PHILLIPS PETROLEUM COMPANY

Odessa, Texas July 15, 1974

In re: Proposed Mud Program-Marg-A, 10,700', Bough C Test, Section 25, T-9-S, R-32-E, Lea County, New Mexico

Surface: 450' of 13-3/8" Casing

Spud with bentonite, lime and Flosal* mixed to a high viscosity.

Intermediate: 3,700' of 8-5/8" Casing

Drill out with fresh water and circulate through controlled section of the reserve pit. Make all water additions at the flow line. Maintain viscosity 31-33 sec/qt with Flosal and water. Mix 5 sacks of Soltex* before drilling the "red beds", and then mix 2 sacks per tour while drilling "red beds". Add over two circulations 50 bbls of crude oil prior to drilling the salt section.

From 3,700' to 7,100':

Drill this section with water while circulating through the reserve pit.

From 7,100' to 8,900':

Add 8% crude oil over two circulations. Then mix clay, Flosal and Soltex to maintain a 34 to 36 sec viscosity. Should a foaming problem occur, use Desco*.

From 8,900' to 10,700' T.D.:

At 8,900' return to steel pits and maintain 36 to 40 sec viscosity per qt. and mix 25 sacks of soda ash and then reduce fluid loss to 20 cc or less with Drispac* and starch.

* A trademark

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