MYCO INDUSTRIES, INC.
BITSY FEDERAL #2
1980' FNL & 1980' FWL (UNIT F)
S7-T23S-R32E NMPM
LEA COUNTY, NM
NM-86923

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

Rustler	1020'	Cherry Canyon	5650'	TD	8700'
Bottom of Salt	4420'	Brushy Draw	7500'		
Top of Delaware	4650'				

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

Water:	150-250'
Oil or Gas	6000' and 8700'

3. **PRESSURE CONTROL EQUIPMENT:** BOP will be installed on the 13 3/8" 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 in not in use.

4. **THE PROPOSED CASING AND CEMENTING PROGRAM:**

A. Casing Program: (All New)

Hole Size	Casing Size	Wt./Ft.	Grade	Thread	Coupling	Interval	Length
17 1/2"	13 3/8"	48#	H-40	8R	ST&C	0-860'	860'
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	0-8700'	8700'

Minumum Casing Design Factor: Collapse 1.3, Burst 1.5, Tensile Strength 2.0

B. **CEMENTING PROGRAM:**
Surface casing : 300 sx. "C" w/ 4% Gel, 2% Cacl2
(wt. 13.5 ppg. Yield 1.74 cu. ft) & 200 sx. Class "C" w/ 2% Cacl2 (wt. 14.8 ppg. yield 1.34 cu. ft)
Circulate to surface.

Intermediate Casing: 1300 sx. 35/65 Poz "H" w/6% Gel 5% NaCl, 1/4# Flocele (12.8 ppg. 1.94 cu. ft.) + 200 sx. Class"H"(wt. 15.6 ppg. Yield 1.18 cu ft.) Circulate to surface.

Production Casing: Tie back to 8-5/8" with 500-sxs "C" lit (wt. 14.2 PPG yield 1.35 ft. 3) + 400-sxs "C" modified (wt. 14.8 ppg yield 1.35 ft.)