

OCD Hobbs
HOBBS OCD

ATS-15-616

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

DEC 03 2015

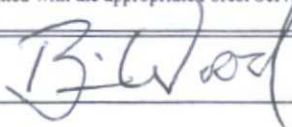
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. SHL & BHL: NMNM-132076
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator SDX RESOURCES, INC. (20451)		7. If Unit or CA Agreement, Name and No. will comm. w/ NMNM-119759
3a. Address P. O. BOX 5061 MIDLAND, TX 79704	3b. Phone No. (include area code) 432 685-1761	8. Lease Name and Well No. (315692) DESERT ROSE FEDERAL 1H
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 190' FSL & 467' FWL At proposed prod. zone 330' FNL & 467' FWL		9. API Well No. 30-025- 42972 (98176)
14. Distance in miles and direction from nearest town or post office* 13 AIR MILES SW OF MONUMENT, NM		10. Field and Pool, or Exploratory WC-025 G-08 5203517N/10424E
15. Distance from proposed* location to nearest SHL: 190' property or lease line, ft. BHL: 330' (Also to nearest drig. unit line, if any)	16. No. of acres in lease 120	11. Sec., T. R. M. or Blk. and Survey or Area SWSW 17-20S-35E NMPM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	19. Proposed Depth TVD: 11,250' MD: 15,774' Pilot hole TD: 11,400'	12. County or Parish LEA
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3,690' UNGRADED	22. Approximate date work will start* 08/01/2015	13. State NM
23. Estimated duration 3 MONTHS		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) BRIAN WOOD (PHONE: 505 466-8120)	Date 04/21/2015
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Title
CONSULTANT (FAX: 505 466-9682)

Approved by (Signature)  /S/ STEPHEN J. CAFFEY	Name (Printed/Typed)	Date NOV 30 2015
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Title FOR FIELD MANAGER	Office BLM-CARLSBAD FIELD OFFICE
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Lea County Controlled Water Basin

DEC 03 2015

Witness Surface &
Intermediate Casing

SDX Resources, Inc.

Desert Rose Federal 1H

SHL: 190' FSL & 467' FWL

BHL: 330' FNL & 467' FWL

Sec. 17, T. 20 S., R. 35 E., Lea County, NM

DRILL PLAN PAGE 1

HOBBS OCD

DEC 03 2015

Drilling Program

RECEIVED

1. ESTIMATED TOPS

<u>Name</u>	<u>TVD</u>	<u>MD</u>	<u>Content</u>
Quaternary	0'	0'	fresh water
Rustler	1,851'	1,851'	anhydrite
Top salt	1,941'	1,941'	salt
Base salt	3,359'	3,359'	salt
Yates	3,592'	3,592'	oil, gas
Seven Rivers	4,000'	3,750'	brine water
Queen	4,598'	4,598'	oil, gas
Cherry Canyon	5,549'	5,549'	oil, gas
Bone Spring	8,139'	8,139'	---
1st Bone Spring Sandstone	9,581'	9,581'	oil, gas
2nd Bone Spring Sandstone	10,189'	10,189'	oil, gas
3rd Bone Spring Sandstone	10,994'	11,013'	oil, gas
Wolfcamp	11,165'	11,261'	oil, gas
BHL	11,250'	15,774'	oil, gas
Pilot hole TD	11,400'	11,400'	

2. NOTABLE ZONES

Water zones will be protected with casing, cement, and weighted mud. Fresh water found while drilling will be recorded. Water was reported at a depth of 600' in a P & A well (30-025-03354) that is 6,354' southeast. Closest water well (CP 00665) is 8,514' southwest. Depth to water is 270'.

SDX Resources, Inc.

DRILL PLAN PAGE 2

Desert Rose Federal 1H

SHL: 190' FSL & 467' FWL

BHL: 330' FNL & 467' FWL

Sec. 17, T. 20 S., R. 35 E., Lea County, NM

3. PRESSURE CONTROL

Will nipple up on 13-3/8" casing with minimum 2M annular BOP which will be tested to 50% of the working pressure. An independent contract tester will test the remainder of the system to 2000 psi.

Will nipple up on 9-5/8" casing with minimum 5M annular and double ram preventers. Annular will be tested to 50% of working pressure. An independent contract tester will test the remainder of the system to 5000 psi.

Pipe rams will be operationally checked each 24-hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and minimum 3" choke line will be included in the drilling spool located below the ran-type BOP. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold with 5000 psi working pressure rating.

Auxiliary equipment will include an upper Kelly cock and a full opening stabbing valve.

4. CASING & CEMENT

Casing will be kept full at all times to avoid collapse.

Hole O. D.	Interval (ft MD)	Casing O. D.	Age	lb/ft	Grade	Connection	Collapse Min SF	Burst Min SF	Tension Min SF
17.5"	GL - 1930'	13.375"	New	54.5	J-55	ST&C	1.125	1.125	1.6
12.25"	GL - 3650'	9.625"	New	36	J-55	LT&C	1.125	1.125	1.6
7.875"	GL - 15780'	5.5"	New	17	P-110	LT&C	1.125	1.125	1.6

SDX Resources, Inc.

DRILL PLAN PAGE 3

Desert Rose Federal 1H

SHL: 190' FSL & 467' FWL

BHL: 330' FNL & 467' FWL

Sec. 17, T. 20 S., R. 35 E., Lea County, NM

A 7.875" pilot hole will be drilled to a TD of 11,400' MD and logged as described herein. After logging, 380 sacks (372 cubic feet) of Class H balanced cement + 0.65% C37 + 0.25 C20 will be set as a kick off plug from 11,400' to 10,400'. Cement specifications are 17.5 pounds per gallon, 0.98 ft³/sack, 3.35 gallons per sack, and 10% excess.

