PROPOSED WORK

SURFACE HOLE:

1. Build the surface location and cellar prior to moving in rotary tools. Have the reserve pits lined and filled with water.

2. Move in and rig up rotary tools. Conduct safety meeting with rig personnel. Post the drilling permit and emergency response plan in the doghouse.

3. Spud well using fresh water as the drilling fluid. It is imperative that brine, oil and other contaminents not be introduced into the surface hole. The primary purpose of this hole is to protect the fresh water sands. The New Mexico Oil and Gas Commision has identified the interval from surface to +/- 570' to be protected in this area.

4. Drill a 14-3/4" hole to +/-570'.

5. Run 11-3/4" casing as follows:
   a) Float shoe
   b) +/-570' 11-3/4", 42 #/ft, WC-40, STC casing

   Centralize the bottom three joints and every fourth thereafter. Thread lock the field and mill ends of the bottom three joints and all float equipment. Brush, clean and visually inspect the casing.

6. Circulate casing capacity or annular volume, whichever is greater. Cement per the attached cementing summary. Displace cement with fresh water using a wiper plug to +/- 40' above the shoe. Check the float integrity. If questionable, shut in for a minimum of four hours.

7. Cut off casing and install head (11-3/4" 3000 psi. Test casing head (thru test port) to 50 percent of collapse +/- 520 psi.

8. Nipple up BOP satck per Exhibit "C" in the drilling contract. Test to 1500 psi.

9. Install H2S warning equipment prior to drilling out the shoe. The H2S equipment is to remain on location until the rig is released. The equipment is to include warning signs, windsocks and detectors. The detectors are to be located at the cellar, rotating head and at the flowline on the floor.