

DRILLING PROGRAM
SDX Resources Inc.
El Paso Wells Federal #2
660' FNL, 1980' FWL
Unit B, Sec. 4, T25S, R37E
Lea Co., NM

1. Geologic Name of Surface Formation:

Permian

2. Estimated Tops of Important Geologic Markers:

Top of Salt	1200'
Base of Salt	2200'
Yates	2900'
7 Rivers	3550'
Queen	3900'
Grayburg	4300'

3. Estimated Depth of Anticipated Fresh Water, Oil or Gas:

Water Sand	200' - 250'	Fresh Water
7 Rivers	3700'	Oil & Gas
Queen	4000'	Oil & Gas
Grayburg	4400'	Oil & Gas

Fresh water sands will be protected by running 8-5/8" casing to a minimum depth of 450' and circulating cement. All other zones will be isolated by running 4-1/2" or 5-1/2" production casing and circulating cement.

4. Casing Program:

<u>Hole Size</u>	<u>Interval</u>	<u>OC Csg</u>	<u>Weight Grade Jt Cond Type</u>
12-1/4"	0 - 450	8-5/8"	24#, J55, New
7-7/8"	0 - TD	4-1/2" - 5-1/2"	9.5# - 17#, J55, Used

Cement Program:

8-5/8" Surface Casing:	Cemented to surface with 250 sx of Class C with 2% CaCl and 1/4#/sx Flocele and 100 sx of Class C with CaCl.
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5-1/2" Production Casing:	Cemented with 200 sx of Class C and 400 sx of Lite C with 3# salt/sx and 1/4#/sx Flocele. This should circulate cement to the surface.
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5. Minimum Specifications for Pressure Control:

The blowout preventer equipment (BOP) shown in Exhibit #1 will consist of a bag-type (hydrill) preventer (2000 psi WP). Unit will be hydraulically operated. BOP will be nipped up on the 8-5/8" surface csg and used continuously until TD is reached. BOP and accessory equipment will be tested to 1000 psi before drilling out of surface casing. A 2" kill line and a 2" choke line will be included in the drilling spool. Other accessories to the BOP equipment will include a kelly cock.