After WOC, the kick off cement plug will be dressed off to a kick off point of 10,677'. A 10°/100' curve will then be built and landed at 11,157' MD (11,250' TVD). The horizontal lateral will be drilled at a 90° inclination to 15,774' MD at an azimuth of 359.51°.

casing	interval	sacks cement	TOC	pounds per gallon	ft ³ per sack	gallons per sack	total cubic feet	% excess	blend
surface lead	0' - 1930'	890	GL	13.5	1.75	9.08	1557	40	1
surface tail		225		14.8	1.34	6.31	301		2
intermediate lead	0' - 3650'	825	GL	13.5	1.75	9.08	1443	80	3
intermediate tail		200		14.8	1.34	6.31	268		4
production lead	3350' - 15774'	900	3550'	11.9	2.51	9.08	2259	70	5
production tail		1140		14.4	1.25	5.7	1425		6

Surface Casing:

Centralizers will be installed on each of the first 3 joints.

Blend 1 (lead) will consist of Class C + 4% gel + 2% CaCl₂.

Blend 2 (tail) will consist of Class C + 2% CaCl₂.

Intermediate Casing:

Centralizers will be installed on each of the first 3 joints.

Blend 3 (lead) will consist of Class C + 4% gel + 1% CaCl₂.

Blend 4 (tail) will consist of Class C + 2% CaCl₂.

SDX Resources, Inc.
Desert Rose Federal 1H
SHL: 190' FSL & 467' FWL
BHL: 330' FNL & 467' FWL
Sec. 17, T. 20 S., R. 35 E., Lea County, NM

DRILL PLAN PAGE 4

Production Casing:

Centralizers, suitable for horizontal wells, will be set at least on every other joint through the pay zone.

Blend 5 (lead) will consist of Class H 50/50/10 + 8 pounds salt per sack + 5 pounds per pack coal seal + 0.5% Halad-322 + 0.3% HR-601 + ¼ pound per sack D-Air 500.

Blend 6 (tail) will consist of Class H 50/50/2 + 1% salt + 0.4% gas stop + 0.3% CFR-3 + 0.1% HR601.

5. MUD PROGRAM

A visual and electronic mud monitoring system with a minimum pit volume totalizer, stroke counter, and flow sensor will be rigged up prior to spud. After setting intermediate casing, a third party gas unit detection system will be installed.

Interval	Type	Weight	Viscosity	Fluid Loss
0' - 1930'	fresh water	8.5	29	no control
1930' - 3650'	brine water	10.0	29	no control
3650' - 11400' pilot hole	cut brine	8.6 - 9.6	29	no control
10660' - TD	cut brine	8.6 - 9.2	29	no control

Sufficient mud materials will be kept on location at all times in order to control lost circulation or abnormal pressures. In the event of poor hole conditions, mud properties may have to be adjusted in order to run open hole logs or casing.

6. CORES, TESTS, & LOGS

No core is planned.

Drill stem tests will depend on mud log shows.

SDX Resources, Inc.

DRILL PLAN PAGE 5

Desert Rose Federal 1H

SHL: 190' FSL & 467' FWL

BHL: 330' FNL & 467' FWL

Sec. 17, T. 20 S., R. 35 E., Lea County, NM

A 2 person mud logging unit will be used from 3650' to TD.

Dual laterolog-micro laterolog, gamma ray, compensated neutron - Z density log, and caliper logs will be run from TD to intermediate casing. Compensated neutron and gamma ray logs will be run from TD to surface.

7. DOWN HOLE CONDITIONS

No abnormal pressure or temperature is expected. Maximum expected bottom hole pressure is 5450 psi and expected bottom hole temperature is 172° F.

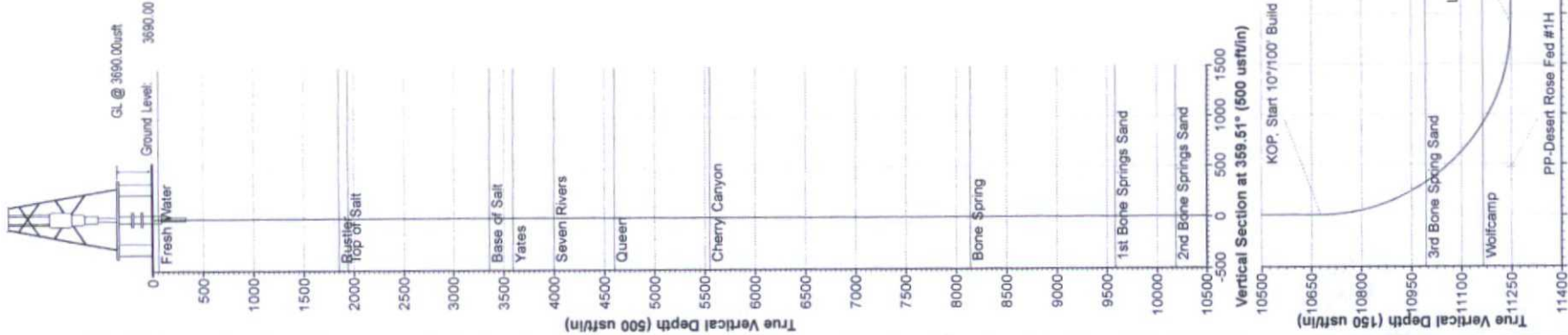
No H₂S is expected while drilling. Nevertheless, a H₂S safety package will be on site before drilling out of the surface casing until the long string is cemented.

Adequate flare lines will be installed to safely vent gas from the mud gas separator away from the rig to a point at least 150' from the wellhead.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take 3 months to drill and complete the well.

This will be a Wolfcamp completion.



WELL DETAILS

+N-S	+E-W	Northing	Easting	Ground Level:
0.00	0.00	570840.00	802219.00	3690.00
		Latitude	Longitude	
		32° 33' 59.19053 N	103° 29' 11.44772 W	

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N-S	+E-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	10677.04	0.00	0.00	10677.04	0.00	0.00	0.00	0.00	0.00	0.00	KOP, Start 10°/100' Build
3	11577.04	90.00	359.51	11250.00	572.94	-4.92	10.00	359.51	572.96		LP, Hold 90° Inc. 359.51° Azm
4	15774.26	90.00	359.51	11250.00	4770.00	-41.00	0.00	0.00	4770.18		TD at 15774.26 MD

