

DRILLING PROGRAM

SANTA FE SNYDER CORP.

Paloma Blanco "17" Fed #1

In conjunction with Form 3160-3, Application to Drill the subject well, Santa Fe Snyder Corp. submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 1.

1. **Geologic Name of Surface Formation:** Alluvium
2. **Estimated Tops of Significant Geologic Markers:**

Rustler	1050'
Salt	4454'
Delaware	5000'
Bone Spring	8600'
Wolfcamp	10600'
Strawn	11900'
Atoka	12300'
Morrow	12900'
Total Depth	14000'

3. **The estimated depths at which water, oil or gas formations are expected:**

Water	None expected in area
Oil	Bone Spring @ 9100'
Gas	Atoka @ 12300'
Gas	Upper Morrow @ 13100'

4. **Proposed Casing Program:** See Form 3160-3 and Exhibit A
5. **Pressure Control Equipment:** See Exhibit B
6. **Drilling Fluid Program:** See Exhibit C
7. **Auxiliary Equipment:** A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below 4600' to TD.
8. **Testing, Logging and Coring Program:**

Drill Stem Test: None Planned

Logging:

Dual Laterolog W/MSFL and Gamma Ray 11800'-14000'

Compensated Neutron/Litho-Density/Gamma Ray 5000'-11800' & 11800'- 14000'

Compensated Neutron/Gamma Ray (thru csg) Surface-5000'

Coring: No conventional cores are planned.

9. **Abnormal Conditions, Pressures, Temperatures & Potential Hazards:**

Abnormally high pressured zones with a bottomhole pressure of approximately 7500 psi could possibly be encountered while drilling the Pennsylvanian interval. Sufficient barite will be on location to enable the weighting up to the estimated 11.5 ppg to control any high pressure zone encountered. Along with the above mentioned primary control, a Blow Out Preventer System as outlined in Exhibit B will be utilized should the need arise to shut the well in prior to running and cementing the drilling liner. The estimated bottom hole temperature is 170°F. No Hydrogen Sulfide or other hazardous gases or fluids have been encountered, reported or are known to exist at this depth in this area. No major lost circulation zones have been reported in the offsetting wells.

10. **Anticipated Starting Date and Duration of Operations:**

Road and location work will not begin until approval has been received from the B.L.M. The anticipated spud date is April 25, 2000. Once spudded, the drilling operation should be completed in approximately 50 days. If the well is productive, an additional 30 days will be required for completion and testing before permanent facilities are installed.

EXHIBIT A
OPERATIONS PLAN
SANTA FE SNYDER CORP.
Paloma Blanco "17" Fed #1
Section 17, T-23-S, R-34-E
Lea County, New Mexico

1. Drill a 17 1/2" hole to approximately 650'.
2. Run 13 3/8" 48.0 ppf H-40 ST&C casing. Cement with 350 sx 35/65 POZ w 6% gel & 1/4 pps Cello-Flake followed by 200 sx Class "C" cement containing 2% CaCl₂. Run centralizers on every other joint above the shoe. Apply thread lock to bottom two joints and guide shoe.
3. Wait on cement twelve hours prior to cutting off.
4. Nipple up an annular BOP system and test casing to 600 psi. WOC twenty-four (24) hours prior to drilling out.
5. Drill a 12-1/4" hole to approximately 5000'.
6. Run 9-5/8" 40.0 ppf K-55 ST&C casing. Cement with 1200sx 50/50 POZ "C" w/ 10% gel 5% salt and 1/4 pps celloflake followed by 250 sx Class "C" with 2% CaCl₂. Run guide shoe on bottom and float collar two joints from bottom. Centralize every other joint for bottom 400' of casing and place two centralizers in surface casing. Thread lock bottom 2 joints.
7. Wait on cement for twelve hours prior to cutting off.
8. Nipple up and install a Double Ram and Annular BOP system with choke manifold.
9. Test BOP system to 3000 psi. Test casing to 1500 psi.
10. Drill 8-3/4" hole to the first good lime section after drilling into the Wolfcamp, which is anticipated to be at approximately ±11800'. Run logs.
11. Run 11800' of 7" 26.0 ppf S-95 & P-110 LT&C casing set @ 11800'. Cement with 500 sx "Light" cement followed with 300 sx Class "H". Run guide shoe on bottom and float collar two joints off bottom. Centralize bottom 1000' of casing with one centralizer on every other joint. Thread lock bottom two joints. Our plan is to bring the top of cement to ±6000'.
12. Nipple down BOP. Set slips. Cut off casing. Nipple up 10000 psi BOP Stack. Test to 10000 psi.
13. Test casing to 2500 psi.
14. Drill a 6-1/8" hole to ±14000. Log. Run and cement a 4-1/2" 13.5 ppf S-95 flush joint liner from 11650'-14000'. Cement with 250 sx Class "H" containing necessary additives. Lay down setting tool and RIH with a 6-1/8" bit to dress off the liner top. Perform negative test on liner top.
15. Clean out inside of 4-1/2" liner.
16. Run production equipment and test well as necessary.

PROPOSED 5-M BOPE AND CHOKE ARRANGEMENT

EXHIBIT B

SANTA FE SNYDER CORP.
Paloma Blanco "17" Fed #1
1980' FNL & 660' FWL
Section 17, T-23-S, R-34-E
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