

EXHIBIT C
DRILLING FLUID PROGRAM
SANTA FE ENERGY RESOURCES, INC.
GAUCHO UNIT NO. 3
Section 20, T-22-S,R-34-E
Lea County, New Mexico

0 - 800'

Spud mud consisting of fresh water gel flocculated with Lime. Use ground paper for seepage control and to sweep the hole. MW-8.5 ppg and Vis-40.

800 - 5000'

Drill out with fresh water circulating the reserve pit. Utilize ground paper mixed in prehydrated fresh gel to sweep the hole. MW-8.5 - 8.8 ppg and Vis-28.

5000 - 11850'

Drill out with fresh water circulating the outer portion of the reserve pit. Maintain pH at 8.5-9.5 with caustic and sweep the hole as necessary with ground paper. Keep mud weight as low as possible. MW-8.4/8.6 ppg and Vis-28.

11850'-13600'

Drill out with brine containing MF-55, circulating the steel pits. At 12000' mud up existing brine with XCD polymer/Drispac Plus mud system to an initial mud weight of 11.0 ppg with a 38-40 VIS. Add barite as required to control formation pressures and shale.