DESIGN TARGET DETAILS

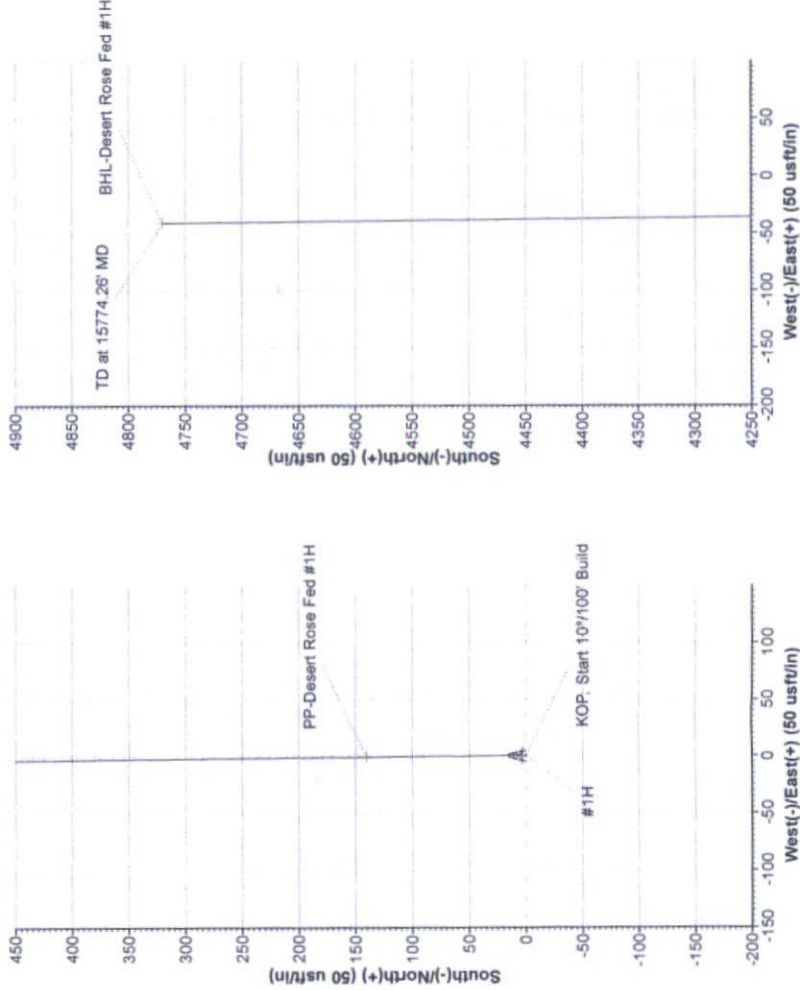
Name	MD	Inc	Azi	TVD	+N-S	+E-W	Northing	Easting	Latitude	Longitude	Shape
BHL-Desert Rose Fed #1H	11250.00	4770.00			0.00	-41.00	575610.00	802178.00	32° 34' 46.39020 N	103° 29' 11.46327 W	Point
PP-Desert Rose Fed #1H	11250.00	140.00			-1.00	570960.00	802218.00		32° 34' 0.57593 N	103° 29' 11.44639 W	Point
- plan hits target center											
- plan misses target center by 145.26usft at 11201.53usft MD (11131.29 TVD, 223.75 N, -1.92 E)											

LEGEND

Plan #1 02-25-15

FORMATION TOP DETAILS

TVDPath	MDPath	Formation	DipAngle	DipDir
60.00	60.00	Fresh Water		
1851.00	1851.00	Rustler		
1941.00	1941.00	Top of Salt		
3359.00	3359.00	Base of Salt		
3592.00	3592.00	Yates		
4000.00	4000.00	Seven Rivers		
4598.00	4598.00	Queen		
5549.00	5549.00	Cherry Canyon		
8139.00	8139.00	Bone Spring		
9581.00	9581.00	1st Bone Springs Sand		
10189.00	10189.00	2nd Bone Springs Sand		
10994.00	11012.91	3rd Bone Spring Sand		
11165.00	11260.95	Wolfcamp		



Map System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone Name: New Mexico Eastern Zone
Local Origin: Well #1H, Grid North
Latitude: 32° 33' 59.19053 N
Longitude: 103° 29' 11.44772 W
Grid East: 802219.00
Grid North: 570840.00
Scale Factor: 1.000
Geomagnetic Model: IGRF2015
Sample Date: 25-Feb-15
Magnetic Declination: 7.19°
Dip Angle from Horizontal: 60.42°
Magnetic Field Strength: 48388

To convert a Magnetic Direction to a Grid Direction, Add 6.73°
To convert a Magnetic Direction to a True Direction, Add 7.19° East
To convert a True Direction to a Grid Direction, Subtract 0.46°

Planning Report



Database:	Compass 5000 GCR	Local Co-ordinate Reference:	Well #1H
Company:	SDX Resources, Inc.	TVD Reference:	GL @ 3690.00usft
Project:	Lea County, NM (NAD83 NME)	MD Reference:	GL @ 3690.00usft
Site:	Desert Rose Federal	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB2		
Design:	Plan #1 02-25-15		

Project	Lea County, NM (NAD83 NME)		
Map System:	US State Plane 1983	System Datum:	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site	Desert Rose Federal					
Site Position:		Northing:	570,840.00 usft	Latitude:	32° 33' 59.19053 N	
From:	Map	Easting:	802,219.00 usft	Longitude:	103° 29' 11.44772 W	
Position Uncertainty:		0.00 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.46 °

Well	#1H					
Well Position	+N/-S	0.00 usft	Northing:	570,840.00 usft	Latitude:	32° 33' 59.19053 N
	+E/-W	0.00 usft	Easting:	802,219.00 usft	Longitude:	103° 29' 11.44772 W
Position Uncertainty		0.00 usft	Wellhead Elevation:	0.00 usft	Ground Level:	3,690.00 usft

Wellbore	WB2				
Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2015	2/25/2015	7.19	60.42	48,388

Design	Plan #1 02-25-15			
Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.00
Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	359.51

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10,677.04	0.00	0.00	10,677.04	0.00	0.00	0.00	0.00	0.00	0.00	
11,577.04	90.00	359.51	11,250.00	572.94	-4.92	10.00	10.00	0.00	359.51	
15,774.26	90.00	359.51	11,250.00	4,770.00	-41.00	0.00	0.00	0.00	0.00	BHL-Desert Rose Fec

