

C. No coring program is planned.

D. Additional testing will be initiated subsequent to setting the 5-1/2" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drillstem tests.

9. Abnormal Pressures, Temperatures and Potential Hazards

No abnormal pressures or temperatures are foreseen. The anticipated bottom hole temperature at total depth is 130 degrees and maximum bottom hole pressure is 2700 psig. Small quantities of hydrogen sulfide gas are associated with the Yates and Queen formations in this area. A hydrogen sulfide operations plan will be implemented prior to penetrating the Yates formation (see attached "Hydrogen Sulfide Operations Plan"). No major loss circulation intervals have been encountered in adjacent wells.

10. Anticipated Starting Date and Duration of Operations

Cathleen Borovac of the Carlsbad, New Mexico BLM office has performed the onsite inspection for the proposed pad site of this location. A Cultural Resources Examination will be completed by Desert West Archaeological Services and a copy forwarded to the Carlsbad, New Mexico BLM office.

Road and location preparation will not be undertaken until approval has been received from the BLM. If approved, this well will be drilled as part of a development project. The anticipated spud date for the project is approximately November 1, 1996. The drilling operation should require approximately 15 days. If the well is deemed productive, completion operations will require, at minimum, an additional 30 days of testing to ascertain whether permanent production facilities will be constructed.