

DRILLING PROGNOSIS

Well: DUNES A 36 STATE #2

Legal Location: 1,650' FNL & 330' FWL, Sec. 36, T25S, R29E, Eddy Co., New Mexico

Objective: Drill & evaluate Ramsey at 3,270'.

Drilling Contractor: McGee Drilling Company, footage contract to 3,400'.

Southwest Royalties Personnel:

Person	Title	Home	Mobile	Pager
Kenny Smith	Drilling Foreman	694-3166	559-2768	
Steve Garner	Drlg Superintendent	367-8060	557-5717	
Matt Doffer	Area Engineer	684-0949	557-5722	
Rich Masterson	VP Exploration	520-8915	559-2762	
Doug Keathley	Operations Manager	686-7556	557-5721	

Anticipated Formation Markers:

Marker	Depth	Subsea Elev.	Marker	Depth	Subsea Elev.
Rustler	600				
Base Salt	3,040'				
Delaware LS	3,170				
Ramsey Sand	3,270'				

Regulatory and Agency Notifications:

Normal New Mexico Oil Conservation Division.

Casing & Hole Size Program:

Casing String	Depth	Casing Size	Hole Size	Sxs Cement	TOC	Remarks
Conductor	40'	20"				SURFACE
Surface	600'	8-5/8" 24#	11"	600		SURFACE
Production	3,300	5-1/2" 15.5#	7-7/8"	800+200	1,000'	

Special Tests: None.

Mud Program:

Depth	Mud Weight	Viscosity	Fluid Loss	Description
0 to 600'	8.6 - 9.0	34 - 36	N/C	Spud Mud: Spud in with freshwater gel flocculated with Lime for

viscosity to clean hole. Use ground paper as needed for seepage.

600 to 3,400'	9.4 - 9.8	28 - 30	N/C	Drill out w/fresh wtr grading to brine thru salt sections using reserves to control solids. Use paper to control seepage. Maintain PH at 10 thruout section. Mix viscous sweeps for hole cleaning as needed. As hole dictates may need to mix gell to increase viscosity to 34- 36 for logging & running casing.
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Drill Cutting Samples: Every 10' below base of the salt.

Mud Logger: No mudlogger needed, geologist to evaluate last 50-100' of hole.

Logging Program:

Type	Depth Interval	Remarks
FDC/CNL	PER GEOLOGIST	
DLL/MLL	PER GEOLOGIST	

Hazards and other Drilling Remarks: Seepage and loss circulation in 1200 to 3,200' section.

Prepared by: Matt Doffer

Date: 6/4/96