

DRILLING PROGRAM

SAUNDERS STATE ``K'' GAS COM WELL No. 2

SURFACE DESCRIPTION:

The land surface in the area is an undulating landform characterized by stabilized sand dunes. The top soil is loamy sands. Vegetation consists mainly of shin oak mesquite, yucca, broom snakeweed, and range grasses.

FORMATION TOPS: Estimated KB Elevation: 3707'

<u>Formation</u>	<u>Depth</u>	<u>Lithology</u>	<u>Fluid Content</u>
Rustler	1277'	Anhy	----
Yates	2589'	Anhy, Dolo	----
Seven Rivers	2834'	Limestone, Dolo	----
Queen	3371'	LS, Dolo, SS	Gas/Wtr
Penrose	3485'	Sandstone	Gas/Wtr

The base of the salt section is at 1420'. No abnormal pressures or temperatures are anticipated to be encountered in this well. H₂S is present in the Queen and Penrose. H₂S RADIUS OF EXPOSURE: 100ppm = 377', 500ppm = 172', based on 16,500ppm H₂S and 500 MCF (see attached H₂S Drilling Operations Plan. H₂S equipment to be operational prior to drilling out Surface Casing Shoe.)

PRESSURE CONTROL EQUIPMENT:

A 3000 psi Dual Ram type preventer with rotating head will be used. (See Exhibit C). We do not plan to have an annular preventer. We will be able to achieve full closure of the well with the double ram preventer. It will be installed after surface casing is set. BOP will be tested each time it is installed on a casing string and at least every 29 days, and operated at least once each 24-hour period during drilling.

A PVT system will not be installed. We will be drilling thru the reserve pit and will circulate the steel pits one hour each tour to check for gains and losses and will be noted on the driller's log, which is Texaco's policy.

We do not plan to run an automatic remote-controlled choke. We will have installed and tested two manual, H₂S trimmed, chokes.