

Exhibit "B"

DEPCO, Inc.
Federal No. 41-32
NE $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 32-T27N-R11W
San Juan County, New Mexico

Lease No. SF-078896

1. Surface formation - Wasatch of Tertiary Age
2. Estimated geologic tops: Pictured Cliffs - 1714' KB.
3. Anticipated depth of oil, gas, water or other mineral-bearing formations:
Coal - 1690' KB
Gas - 1714' KB
4. Proposed casing program:
Surface - 8-5/8" 24# K55 STC 0' - 120'
Production - 4-1/2" 10.5# K55 STC 0' - 1930'
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 pipe is pulled out of the hole. All testing will be recorded on the daily drilling sheets. 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:

<u>DEPTH</u>	<u>TYPE MUD</u>	<u>WT.</u>	<u>VISC.</u>	<u>W.L.</u>
0' - 1700'	Inhibited water to control heaving shales			
1700' - 1930'	Gel	9.8	40-50	-

7. Auxiliary equipment will consist of:
 - a. Kelly cock
 - b. Float above bit
 - c. Visual monitoring of mud tanks
 - d. Sub with valve to fit drill pipe and collars
8. No coring or drill-stem tests are planned.
The anticipated logging program is as follows:
DIL - Surface pipe - TD
CNL-FDC w/GR - Surface pipe - TD

Casing will be set and perforated in the Pictured Cliffs formation. The perforated section will be treated with a 60,000 lb foam frac. Tubing will be run and the well cleaned up and tested.
9. No abnormal pressures or temperatures, hydrogen sulfide or other hazards are expected or known to exist at these depths in this area.
10. The anticipated starting date is during late summer or early fall 1980 depending upon rig availability. Drilling operations should be completed within four days and completion operations are anticipated to require an additional five days.

Ten Point Compliance Program