

DRILLING PROGRAM

SDE `19' FEDERAL WELL NO. 3

SURFACE DESCRIPTION:

The land surface in this area is relatively level with moderate sand dunes. Regionally, the land slopes to the Northwest. Vegetation consists mainly of scrub oak, mesquite, and range grasses.

FORMATION TOPS: Estimated KB Elevation: 3628'

<u>Formation</u>	<u>Depth</u>	<u>Lithology</u>	<u>Fluid Content</u>
Rustler	930'	Anhydrite, Salt	----
Salado	1245'	Salt	----
Delaware Mtn Group	4620'	Sandstone, Shale	Oil/Gas
Cherry Canyon	5550'	Sandstone, Shale	Oil/Gas
Brushy Canyon- Pay	7100'	Sandstone, Shale	Oil/Gas
Lower Brushy Canyon- Pay	8150'	Sandstone, Shale	Oil/Gas
Bone Spring- Pay	8570'	Limestone	Oil/Gas

The base of the salt section is found around 4390'. No abnormal pressures, temperatures, or hazardous gases are anticipated to be encountered in this well. Texaco recently drilled wells in this area and no H2S was encountered.

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.

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.