

DRILLING PROGRAM

FEDERAL (USA) "J" WELL NO. 5

SURFACE DESCRIPTION:

This well is in an area known as the Querecho Plains. The Querecho Plains occurs in a region which is typified by undulating landforms which possesses both stabilized and unstabilized sand dunes, mesquite anchored-hummocks and hills. Vegetation consists mainly of shin oak, mesquite, sand sage, broom-snake weed, and range grasses.

FORMATION TOPS: Estimated KB Elevation: 3559'

<u>Formation</u>	<u>Depth</u>	<u>Lithology</u>	<u>Fluid Content</u>
Rustler	835'	Anhydrite, Salt	----
Tansill	2515'	Dolomite	----
Yates	2580'	Sand, Dolomite	Oil/Gas
Capitan Reef	2825'	Limestone, Dolo	----
Delaware (Cherry Canyon)	4385'	Sandstone, Shale	Oil/Gas
Brushy Canyon- Pay	6640'	Sandstone, Shale	Oil/Gas
Bone Spring	7135'	Limestone	----

The base of the salt section is found around 2515'. No abnormal pressures or temperatures are anticipated to be encountered in this well. H₂S is possible in this well. H₂S RADIUS OF EXPOSURE: 100ppm = 19 feet, 500ppm = 9 feet, based on 400ppm and 180 mcf. (See attached H₂S Drilling Operations Plan. H₂S equipment to be operational prior to drilling out Surface Casing Shoe.)

PRESSURE CONTROL EQUIPMENT:

A 3000 psi Dual Ram type preventer with rotating head will be used. (See Exhibit C). We do not plan to have an annular preventer. We will be able to achieve full closure of the well with the double ram preventer. It will be installed after surface casing is set. BOP will be tested each time it is installed on a casing string and at least every 29 days, and operated at least once each 24-hour period during drilling.

BOP's on this well will not be tested by an independent service company since it will be drilled immediately following the Federal (USA) "J" Well No. 4. We will test the BOP and all components of the well control system with the rig pump.

A PVT system will not be installed. We will be drilling thru the reserve pit and will circulate the steel pits one hour each tour to check for gains and losses and will be noted on the driller's log, which is Texaco's policy.

We do not plan to run an automatic remote-controlled choke. We will have installed and tested two manual, H₂S trimmed, chokes.