Drilling Fluid Program

Surface:

Spud with fresh water. Add paper and other non-toxic LCM to combat seepage and loss circulation. Complete loss of circulation should not occur. If it does occur, we will drill "dry" to our surface target of 1100' .

Intermediate:

(Optional)

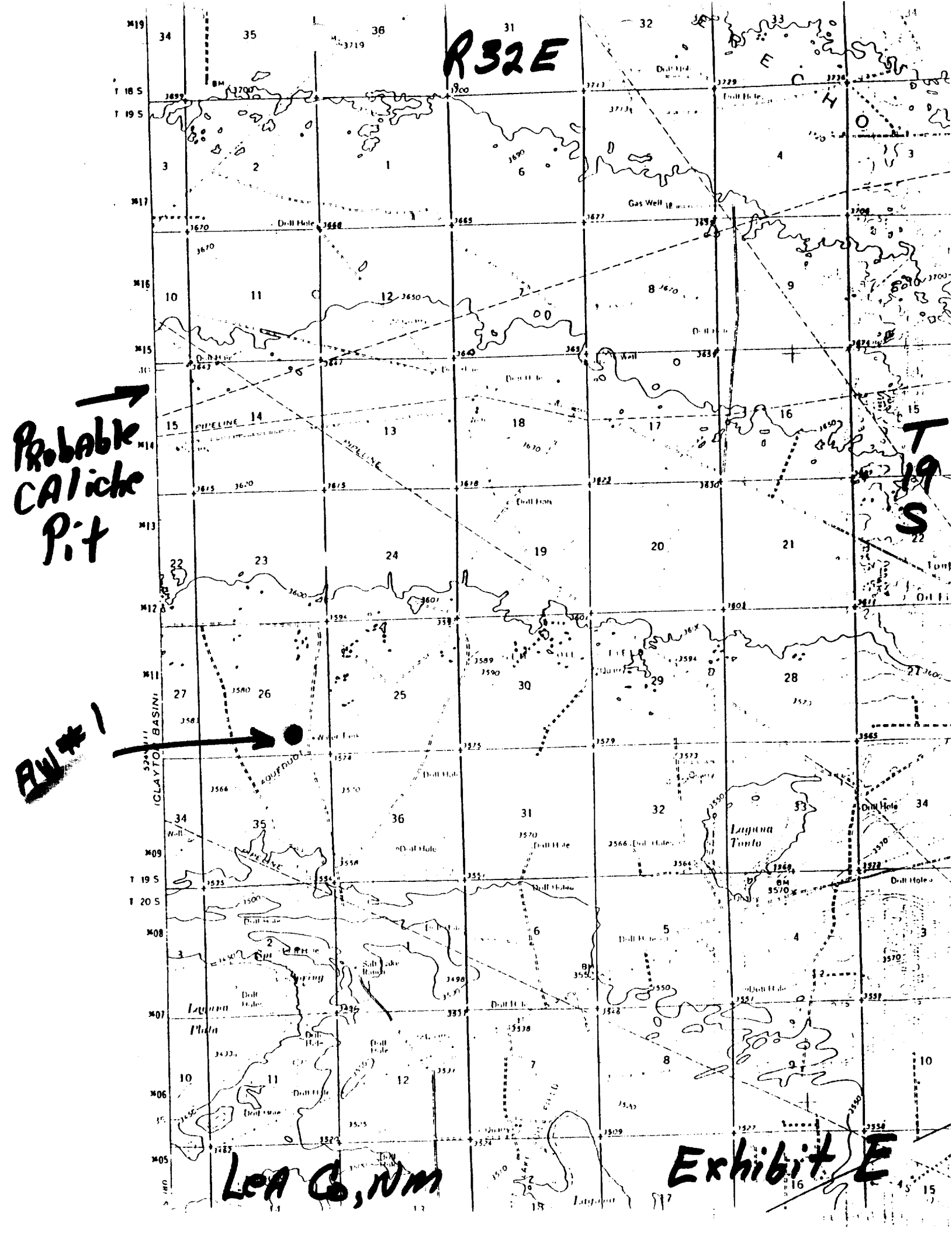
Drill out from under surface casing with brine water adding paper for seepage. Complete loss of circulation is possible. If this occurs, we will drill "dry" to 4500' and then set intermediate casing (option #2). Otherwise, if circulation is maintained, we will continue drilling with brine water and paper through this section of the hole.

Production:

(Option #1) - Drill out from under surface casing with brine water adding paper for seepage. Start mudding up at 4700' for samples. By 4800', mud system should have 10#/gal. mud, viscosity (32-35 sec.), and water loss (12-15 cc). Mud system should remain relatively unchanged by TD (5700').

(Option #2) - Drill out from under intermediate casing with fresh water adding lime and paper for seepage. Start mudding up at 4700' for samples. By 4800', mud system should have 8.6#/gal. mud with a viscosity of 32-35 sec., and a water loss of 12-15 cc. Mud system should remain relatively unchanged by TD (5700').

Exhibit D


R32E
T 19 S
Probable Caliche Pit
RW #1
Lea Co, NM
Exhibit E