MF110095

UNIT # 4818 Base File State Lease Control County MF110095 07-105376 100467 REEVES PUBLIC SCHOOL LAND Survey 59 Block Block Name Township Section/Tract E/2 Land Part Part Description 320 Acres Depth Below Depth Above Depth Other STALEY, GEORGE G. Leasing: Name Lease Date 3/16/2009 Analyst:___ 1 yrs Primary Term Maps: Bonus (\$) \$0.00 GIS: \$0.00 Rental (8) 0.1250 Lease Royalty

Contents of Mineral File Number: 110095

1. Letters	2/16/09	See MF 103821 #23 Latter reguesting shut in
Z. RAL Review	3/11/09	SeeMF 103821#24 Shut in Affidaint 2/10/15
3. Letter Bonus + fees	4/20/09	Sec MF 103821 #25 Shut in payment 2/17/15
4. 3 leases	4/20/09	scanned PJ 3-1-16
5. GLO Letter	4/23/09	See MF 103820#28 Bankupter
6. Rontal Paymont (2)	3-1-10	of San Gabriel 9-15/6
See MF 103821 #18 for 750	ling 8/11/10	scannel of 10-21-16
committee report + Pooling	Agree# 4818	(See MF103820#29, Assign#9895)
See MF 108320 #6 for #179	33 WI	S.H. Staley, et al To: ICA, et al
assignment		See MF 103820#30, Assign#9896
scanned sm	6413	Sipes Expl. To: Sipes, Jr., et al
Sec MF103821 #20 Hotices	spud 389-34	1073 seannel Pt 11-30-16
See MF 103821 #21 Production	Rpt. 389-340	73 See MF/03820#31 H/1gn# 10372
scanned p	6/13/14	ICA. Sipes exal Fo Atlantic Res 8-24-17
7. Daily Drilling Rots, - Januar	42014	scanned Pt 9-8-2017
8. Daily Drilling Rots. Feb. 2014	2/28/14 3 3/30/14	See MF103820#32 Assign # 10469
9. Daily Drilling Rpts March &	5014 073 4/22/14	Atlantic (No Keeves 11-20-17)
10. Daily Compl. Rpts April to	June 2014	scanned Pt 11-28-2017
11. Other Daily Compl. Rps Remer		16. Cert. of Fact 15 FEB 2018
12. Daily Compl. RptBonesprins	-Oct.	scanned Pt 5-11-2018
13. Daily Comp workover Rep	11/13/14	See MF-103820#34 Avign# 10598
14. Affidaint of claim for Miner	al liem	Staley et al @ ICA Energy 5-25-18
15. Contact information for u	2/21/14	See MF 103820 #35, Nright 10599
See# 18. MF 103.820 Le Partial Assignment - SanGia	briel to	Sippl & Silver Conv 5-25-18
Fortitude Energy, uc - un	2/17/11	
See #19 MF 103820 Partial	3/17/14 Assign	Siper Solver Conv & Do Atlantic Kos 5-25-18
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scanned Pt	1-15-15	A Hantic To 1 Vu. Preever 5-31-18

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spenned pt 5-31-2018	
Recon Billing 2/19/2019	
scanned It 3-1-2019	
18. Shul-in payment & affidait 5/13/24	
18. Shut-in payment & affidavit 5/13/24 19. Letter accepting shut in 5/13/24	
scanned WM 5.14.2024	
-7	



P.O. Box 1556 Midland, Texas 79702 (432) 682-3749

February 16, 2009

Mr. Drew Reid General Land office 1700 N. Congress Ave. Austin, TX 78701-1495

Re: Proposed Mineral Classified Oil & Gas Lease - E/2 Sections 3, Block 59, PSL, Reeves County, TX

Dear Drew:

Reference is made to our conversation today; George G. Staley is interested in leasing the captioned acreage subject to the following terms:

- 1. Bonus consideration \$100/acre. Term for one (1) year. Royalty 1/4.
- 2. The lease would have an option to extend the lease for an additional two years by paying \$200/acre for the second year rental. This payment will pay ye the 3relyne

Please take a look at our proposal and advise if it is acceptable. We believe with the energy price collapse, that the acreage bonuses are no longer worth the higher prices.

