

MYCO INDUSTRIES, INC.			
Sharbro Federal #1			
660' FSL and 660' FEL			
Sec. 7	T23S	R32E	
County	Lea	State	NM

1. The estimated tops of geologic markers are as follows:

Rustler	1020'
Bottom of Salt	4420'
Top of Delaware	4660'
Cherry Canyon	5670'
Brushy Draw	7450'
Bone Spring	8600'
TD	9400'

2. The estimated depths at which anticipated water, oil or gas formations are expected to be encountered:

Water: 150-250'
Oil or Gas: 7450' and 8600'

3. Pressure Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 3M BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. See Exhibit B.

Auxiliary Equipment:

- A. Auxiliary Equipment: Kelly cock, pit level indicators, and flow sensor equipment, and a sub with full opening valve to fit the drill pipe and collars will be available on the rig floor in the open position at all times for use when kelly is not in use.
4. THE PROPOSED CASING AND CEMENTING PROGRAM:

- A. Casing Program: (All New)

<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt./Ft</u>	<u>Grade</u>	<u>Thread</u>	<u>Coupling</u>	<u>Interval</u>	<u>Length</u>
17 1/2"	13 3/8"	48#	H-40	8R	ST&C	0-870	870'
12 1/4"	8 5/8"	32#	J-55	8R	LT&C	0-4600	4600'
7 7/8"	5 1/2"	17#	K-55	8R	LT&C	0-9400	9400'

Minimum Casing Design Factors: Collapse 1.3, Burst 1.5, Tensile Strength 2.0

RECEIVED

AUG 1

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