Water Loss: N C cc, Mud Type:FW Gel/LCM Mud will be checked tourly by mud engineer. Sufficeint quantities of mud will be kept on location to maintain minimum properties.

From 650' to 4300' (Minimum Properties)
Mud Weight: 10.0 ppg, Viscosity: 28 sec./1000cc, Water Loss:
N/C cc. Mud Type: Brine, use salt water gel for hole sweeps.
Mud will be checked tourly by mud engineer. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 4200' to 5000' (Minimum Properties)
Mud Weight: 8.3 ppg, Viscosity: 28 sec./1000cc, Water Loss:
N/C cc, Mud Type: Fresh
Use paper and poly visII for weight for hole sweeps.
Mud will be checked tourly by mud engineer. Sufficient quantities of mud will be kept on location to maintain minimum properties.

From 5000' to 8200' (Minimum Properties)
Mud Weight: 8.7 ppg, Viscosity: 30 sec./1000cc, Water Loss:
N/C cc, Mud Type: Brine
Use salt water gel for hole sweeps.

- 6. Testing, Logging and Coring Program: Samples: Every 10' from surface casing to TD. DST's: Any tests will be based on the recommendations of the well-site Geologist as warranted by drilling breaks and shows. Coring: None Anticipated Logging: CNL-FCD form TD to casing, with GR-CNL up to surface; DLL from TD to casing.
- 7. Abnormal Conditions, Bottom Hole Pressure and Potential Hazards:
 Anticipated BHP:

From: 0' to 650' Anticipated Max. BHP: -0- PSI From: 650' to 4200' Anticipated Max. BHP: 1700 PSI From: 4200' to 8200' Anticipated Max. BHP: 2400 PSI

Abnormal Pressures Anticipated: None Lost Circulation Zones Anticipated: Possible lost circulation 450' to 4200' H2S Zones Anticipated: None Maximum Bottom Hole Temperature: 144 degrees Fahrenheit

8. Anticipated starting date: As soon as possible after approval with the drilling time being approximately 15 days and the completion time being another 15 days.