Yours truly,

Ted M. Fergeson

File No.	MF 110095
Tu	to
Date Filed:_	Patterson, Commissioner
Ву 🖁	diction, commissioner

RAL REVIEW SHEET

6460 Transaction # R. Widmayer Geologist: ??? 2/17/2009 UŁ Lessor: Lease Date: George G. Staley 320 Lessee: Gross Acres: 320 Net Acres: **LEASE DESCRIPTION** County PIN# Base File No Part Sec. **Block** Twp Survey Abst# **REEVES** 07-105376 100467 E/2 3 59 00 PUBLIC SCHOOL LAND 2778 **TERMS OFFERED TERMS RECOMMENDED** 1 year **Primary Term** 1 year Primary Term: \$100.00 \$100.00 Bonus/Acre: Bonus/Acre Rental/Acre: \$0.00 Rental/Acre \$0.00 1/4 1/4 Royalty: Royalty COMPARISONS MF# Bonus/Ac. Rental/Ac. Distance Lessee Date Term Royalty Last Lease MF103821 Pure Resources, L.P. 12/15/2003 3 years \$50.00 \$1.00 3/16

Comments:

Approved: PACS 3.11.09

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office		Jerry Pa	atterson, Commiss	ioner
TO: Jerry Patterson, Commissi Larry Laine, Chief Clerk Bill Warnick, General Cou Louis Renaud, Deputy Con FROM: Robert Hatter, Director of Peter Boone, Chief Geolog	nnsel mmissioner Mineral Leasing	DATE:	11-Mar-09	
Applicant: George G. Staley Prim. Term: 1 year Royalty: 1/4	Bonus/Acre Rental/Acre	County: \$100.00 \$0.00	REEVES	
Consideration Recommended: Not Recommended: Comments:	Date: 3.11	-09		
Lease Form Recommended: TH Not Recommended: Comments:	Date:3/	11/39		
Louis Renaud, Deputy Commissioner Recommended:	Date: <u>3/2</u>	26/09		
Bill Warnick, General Counsel Recommended: Not Recommended:	Date: So	nuse		
Approved:	Date:	27los_		
Jerry Patterson, Commissioner Approved: Not Approved:	Date:	we		

R

File No MF 10092

Date Filed: 241169

Jerry Patterson, Commissioner

By

P.O. Box 1556 Midland, Texas 79702 (432) 682-3749

April 16, 2009

Mr. Drew Reid General Land office 1700 N. Congress Ave. Austin, TX 78701-1495

Re: Oil & Gas Leases · Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara L. White, Trustee of the Barbara L. White Revocable Living Trust and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated November 14, 2007. East One·Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

Gentleman:

Enclosed herewith are three (3) certified recorded copies of the captioned Leases. Also enclosed are my checks as follows:

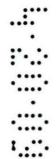
- 1. Check in the amount of \$16,000.00 for the Bonus due the State of Texas.
- 2. Check in the amount of \$125.00 for the filing fee.

Please send your usual letter approving the Lease when available.

Yours truly,

Ted M. Fergeson

Enclosures:



GEORGE G. STALET UILA GAS ACCOUNT

From: George G. Stalev

To: General Land Office 1700 N. Congress Ave. Austin, TX 78701-1495 ,

Invoice #

Invoice Amt 16.000.00

Bonus due the State of Texax for Oil & Gas Leases - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara White, dealing in her sole and separate property and Bruce E. Bowe and Louise E. Bowe. Trustees of the Bruce E. Bowe and Louis F. Bowe Rev. Trust. dated. November 14, 2007, East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

Vendor Code GLO

Check Date 04/02/2009 Check Amount \$16,000.00

Check Number W TX-1386

001386

GEORGE G. STALEY OIL & GAS ACCOUNT

From: George G. Staley

General Land Office 1700 N. Congress Ave. Austin, TX 78701-1495

Invoice #

Invoice Amt

16,000.00

Bonus due the State of Texax for Oil & Gas Leases - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara White, dealing in her sole and separate property and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated November 14, 2007. East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

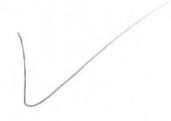
001386

Vendor Code GLO

Check Date 04/02/2009

Check Amount \$16,000.00

Check Number W TX-1386



From: George G. Staley

To: General Land Office 1700 N. Congress Ave.

Austin, TX 78701-1495

Invoice #

Invoice Amt 125.00

Filing fee for Oil & Gas Leases - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara White, dealing in her sole and separate property and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated November 14, 2007. East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

Vendor Code GLO

Check Date 04/02/2009

Check Amount \$125.00

Check Number W TX-1387

GEORGE G. STALEY OIL & GAS ACCOUNT

Invoice #

From: George G. Staley

General Land Office

1700 N. Congress Ave.

Austin, TX 78701-1495

Invoice Amt

125.00

Filing fee for Oil & Gas Leases - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara White, dealing in her sole and separate property and Bruce E. Bowe and Louise E. Bowe. Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated November 14, 2007. East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