Database:	Compass 5000 GCR	Local Co-ordinate Reference:	Well #1H
Company:	SDX Resources, Inc.	TVD Reference:	GL @ 3690.00usft
Project:	Lea County, NM (NAD83 NME)	MD Reference:	GL @ 3690.00usft
Site:	Desert Rose Federal	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB2		
Design:	Plan #1 02-25-15		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
60.00	0.00	0.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00
Fresh Water									
1,851.00	0.00	0.00	1,851.00	0.00	0.00	0.00	0.00	0.00	0.00
Rustler									
1,941.00	0.00	0.00	1,941.00	0.00	0.00	0.00	0.00	0.00	0.00
Top of Salt									
3,359.00	0.00	0.00	3,359.00	0.00	0.00	0.00	0.00	0.00	0.00
Base of Salt									
3,592.00	0.00	0.00	3,592.00	0.00	0.00	0.00	0.00	0.00	0.00
Yates									
4,000.00	0.00	0.00	4,000.00	0.00	0.00	0.00	0.00	0.00	0.00
Seven Rivers									
4,598.00	0.00	0.00	4,598.00	0.00	0.00	0.00	0.00	0.00	0.00
Queen									
5,549.00	0.00	0.00	5,549.00	0.00	0.00	0.00	0.00	0.00	0.00
Cherry Canyon									
8,139.00	0.00	0.00	8,139.00	0.00	0.00	0.00	0.00	0.00	0.00
Bone Spring									
9,581.00	0.00	0.00	9,581.00	0.00	0.00	0.00	0.00	0.00	0.00
1st Bone Springs Sand									
10,189.00	0.00	0.00	10,189.00	0.00	0.00	0.00	0.00	0.00	0.00
2nd Bone Springs Sand									
10,677.04	0.00	0.00	10,677.04	0.00	0.00	0.00	0.00	0.00	0.00
KOP, Start 10°/100' Build									
10,700.00	2.30	359.51	10,699.99	0.46	0.00	0.46	10.00	10.00	0.00
10,800.00	12.30	359.51	10,799.06	13.14	-0.11	13.14	10.00	10.00	0.00
10,900.00	22.30	359.51	10,894.42	42.83	-0.37	42.84	10.00	10.00	0.00
11,000.00	32.30	359.51	10,983.17	88.63	-0.76	88.64	10.00	10.00	0.00
11,012.91	33.59	359.51	10,994.00	95.65	-0.82	95.65	10.00	10.00	0.00
3rd Bone Spring Sand									
11,100.00	42.30	359.51	11,062.62	149.15	-1.28	149.15	10.00	10.00	0.00
11,200.00	52.30	359.51	11,130.35	222.54	-1.91	222.55	10.00	10.00	0.00
11,200.14	52.30	359.51	11,130.44	222.65	-1.91	222.66	0.00	0.00	0.00
PP-Desert Rose Fed #1H									
11,260.96	58.39	359.51	11,165.00	272.65	-2.34	272.66	10.02	10.02	0.00
Wolfcamp									
11,300.00	62.30	359.51	11,184.32	306.57	-2.64	306.59	10.00	10.00	0.00
11,400.00	72.30	359.51	11,222.86	398.70	-3.43	398.72	10.00	10.00	0.00
11,500.00	82.30	359.51	11,244.83	496.13	-4.26	496.15	10.00	10.00	0.00
11,577.04	90.00	359.51	11,250.00	572.94	-4.92	572.96	10.00	10.00	0.00
LP, Hold 90° Inc, 359.51° Azm									
11,600.00	90.00	359.51	11,250.00	595.89	-5.12	595.92	0.00	0.00	0.00
11,700.00	90.00	359.51	11,250.00	695.89	-5.98	695.92	0.00	0.00	0.00
11,800.00	90.00	359.51	11,250.00	795.89	-6.84	795.92	0.00	0.00	0.00
11,900.00	90.00	359.51	11,250.00	895.88	-7.70	895.92	0.00	0.00	0.00
12,000.00	90.00	359.51	11,250.00	995.88	-8.56	995.92	0.00	0.00	0.00
12,100.00	90.00	359.51	11,250.00	1,095.88	-9.42	1,095.92	0.00	0.00	0.00
12,200.00	90.00	359.51	11,250.00	1,195.87	-10.28	1,195.92	0.00	0.00	0.00
12,300.00	90.00	359.51	11,250.00	1,295.87	-11.14	1,295.92	0.00	0.00	0.00
12,400.00	90.00	359.51	11,250.00	1,395.86	-12.00	1,395.92	0.00	0.00	0.00
12,500.00	90.00	359.51	11,250.00	1,495.86	-12.86	1,495.92	0.00	0.00	0.00

