

DEPCO, Inc.
Burns Federal No. 1-E
NE $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 5-T26N-R7W
Rio Arriba County, New Mexico

Lease No. SF079162

1. Surface formation - San Jose of Tertiary Age.

2. Estimated geologic tops:

Pictured Cliffs	2194' KB
Chacra	3099' KB
Cliff House	3889' KB
Point Lookout	4499' KB
Tocito	6028' KB
Greenhorn	6414' KB
Graneros	6504' KB
Dakota	6624' KB

3. Anticipated depth of oil, gas, water, or other mineral-bearing formations:

Water	- Ojo Alamo 782' est
Coal	- 2152'
Gas	- Pictured Cliffs 2194'
Gas	- Chacra 3099'
Gas	- Point Lookout 4499'
Gas	- Dakota 6624'

4. Proposed casing program:

Surface	- 8-5/8" 24# K55 STC	0 - 300'
Production	- 5-1/2" 15.5# K55 STC	0 - 6900'

5. Operators minimum specification for pressure control equipment requires a 10" - 3000 psi single hydraulic blowout preventor. The BOP will be hydraulically tested to full working pressure after nipping up surface pipe and after any use under pressure. Pipe rams will be operationally checked each 24-hour period. The blind rams and annulus preventor will be checked each time the pipe is pulled out of the hole. All testing will be recorded on the daily drilling report. Accessories to the BOP will include upper and lower kelly cocks, floor safety valve, drill string BOP and choke manifold with pressure rating equivalent to the BOP stack.

6. Proposed mud program:

Depth	Type Mud	Wt.	Visc.	WL
0 - 325'	Spud Mud	-	-	-
325 - 5200'	Water	8.6 - 8.9	-	-
5200 - 6900'	Low Solids	9.0 - 9.5	38-42	8.0 - 10.0cc
			60-70 (for logging)	

7. Auxiliary equipment will consist of:

- Kelly cock
- Float above bit
- Visual monitoring of mud tanks
- Sub with valve to fill drill pipe and collars