

ANTICIPATED WATER, OIL, GAS AND MINERAL  
BEARING FORMATIONS

Lease: Neff "13" Federal Well No: 7  
Location: 2310' FNL, 330' FWL, Sec. 13, T-22-S, R-31-E  
County: Eddy State: New Mexico Elevation: GR-3561'  
Proposed TD: 8450'

Formation Tops

<u>Depth</u>	<u>Formation</u>	<u>Oil</u>	<u>Gas</u>	<u>Water</u>	<u>Lithology</u>
181'	Santa Rosa			X	Ss, Redbeds
731'	Rustler				Anhy, Salt
1171'	Salado				Salt
4439'	Lamar				Limestone
4564'	Bell Canyon				Sandstone
5554'	Cherry Canyon				Sandstone
6979'	Brushy Canyon	X			Sandstone
7014'	Brushy Canyon Pay	X			Sandstone
7852'	Lower Brushy Can.	X			Sandstone
8349'	Bone Spring				Limestone

Geologic Description

The surface geology of this area is Quaternary age alluvium. Occasional outliers of Triassic Santa Rosa Sandstone are found in some areas. Vegetation consists mainly of scrub oak, mesquite and desert grasses.

The base of the salt section is found around 4350'.

No drill stem tests will be conducted. No cores will be taken.

A water flow of 480 BPH with 800 PPM H<sub>2</sub>S was encountered in the Neff "13" Federal Well No. 5 at 3340'. GR-CAL-CNL-LDT, GR-SP-DIL-SFL and Dielectric surveys will be run.

Mud Program

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>
0'-840'	Fresh Water	8.4	28
840'-4400'	Brine Water	10.0	29
4400'-8450'	Fresh Water	8.4	28
@ TD if hole conditions dictate	Gel/Driscac	8.6	33-36

Blowout preventer will be installed after surface casing is set. BOP will be tested each time it is installed on a casing string and operated at least once each 24-hour period during drilling.