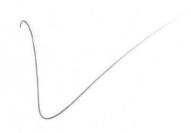
001387

Vendor Code GLO

Check Date 04/02/2009

Check Amount \$125.00

Check Number W TX-1387



File No. MF/10095

File No. MF/10095

Date Filed: Hach, Commissioner

By Astrerson, Commissioner



General Land Office Relinquishment Act Lease Form Revised, September 1997

The State of Texas



MF 110095

Austin, Texas

OIL AND GAS LEASE

THIS AGRE	EEMENT is made and entered into this _	16 day of MARCH	,20 <u>09</u>	, between the State	of Texas, acting
y and through its age	ent, WELDON SCOTT ARMSTRONG, JR	a/k/a SCOTT ARMSTR	ONG, JR. AND WIFE R	ERGINA ANNE ARMSTI	RONG
f 715 WEST 15TH.	PECOS, TEXAS 79772				
(Give Permanent Ad	dress)				
aid agent herein refe	rred to as the owner of the soil (whether	one or more), and	GEORGE G. STALEY		
fP.O. BOX 15	556, MIDLAND, TX 79702			_ hereinafter called Les	see.
(Give Permanent Add					
performed by Lessee the sole and only pure stations, telephone lin	NG CLAUSE. For and in consideration under this lease, the State of Texas acrosses of prospecting and drilling for anness and other structures thereon, to produce and other structures thereon, to produce a county, State of	ting by and through the d producing oil and gas duce, save, take care of,	owner of the soil, hereb , laying pipe lines, build	y grants, leases and lets ding tanks, storing oil as	s unto Lessee, for nd building power
EAST ONE-HALF (E	(/2) OF SECTION 3, BLOCK 59, PUBLIC	SCHOOL LAND SURVE	ΞΥ		
		VV V VY			
containing 320	acres, more or less. The bond	us consideration paid for	this lease is as follows:		
T	o the State of Texas: EIGHT THOUSAND	O AND NO/100			
	Dollars (\$8,000.00)			
T	o the owner of the soil: EIGHT THOUSA				_
	Dollars (\$8,000.00)			
T	otal bonus consideration: SIXTEEN THO				_
	Dollars (\$16,000.00)			
he total bonus consid	deration paid represents a bonus of ONE	HUNDRED			
	Dollars (\$_	100.00) pe	r acre, on <u>160</u>	net acres.	
	ched for option to extend Lease for an				
		ie lagen thie lagen et	sall has for a torus of	CALC	Miles Consum 12 mans
	Subject to the other provisions in the				
n this lease, the term	d "primary term") and as long thereafter	as oil and gas, or either	of them, is produced in	paying quantities from s	aid land. As used
		as oil and gas, or either s that the receipts from	of them, is produced in	paying quantities from s	aid land. As used
overed exceed out of	d "primary term") and as long thereafter n "produced in paying quantities" means	as oil and gas, or either s that the receipts from months last past.	of them, is produced in the sale or other autho	paying quantities from s rized commercial use of	aid land. As used the substance(s)

instrument before it is filed for record in the public records: Your social security number or driver's license number.

True and Correct



inless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the
Bank, at
or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in additional cases shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well one (1) year from said date. Payments under this paragraph shall be in the following amounts:
To the owner of the soil:
Dollars (\$)
To the State of Texas:
Dollars (\$)
Total Delay Rental:
Dollars (\$)
n a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one ear each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or a ssignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) sho ease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not eld in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a projectordable instrument naming another bank as agent to receive such payments or tenders.
4. PRODUCTION ROYALTIES. Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royal royaled for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to wner of the soil:
(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also ill condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provid hall be
(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances efined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant ne extraction of gasoline, liquid hydrocarbons or other products) shall be 1/4 part of the gross production or the market value thereof, at ption of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered as of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the grear rovided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for spectravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.
(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the own of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is reater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons accovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid dydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a process greenment negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracting in industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest man rice paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residual contractions. The respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, since royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.
(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liq ydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other <u>processing</u> spallt be gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Off such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product roduced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is reater.
5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, by alties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall use and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less.

amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this

naragraph the delay rental amount shall be one dollar (\$1 00) her acre

1/4

Original filed in Resves County Clerks Office

- 6. ROYALTY IN KIND. Notwithstarking any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.
- 7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.
- 8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.
- 9. ROYALTY PAYMENTS AND REPORTS. All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin to accrue when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's •• right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

- 10. (A) RESERVES, CONTRACTS AND OTHER RECORDS. Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.
- (B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.
- (C) PENALTIES. Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.
- 11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause. Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking

Reeves County Clerks Office operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

- 12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.
- 13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.
- 14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.
- 15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.
- a16. RETAINED ACREAGE. Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.
- (A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



- (B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.
- (C) IDENTIFICATION AND FILING. The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.
- 17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.
- 18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.
- 19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.
- 20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.
- (B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.
- 21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.
- 22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.
 - 23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.
- 24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.



