EXHIBIT "B"

OPERATIONS PLAN

Kelly F. C. #1

APPROXIMATE FORMATION TOPS:

Ojo Alamo	<100'
Kirtland	240'
Fruitland	915'
Pictured Cliffs	1269'
Total Depth	1250'

LOGGING PROGRAM: Run IES & CDL logs.

Catch samples every 30 feet from 915' to total depth.

CASING PROGRAM:

Hole Size	Casing Size	Wt./Ft.	Setting Depth	Grade and Condition
9-7/8"	7"	20#	±120'	J-55
6-1/4"	4-1/2"	10.5#	~~1250'~~ 1403'	J-55

The hole size is not smaller than 1-1/2" larger diameter than the casing O.D. across usable water zones.

Plan to drill a 9-7/8" hole and set 120' of 7" OD, 20#, J-55 surface casing; then plan to drill a 6-1/4" hole to total depth with gel-water-mud program to test Fruitland Coal Formation. Plan to run IES and CDL logs. If determined productive, will run 4-1/2". 10.5#, J-55 casing, selectively perforate, frac, clean out after frac and complete well.

CEMENTING PROGRAM: All volumes are contingent upon Caliper logs.

Surface- Cement with 60 sx (71 cu. ft.) Class "G" neat.
Circulate to surface.

Production Stage- Cement with 105 sx (215 cu.ft.) Class "G" with 2% Lodense and 1/4# celloflake/sk followed by 60 sx (71 cu. ft.) class "G" with 1/4# celloflake/sk.

Total cement slurry for production stage is 286 cu. ft. Circulate to surface.

An adequate spacer will be pumped ahead of the cement slurry to help prevent mud contamination of the cement. An adequate number of casing centralizes will be run through usable water zones to ensure that casing is centralized through these zones. The adequate number of centralizes will be determined based on API standards. Centralizes to impart a swirling action around the casing will be used just below and into the base of the lowest usable water zone. These devices will assist mud displacement, increase cement bonding potential and create an effective hydraulic seal. A chronological log will be kept which records the pump rate, pump pressure, slurry density, and slurry volume for the cement job. The log will be sent to the BLM after completion of the job.

WELLHEAD EQUIPMENT - PRESSURE CONTROL: See Exhibit "D"

Huber 7" X 4-1/2" casing head, 1000#WP, tested to 2000#
Huber 4-1/2" X 2-7/8" tubing head, 1000#WP, tested to 2000#

BOP and Related Equipment will include for a 2000 psi system;

No abnormal pressures or hazardous zones are anticipated.

WELLHEAD EQUIPMENT (cont.):

Annual preventer, double ram, or 2 rams with one being blind and one being a pipe ram
Kill line (2" minimum)
1 kill line valve (2" minimum)
1 choke line valve
2 chokes
Upper kelly cock valve with handle available
Safety valve and subs to fit all drill string connections in use
Pressure gauge on choke manifold
2" minimum choke line
Fill-up line above the uppermost preventer

BOP equipment will be tested as required in Section III A.1 of Onshore Order 2, plus a 30% safety factor.

The anticipated bottom hole pressure for this well is estimated to be approximately ~~3880~~ ~400 psi.

The average mud weight is anticipated to be in the range of 8.6 to 9.5 lb/gal.

ATTACHMENTS
Exhibit "A" - Development Plan
Exhibit "B" - Operations Plan
Figure #1 - Anticipated Production Facilities
Figure #2 - Cut & Fill Diagram
Exhibit "C" - Typical Location Plat
Exhibit "D" - Pressure Control Equipment
Exhibit "E" - Existing & Planned Access Roads
Exhibit "F" - Location of Existing Wells & Facilities
Exhibit "G" - Vicinity Map
ENVIROMENTAL ASSESSMENT
BIA - FONSI Letter