Planning Report



Database:	Compass 5000 GCR	Local Co-ordinate Reference:	Well #1H
Company:	SDX Resources, Inc.	TVD Reference:	GL @ 3690.00usft
Project:	Lea County, NM (NAD83 NME)	MD Reference:	GL @ 3690.00usft
Site:	Desert Rose Federal	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB2		
Design:	Plan #1 02-25-15		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
12,600.00	90.00	359.51	11,250.00	1,595.86	-13.72	1,595.92	0.00	0.00	0.00
12,700.00	90.00	359.51	11,250.00	1,695.85	-14.58	1,695.92	0.00	0.00	0.00
12,800.00	90.00	359.51	11,250.00	1,795.85	-15.44	1,795.92	0.00	0.00	0.00
12,900.00	90.00	359.51	11,250.00	1,895.85	-16.30	1,895.92	0.00	0.00	0.00
13,000.00	90.00	359.51	11,250.00	1,995.84	-17.16	1,995.92	0.00	0.00	0.00
13,100.00	90.00	359.51	11,250.00	2,095.84	-18.01	2,095.92	0.00	0.00	0.00
13,200.00	90.00	359.51	11,250.00	2,195.83	-18.87	2,195.92	0.00	0.00	0.00
13,300.00	90.00	359.51	11,250.00	2,295.83	-19.73	2,295.92	0.00	0.00	0.00
13,400.00	90.00	359.51	11,250.00	2,395.83	-20.59	2,395.92	0.00	0.00	0.00
13,500.00	90.00	359.51	11,250.00	2,495.82	-21.45	2,495.92	0.00	0.00	0.00
13,600.00	90.00	359.51	11,250.00	2,595.82	-22.31	2,595.92	0.00	0.00	0.00
13,700.00	90.00	359.51	11,250.00	2,695.82	-23.17	2,695.92	0.00	0.00	0.00
13,800.00	90.00	359.51	11,250.00	2,795.81	-24.03	2,795.92	0.00	0.00	0.00
13,900.00	90.00	359.51	11,250.00	2,895.81	-24.89	2,895.92	0.00	0.00	0.00
14,000.00	90.00	359.51	11,250.00	2,995.80	-25.75	2,995.92	0.00	0.00	0.00
14,100.00	90.00	359.51	11,250.00	3,095.80	-26.61	3,095.92	0.00	0.00	0.00
14,200.00	90.00	359.51	11,250.00	3,195.80	-27.47	3,195.92	0.00	0.00	0.00
14,300.00	90.00	359.51	11,250.00	3,295.79	-28.33	3,295.92	0.00	0.00	0.00
14,400.00	90.00	359.51	11,250.00	3,395.79	-29.19	3,395.92	0.00	0.00	0.00
14,500.00	90.00	359.51	11,250.00	3,495.79	-30.05	3,495.92	0.00	0.00	0.00
14,600.00	90.00	359.51	11,250.00	3,595.78	-30.91	3,595.92	0.00	0.00	0.00
14,700.00	90.00	359.51	11,250.00	3,695.78	-31.77	3,695.92	0.00	0.00	0.00
14,800.00	90.00	359.51	11,250.00	3,795.78	-32.63	3,795.92	0.00	0.00	0.00
14,900.00	90.00	359.51	11,250.00	3,895.77	-33.49	3,895.92	0.00	0.00	0.00
15,000.00	90.00	359.51	11,250.00	3,995.77	-34.35	3,995.92	0.00	0.00	0.00
15,100.00	90.00	359.51	11,250.00	4,095.76	-35.20	4,095.92	0.00	0.00	0.00
15,200.00	90.00	359.51	11,250.00	4,195.76	-36.06	4,195.92	0.00	0.00	0.00
15,300.00	90.00	359.51	11,250.00	4,295.76	-36.92	4,295.92	0.00	0.00	0.00
15,400.00	90.00	359.51	11,250.00	4,395.75	-37.78	4,395.92	0.00	0.00	0.00
15,500.00	90.00	359.51	11,250.00	4,495.75	-38.64	4,495.92	0.00	0.00	0.00
15,600.00	90.00	359.51	11,250.00	4,595.75	-39.50	4,595.92	0.00	0.00	0.00
15,700.00	90.00	359.51	11,250.00	4,695.74	-40.36	4,695.92	0.00	0.00	0.00
15,774.26	90.00	359.51	11,250.00	4,770.00	-41.00	4,770.18	0.00	0.00	0.00

TD at 15774.26' MD - BHL-Desert Rose Fed #1H

Design Targets

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PP-Desert Rose Fed #1H	0.00	0.00	11,250.00	140.00	-1.00	570,980.00	802,218.00	32° 34' 0.57583 N	103° 29' 11.44639 W
- hit/miss target									
- Shape									
- plan misses target center by 145.35usft at 11200.14usft MD (11130.44 TVD, 222.65 N, -1.91 E)									
- Point									
BHL-Desert Rose Fed #	0.00	0.00	11,250.00	4,770.00	-41.00	575,610.00	802,178.00	32° 34' 46.39020 N	103° 29' 11.48327 W
- plan hits target center									
- Point									

Planning Report



Database:	Compass 5000 GCR	Local Co-ordinate Reference:	Well #1H
Company:	SDX Resources, Inc.	TVD Reference:	GL @ 3690.00usft
Project:	Lea County, NM (NAD83 NME)	MD Reference:	GL @ 3690.00usft
Site:	Desert Rose Federal	North Reference:	Grid
Well:	#1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	WB2		
Design:	Plan #1 02-25-15		

