

Attachment for Form 9-331 C

HCW Corporation drilled the subject well to a depth of 9797' and set 9-5/8" casing. The casing was then perforated and a completion attempted in the Bone Springs formation. Perforations are from 7320' to 7512' (24 holes) and 6256' to 6746' (22 holes).

Santa Fe Energy Company proposes to re-enter the existing wellbore and drill an 8-3/8" hole to 10,500'±. A liner would then be run from 6000' to 10,500'±. The liner would consist of 7-5/8" 29.7 ppf N-80 casing with Atlas Bradford FL4S connections. The liner would be cemented with 125 sacks cement which will be a sufficient volume to fill from 10,500'± to 8500'. After waiting for the cement to set up, the liner top will be pressure tested to 13.0 ppg mud weight equivalent and the liner shoe will be tested to 12.5 ppg mud weight equivalent.

A 6½" hole will then be drilled to 13,000'±. Zones of interest may be drill stem tested. After logging and testing, a full string of 5½" 20 ppf N-80 casing will be run and cemented with 200 sacks of cement to fill from 13,000'± to 10,000' if logs and tests indicate the well is capable of economic production.

The cost of this project is estimated at \$1.2MM as compared to the estimated \$1.8MM for a new well or a savings of \$0.6MM.