

Proposed Well Plan

State "A" A/C 1, Well # 127

660' FNL & 660' FWL, Sec. 15, T 23S, R 36E, Unit Ltr 'D', Lea Co.

1. Drill 12 ¼" hole from surface to 600'.
2. Run 8 5/8" 24# casing to 600' cement W/ 240 sx cement with additives to Surface.
3. Drill 7 7/8" hole to 3900'.
4. Run 5 ½" 15.5# casing to 3400' cement W/ 490 sx cement with additives to surface.
5. Perforate the Queen formation from 3600' to 3890'
6. Acid and Frac treatment will be determined after looking at the Logs.
7. Complete and put on production.

Well Name: State "A" A/C 1 # 127

Location: 660' FNL & 660' FWL, Sec. 15, T 23S, R 36E, Unit Ltr 'D', Lea County, New Mexico

Casing Program:

Surface:

Lead: 140 sacks Class C Mixed at 11.8 ppg
Additives: 2% CACL2 + 0.25 pps Cello-Flakes + 6% Bentonite

Tail: 100 sacks Class C Mixed at 14.8 ppg
Additives: 2% CACL2

Production

Lead: 390 sacks Class C Mixed at 12.4 ppg
Additives: 35:65 Poz (Fly Ash) + 5% CACL2 + 6% Bentonite

Tail: 100 sacks Class C Mixed at 14.8 ppg
Additives: 3% Potassium Chloride + 2% CD-32 + 0.6% FL-62