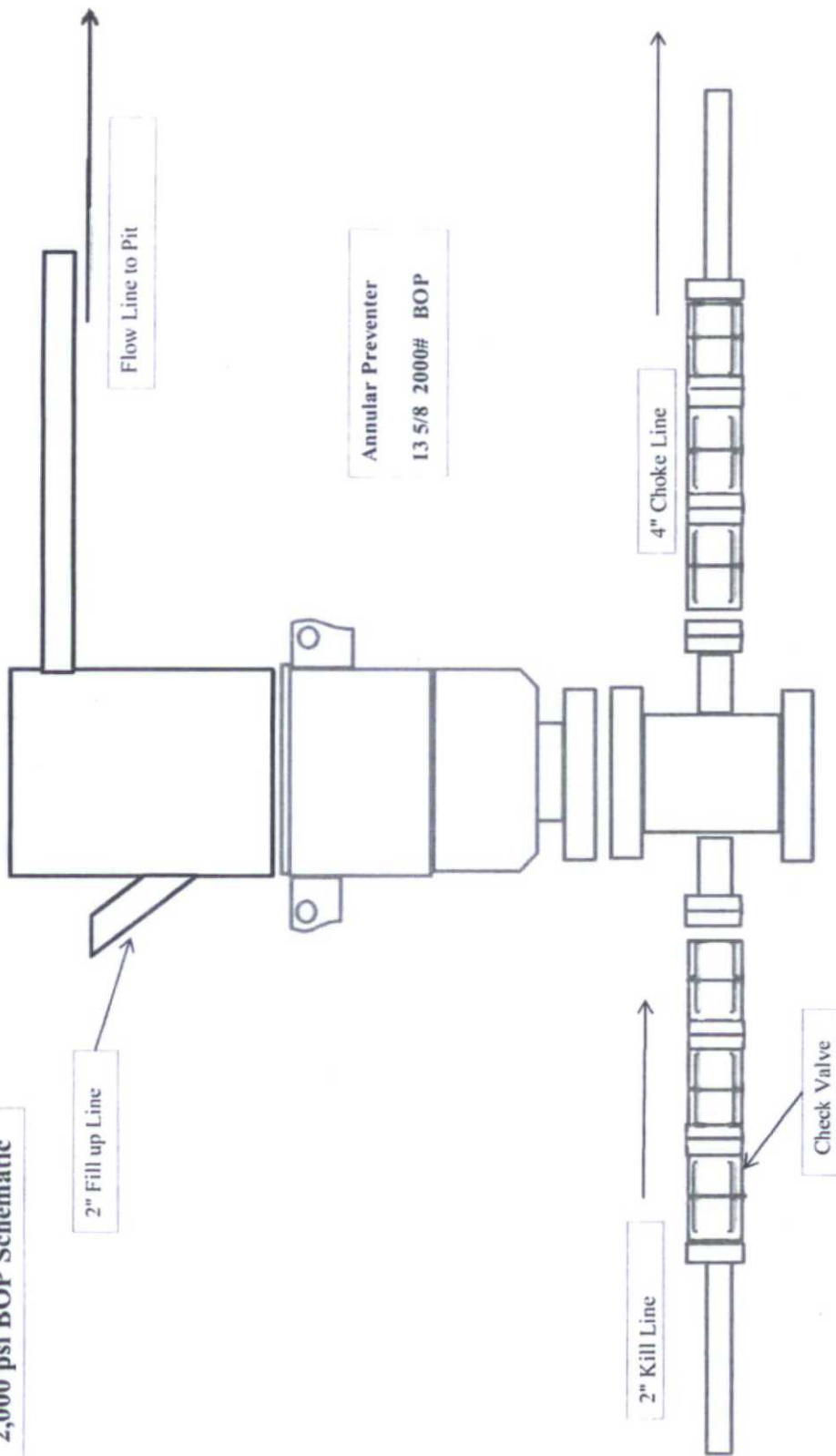
Formations

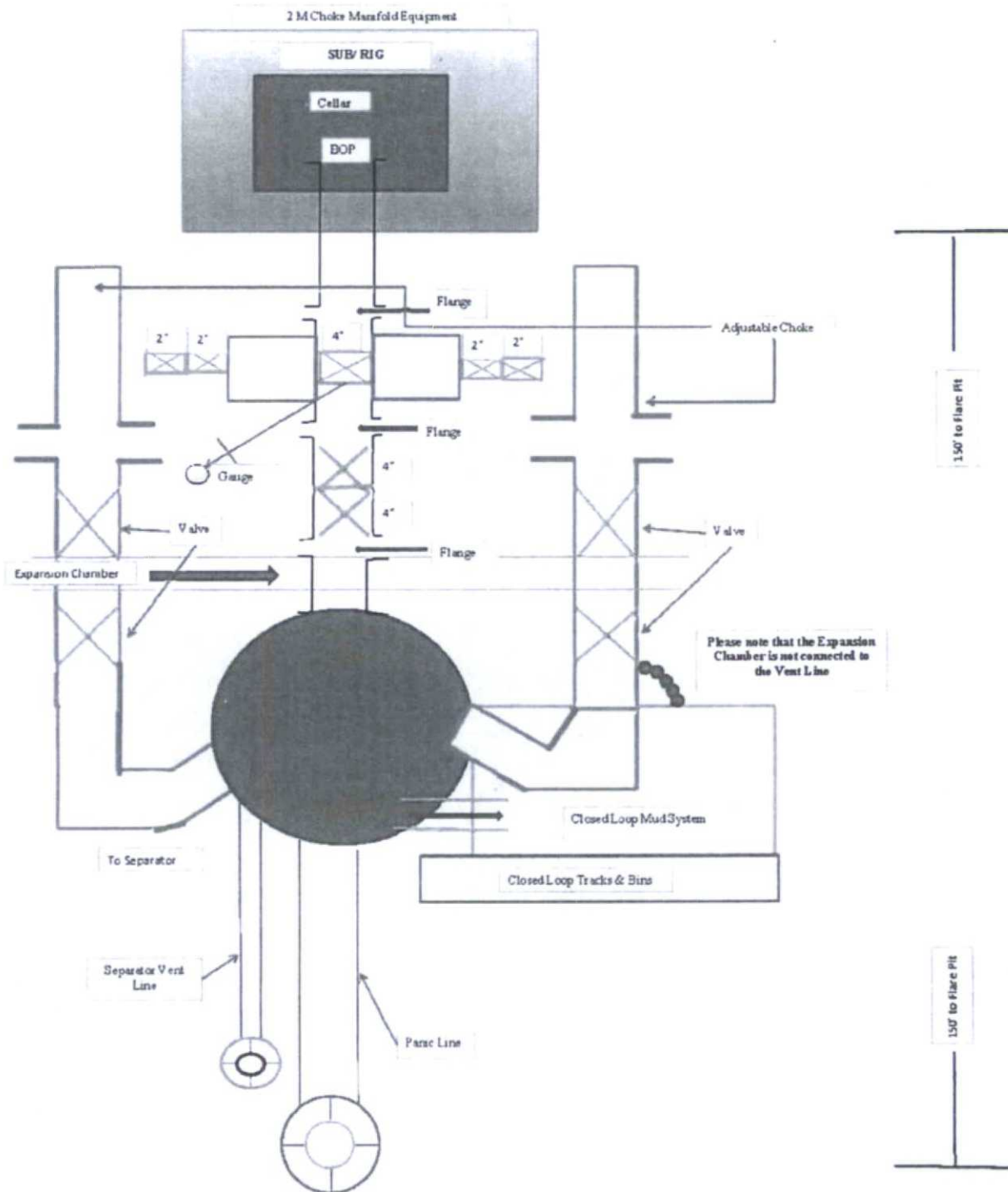
Measured Depth (usft)	Vertical Depth (usft)	Name	Lithology	Dip (°)	Dip Direction (°)
60.00	60.00	Fresh Water			
1,851.00	1,851.00	Rustler			
1,941.00	1,941.00	Top of Salt			
3,359.00	3,359.00	Base of Salt			
3,592.00	3,592.00	Yates			
4,000.00	4,000.00	Seven Rivers			
4,598.00	4,598.00	Queen			
5,549.00	5,549.00	Cherry Canyon			
8,139.00	8,139.00	Bone Spring			
9,581.00	9,581.00	1st Bone Springs Sand			
10,189.00	10,189.00	2nd Bone Springs Sand			
11,012.91	10,994.00	3rd Bone Spring Sand			
11,260.96	11,165.00	Wolfcamp			

