

SUPPLEMENTAL DRILLING DATA

KENSON OPERATING COMPANY, INC.
No. 124 LANGLIE JAL UNIT

Lea County, New Mexico
Federal Lease No. NM-036452

The following items supplement Form 3160-3 in accordance with instructions contained in Onshore Oil and Gas Order No. 1:

1. SURFACE FORMATION: Current

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Yates	2850	Queen	3475
Seven Rivers	3100	Penrose	3620

3. ESTIMATED DEPTHS TO WATER, OIL OR GAS FORMATION:

Water - Possible ground water from 0' to 50'

Oil - 3220' to TD

Gas - 2900' to 3150'

4. PROPOSED CASING PROGRAM:

8-5/8" Casing - Set at 800' Surface casing Circulate.

5-1/2" Casing - Set at 3800' Production casing Circulate.

All strings of casing will be satisfactorily tested to 1000 psi

5. PRESSURE CONTROL EQUIPMENT:

Install a 3000# 10" Shaffer double hydraulic BOP on the 8-5/8" casing prior to drilling into the Yates. Due to depleted nature of the reservoir, it is requested that a waiver be granted to test pressure control equipment to 1000 psi, using rig pump, instead of the normal 2000 psi test. Exhibit D is a diagrammatic sketch of the BOP equipment.

6. CIRCULATING MEDIUM:

Drill with fresh water from surface to setting depth of surface casing. Drill remainder of hole with brine water, using additives to control water loss, viscosity and mud weight.

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7. AUXILIARY EQUIPMENT:

Equipment will include a gas detector, pit level monitor and a full-opening safety valve.

8. TESTING, LOGGING AND CORING PROGRAM:

Samples: Samples will be caught at 10' intervals from below the surface casing to total depth.

DST and Cores: None anticipated

Logging: Density-Neutron Log, Gamma Ray-Neutron Log

9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE:

No abnormal pressure or temperatures anticipated. Precautions will be taken to monitor possible traces of hydrogen sulfide gas in the Grayburg. See H₂S Plan attachment.

10. ANTICIPATED STARTING DATE:

Drilling will commence upon Federal and State approval. Drilling and completion will require about 30 days. Drilling contractor is available to start on July 16, 2001.