

HNG OIL COMPANY  
Gulf Federal, Well No. 1  
Section 5, T25S, R29E  
Eddy County, New Mexico

Propose to plug back as follows:

- 1) Set 2-7/8" CIBP at 12,000' w/35' cement on top.
- 2) Set 7-5/8" CIBP on top of tubing stub at 8895' w/35' cement on top.
- 3) Cut and pull 7-5/8" casing from 6500'±.
- 4) Set cement plug from 6550' to 6000'.
- 5) Tag top of plug and dress off.
- 6) Side track hole at 6200'± and redrill bottom end of hole to 12,500' without regard to compass direction.

Proposed hole size, casing and cementing of sidetrack hole.

| <u>Hole Size</u> | <u>Casing Size</u> | <u>Wt/Ft</u> | <u>Setting Depth</u> | <u>Quantity of cement</u> |
|------------------|--------------------|--------------|----------------------|---------------------------|
| 9-1/2"           | 7-5/8"             | 33.70#       | 10,500'              | 1450 sacks                |
| 6-1/2"           | 4-1/2" Liner       | 13.50#       | 12,500'              | 350 sacks                 |

BOP - Install before side tracking with 5000# cap and 3000# annular preventer.  
At 10,500' will increase to 10,000# cap with 5000# annular preventer. Will use standard surface-controlled BOP installation.

① CIBP at 11,000 (Top of Penn)  
CIBP at 9,800 (Top of Wolf)