Plan Annotations

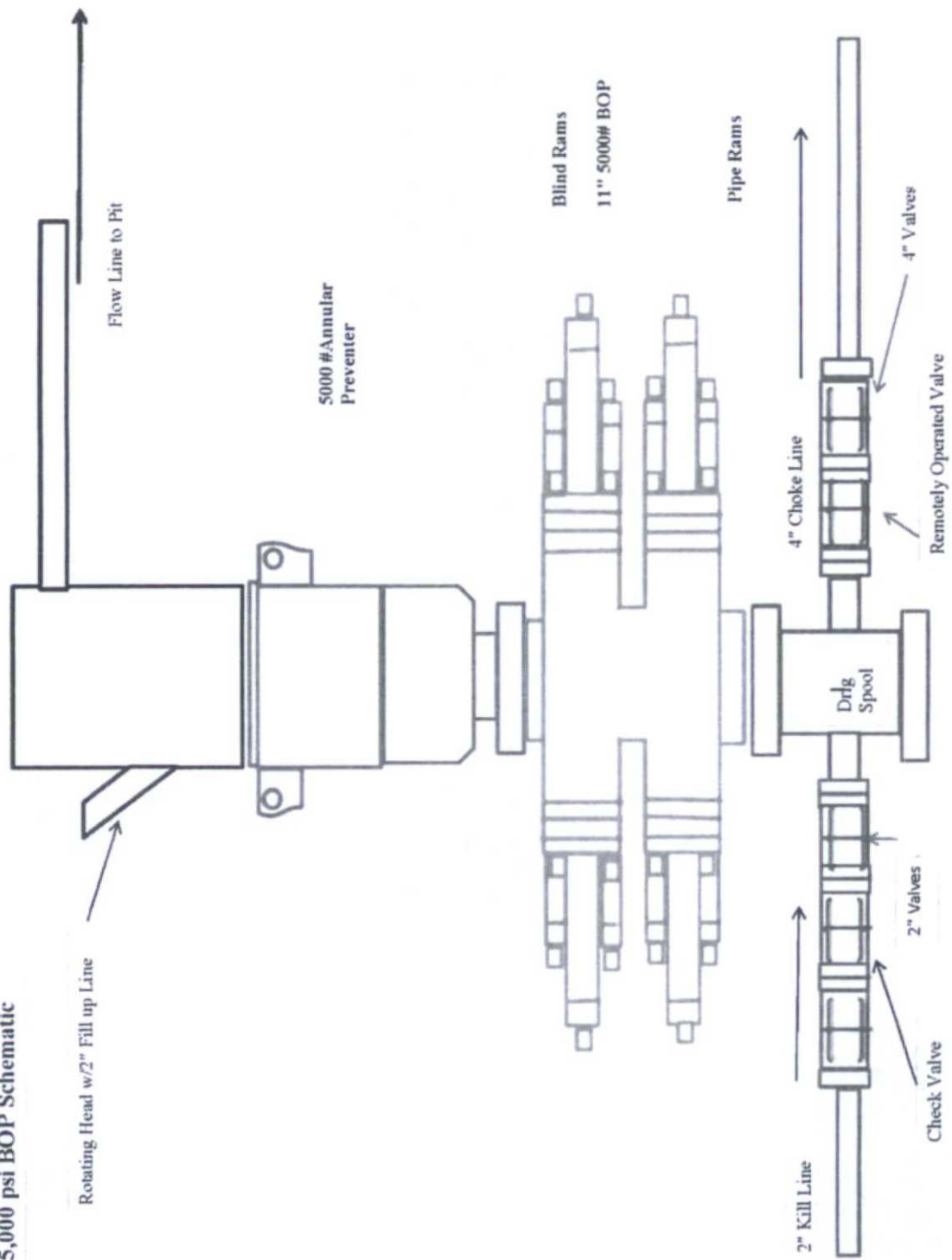
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/-S (usft)	+E/-W (usft)	
10,677.04	10,677.04	0.00	0.00	KOP, Start 10°/100' Build
11,577.04	11,250.00	572.94	-4.92	LP, Hold 90° Inc, 359.51° Azm
15,774.26	11,250.00	4,770.00	-41.00	TD at 15774.26' MD

