**FIRST INTERMEDIATE HOLE:**

1. Trip in the with a 11" bit and tag cement. Close the pipe rams and test the casing to 1000 psi for 30 minutes. Displace with 10 ppg brine water.

2. Drill out shoe and continue drilling to +/- 4600' with 10 ppg brine water. Circulate brine water while drilling to the reserve pit to remove solids. The basis for the TD is a +/- 100' thick anhydite zone (Rustler) that exists above the top of the Delaware Mountain Group. This anhydrite provides a competent casing seat. The sole purpose of this casing string is to isolate all salt formations thereby permitting the use of fresh water as a drilling fluid in next section of the hole. Maintain a 10 ppg saturated brine to prevent excessive hole washouts in the salt sections.

3. Circulate and condition the hole once TD is reached.

4. Run the casing as follows:
   a) Float shoe
   b) 1300' 8-5/8", 32 #/ft, S-80, LTC
   c) 3300' 8-5/8", 32 #/ft, WC-50, LTC

   Centralize the bottom 500'. Threadlock the bottom three joints including all float equipment. Brush, clean, visually inspect and drift the casing.

5. Circulate the casing capacity or annular volume (whichever is greater). Cement the casing per the cementing summary. Displace the cement with fresh water using a wiper plug. Displace to the float collar. Check the float integrity. If questioable, shut in for a minimum of four hours.

6. Set slips with weight as cemented (if circulated). Cut off casing and install the casing spool (11-3/4" X 3000 X 8-5/8" X 3000). Test the seal to 50 percent of collapse rating +/- 1220 psi.

7. Nipple up the BOP stack per Exhibit "C" in the drilling contract. Test to 3000 psi with an independent testing company.