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**From:** Richard Kahn <[REDACTED]>  
**Sent:** Tuesday, July 17, 2012 6:48 PM  
**To:** Jeffrey vacation  
**Subject:** Fwd: Zorro Ranch Revised  
**Attachments:** HGS Contract Revised.pdf; Untitled attachment 00660.htm

I just spoke with the owner Bill Whaley who was reluctant to discount his pricing any further than the \$1,600 offered in this email.

I was able to persuade him to agree to a total discount of \$6,000 which represents a 4.85% discount from original quote. Accordingly their price to drill would be \$117,221 They will be ready to start next week around July 25th + or - a day

Please note that this quote is priced for the full 800 feet of drilling If we only drill 700 feet then the cost will be reduced by approximately \$6,300

Other costs involved with drilling other than HGS \$117,221 are as follows:

a) Casey Cook - consultant to oversee job and file reports - approximately \$12,500 (billing rate of \$150 per hour) - costs already incurred and paid in 2012 with identifying well, meeting with Brice and filing permits, etc. amount to \$9,000

b) RMC Electric - approximately \$17,500 per Brice (i will forward his quote and negotiate with him as well)

Estimated total drilling costs with gross receipts tax: \$165,974

(this number includes \$9,000 costs already incurred and New Mexico gross receipts tax rate of 6.625% - darren is looking into why gross receipts is applicable)

Please advise

PLEASE NOTE EFFECTIVE JUNE 5TH MY CONTACT INFO WILL BE AS FOLLOWS:

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue, 4th Floor,  
New York, New York 10022  
tel = [REDACTED]  
fax = [REDACTED]  
cell = [REDACTED]

Begin forwarded message:

From: Casey Cook <[REDACTED]>

Date: July 17, 2012 10:17:42 AM EDT

To: Richard Kahn <[REDACTED]>

Cc: brice gordon <[REDACTED]>

Subject: Fwd: Zorro Ranch Revised

Richard K.;

Hydrogeologic Services sent the attached revised draft contract with a price adjustment on the 8-inch screen. The price is reduced from \$28/foot to \$24/foot from the original bid, which reduces the total well cost by \$1600. The other unit costs are the same as in the original bid. Please note that the estimated cost of the pump may change depending on the tested well capacity, which may be more or less than the 100 gpm planned for estimating purposes. A larger pump will cost more, a smaller pump less. Also, the drilled and constructed depth may be less than the planned 800 feet depending on determination in the field of the final depth. I understand HGS will invoice Cypress, Inc for the actual footage drilled and cased on the basis of the proposed unit prices.

Hydrogeologic Services indicates they are available to mobilize to the Ranch next week to begin drilling.

I recommend Cypress, Inc. award the contract to Hydrogeologic Services for drilling the 8-inch well at Zorro Ranch because of their lower bid price and earlier availability than the other responsive bidder (Yellow Jacket Drilling), and for their previous experience drilling a similar well into the target formation at the Ranch.

Please call with any questions you may have, or if you wish to discuss this in further detail.

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Casey W. Cook, P.E.

Balleau Groundwater, Inc.

901 Rio Grande Blvd. NW

Suite 242

Albuquerque, NM 87104

[REDACTED]

[REDACTED]/fax

[www.balleau.com](http://www.balleau.com) <<http://www.balleau.com/>>

----- Forwarded message -----

From: Esperanza Cordova <[REDACTED]> <mailto:[REDACTED]>

Date: Mon, Jul 16, 2012 at 4:53 PM

Subject: Zorro Ranch Revised

To: "Casey W. Cook" <[REDACTED]> <mailto:[REDACTED]>

Thanks,

Esperanza D. Meis

Office Administrator

HydroGeologic Services, =nc.

P.O. Box 94716

Albuquerque, NM 87199-4716

NM License No. [REDACTED]

[REDACTED] > Fax [REDACTED]

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