2,000 psi BOP Schematic

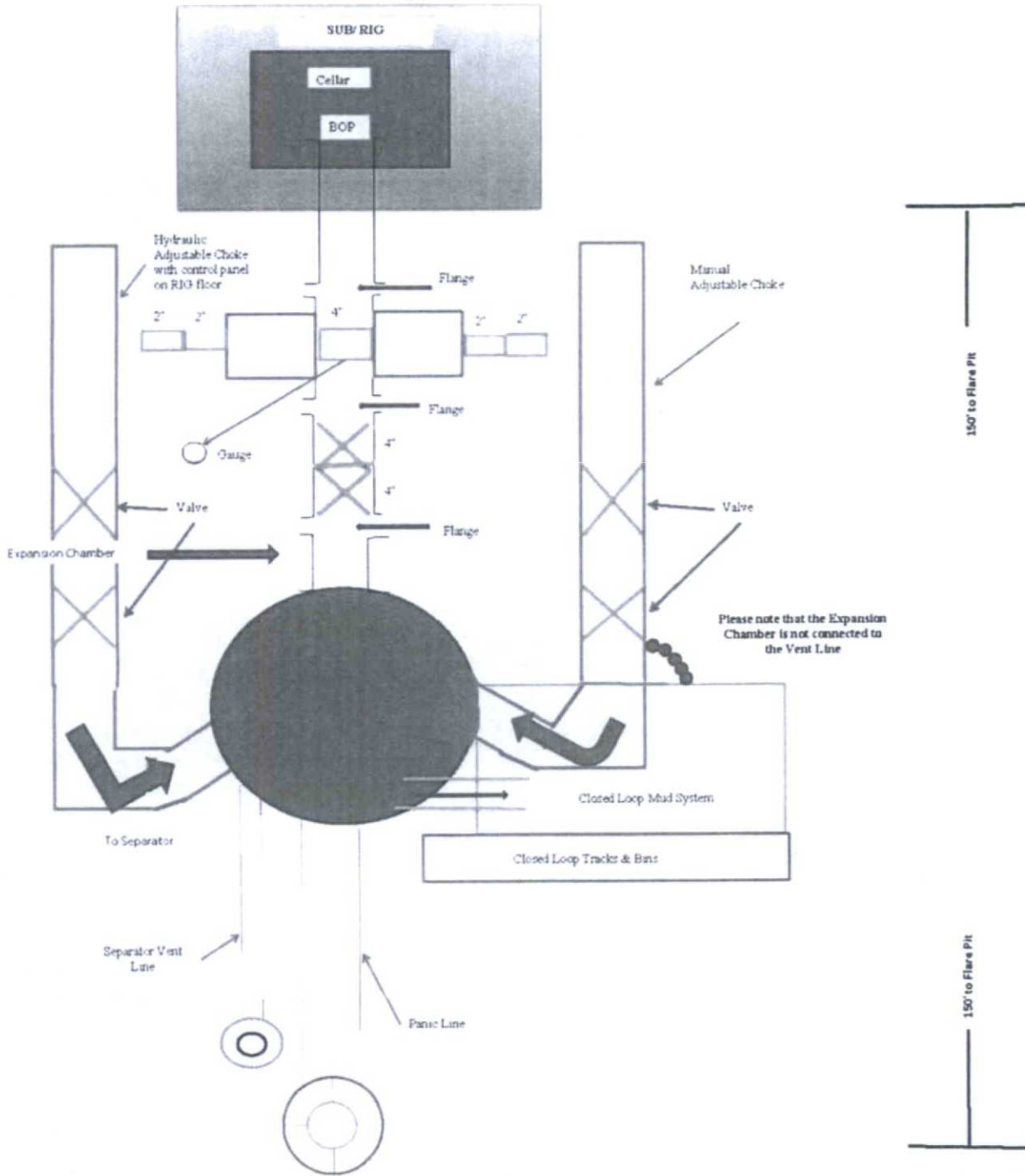




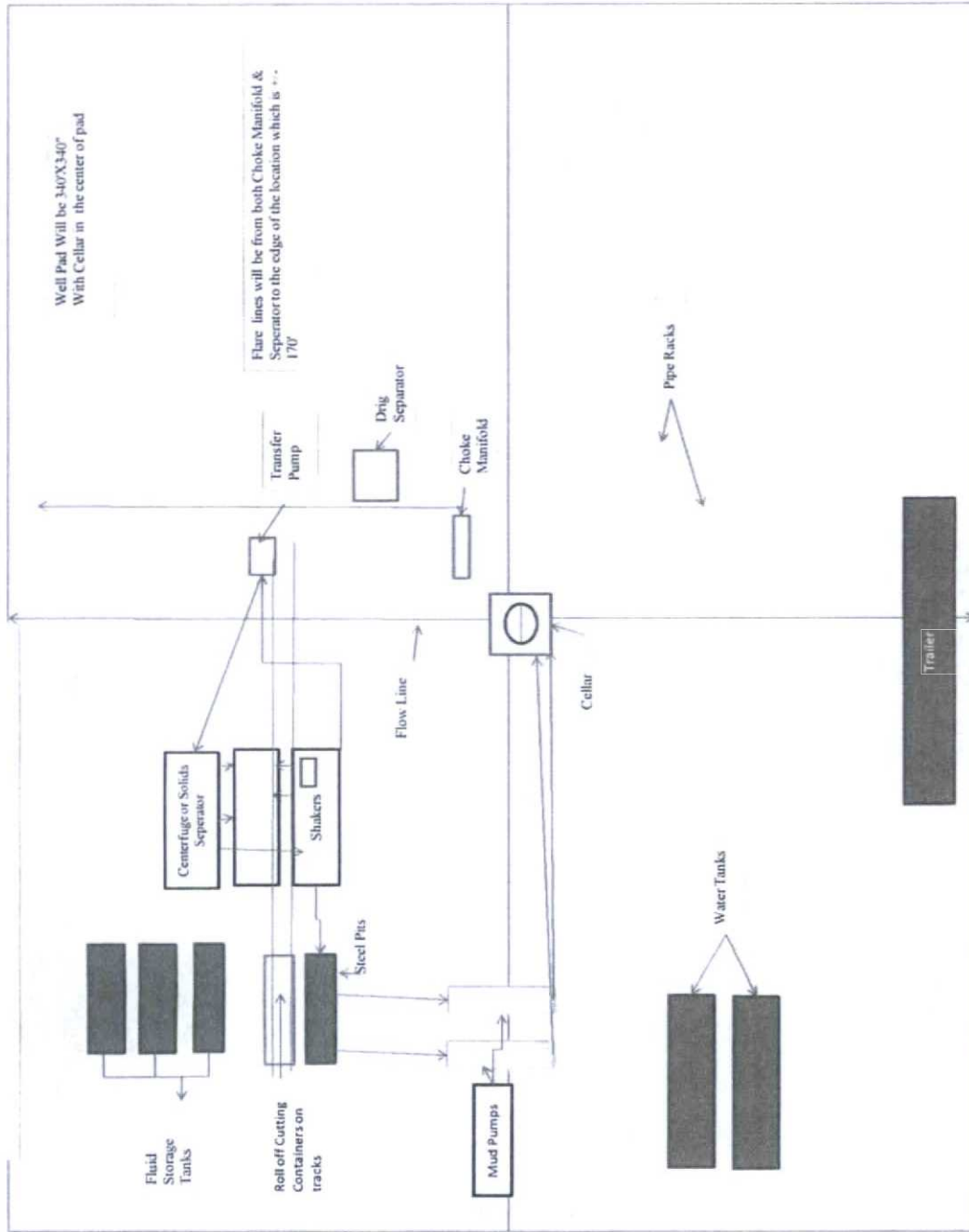
5,000 psi BOP Schematic



SM Choke Manifold Equipment



RIG Plat & Closed Loop Equipment Diagram



SDX's
Desert Rose Federal 1H

NORTH



1" = 75'

