

DRILLING PROGRAM

SDX Resources Inc.
Federal 22 #1
1980' FNL & 990' FWL
Unit E, Sec. 22, T19S, R28E
Eddy County, New Mexico
API #30-015-22921

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Top of Salt	450'
Base of Salt	675'
Seven Rivers	1180'
Queen	1650'
Grayburg	2055'
San Andres	2550'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Fresh water sands are protected by 11-3/4" casing set at 403' and cement circulated. All other zones are isolated by 8-5/8" casing and cement circulated.

4. Casing Program: (Existing)

<u>Hole Size</u>	<u>Interval</u>	<u>OD Casing</u>	<u>Weight Grade Jt Cond Type</u>	<u>Cement</u>
15"	0 – 403'	11-3/4"	42#, J-55, New, Existing	300 sx
11"	0 – 2508'	8-5/8"	24#, J-55, Existing	1450 sx

5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #2 will consist of a double ram workover preventer (3000 psi WP). Unit will be manually operated. BOP will be nipped up on the 8-5/8" csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling equipment. Other accessories to the BOP equipment will include a kelly cock.

6. Types and Characteristics of the Proposed Mud System:

The well will be drilled to TD with 10# brine. Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be used if necessary.

7. Auxiliary Well Control and Monitoring Equipment:

A kelly cock will be kept in the drill string at all times.