PERMIT TO DRILL HUDSON FEDERAL COMM #1 IN COMPLIANCE WITH ORDER NO. 1

SUN EXPLORATION AND PRODUCTION COMPANY HUDSON FEDERAL COMM #1 SEC. 17, T-19-S, R-33-E 1980' FNL, 990' FEL LEA COUNTY, NEW MEXICO

1. GEOLOGIC SURFACE FORMATION: Quatenary

| 2. | ESTIMATED TOPS OF I | MPORTANT GEOLOGIC | | |
|----|---------------------|-------------------|--------------|--------|
| | Rustler | 1400 | Wolfcamp* | 11,000 |
| | Salt | 1600 | Strawn* | 12,170 |
| | Base Salt | 3200 | Atoka C* | 12,800 |
| | Yates | 3200 | U. Morrow | 12,930 |
| | San Andres | 5050 | M. Morrow* | 13,189 |
| | Bone Spring L.S. | 7700 | LWR. Morrow* | 13,440 |
| | 1st Bone Spring SD* | 9100 | | |

- 3. <u>ESTIMATED DEPTHS OF ANTICIPATED, WATER, OIL, GAS, OR MINERALS</u> Formations possibly productive of oil or gas are indicated with an astrik(*), above in Section 2.
- 4. PROPOSED CASING PROGRAM

| Size | Csg Seat | Footage | Grade | Wt & Thread |
|-------------------|----------------|-------------------------|----------------------|--------------------------------------|
| 13-3/8" 8-5/8" | 400' ±5200' | 400 ' 5200 ' | K-55 K-55 | 54.5# STC 32.0# STC |
| 5-1/2" | 13700' | 1900' 6800' 5000' | N-80 N-80 N-80 | 17.0# BUTT 17.0# LTC 20.0# LTC |
| 2-7/8" | 13700' | 13700' | N-80 | 6.5# AB MOD |

PROPOSED CEMENTING PROGRAM

- 13-3/8" Cemented to surf w/ 425 sx Class "C" + 2% Cacl² + 1/4#/SX FLOCELE
- 8-5/8" Attempt to cement 5200' to surf w/ ± 2000 sx HOWCO LITE + 10% salt $\pm 1/4\#/SX$ FLOCELE and 200 sx Class "C".
- 5-1/2" DV @ 8900'. Anticipate to cement 13700'-8900'. 1st Stage ±975 sx Class "H" 50/50 POZ w/ 2% GEL + 5% KCL + 0.3% CFR-2 + 0.5% HALAD-22A 2nd Stage ±850 sx Class "H" 50/50 POZ w/ 2% GEL + 0.5% CFR-2

Cement volumes & DV tool depth to be adjusted as necessary.