- 25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.
- 26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.
- 27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including
- (B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:
 - (1) a nominee of the owner of the soil;
 - (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
 - (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
 - (4) a principal stockholder or employee of the corporation which is the owner of the soil;
 - (5) a partner or employee in a partnership which is the owner of the soil;
 - (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
 - (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.
- 28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.
- 29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filled in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filled, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.
- 30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.
- 31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.
- 32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the

Original filed in Reeves County Clerks Office Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

- 33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chap. 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.
- 34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.
- 35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related 🕻 . environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement • or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.
- 36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.
- 37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

copy of Original filed in Reeves County Clerks Office 38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE

Date:

3/31/09

STATE OF TEXAS BY:	STATE OF TEXAS BY: Man Ormstrag Individually and as agent for the State of Texas Regina Ann Armstrong Date: 3/27/09
STATE OF TEXAS	STATE OF TEXAS
BY:	BY:
Individually and as agent for the State of Texas	Individually and as agent for the State of Texas
Date	Date:



STATE OF	(CORPORATION ACKNOWLEDGMENT)
COUNTY OF	
BEFORE ME, the undersigned authority, on this day personally	appeared
known to me to be the person whose name is subscribed to the foregoing	instruments as
	and acknowledged to me that he
executed the same for the purposes and consideration therein expressed,	in the capacity stated, and as the act and deed of said corporation.
Given under my hand and seal of office this the day	of, 20
	Notary Public in and for
STATE OF	(CORPORATION ACKNOWLEDGMENT)
COUNTY OF	
BEFORE ME, the undersigned authority, on this day personally	appeared
known to me to be the person whose name is subscribed to the foregoing	
	and acknowledged to me that he
executed the same for the purposes and consideration therein expressed,	in the capacity stated, and as the act and deed of said corporation.
Given under my hand and seal of office this the day	of, 20
	Notary Public in and for
STATE OFTEXAS	(INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF MIDLAND	•
BEFORE ME, the undersigned authority, on this day personally	appeared GEORGE G. STALEY
The state of the s	going instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.	
Given under my hand and seal of office this the 31 day	of <u>MARCH</u> , 20 <u>09</u>
	Book dime limator
BECKY LYNN WORCESTER	Sigg gym au raster
NOTARY PUBLIC STATE OF TEXAS	Notary Public in and for
STATE OF TEXAS MY COMM. EXP. 08/19/2012	(INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF REEVES	
BEFORE ME, the undersigned authority, on this day personally	CONSTRUCTION CONT. ADMICTRONIC ID. 19/1/2 CONT.
ARMSTRONG, JR. AND WIFE, REGINA ANNE ARMSTRONG	appeared WELDON SCOTT AKWISTKONG, JK., awa SCOTT
known to me to be the persons whose names are subscribed to the foreg	going instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.	
Given under my hand and seal of office this the 27 day of	of <u>MARCH</u> , 20 <u>09</u>
- cultus	Carini Liland
CECILIA WARD Notary Public, State of Texas	True and Correct
My Commission Expires November 30, 2011	Notary Public in and for sopy of

oopy of Original filed in Frooves County

EXHIBIT 'A'

ATTACHED TO THAT CERTAIN OIL AND GAS LEASE DATED MARCH 16, 2009, BY AND BETWEEN WELDON SCOTT ARMSTRONG, JR., a/k/a SCOTT ARMSTRONG, JR., AND WIFE, REGINA ANNE ARMSTRONG, AND AS AGENT FOR THE STATE OF TEXAS, LESSOR, AND GEORGE G. STALEY, LESSEE

- 40. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS LEASE MAY BE EXTENDED FOR AN ADDITIONAL TWO (2) YEAR PERIOD BY THE PAYMENT BY LESSEE TO THE STATE OF TEXAS OF \$100 PER NET ACRE AND A LIKE AMOUNT TO THE AGENT AND OWNER OF THE SOIL NAMED ABOVE. SAID PAYMENT, AT THE OPTION OF LESSEE, MAY BE TENDERED ON OR BEFORE MARCH 15, 2010.
- CONTINUOUS DEVELOPMENT. Nothwithstanding anything contained herein to the contrary at the end of the primary term, this lease will terminate as to all lands, except lands included in the maximum size proration units approved or allowed by the Railroad Commission of the State of Texas for each well from which oil and/or gas is being produced in paying quantities. However, if at the end of the primary term, Lessee has completed or is drilling at least one (1) well on the leased premises, this lease shall continue so long as Lessee *begins to drill (with diligence) a well within six (6) months after the end of the primary term, and begins thereafter to drill (with diligence), another well within each six (6) month interval after the end of the primary term as provided above, then this lease will terminate as to all lands included in a maximum size producing proration unit approved or allowed by the Railroad Commission of Texas, or as otherwise provided herein, of a well producing in paying quantities, and all depths to one hundred feet (100') below the base of the deepest producing horizon or the stratigraphic equivalent thereof as to each producing well. After the primary term, if the production of oil or gas as to any proration unit should cease, this lease shall not terminate as to such proration unit if Lessee commences additional drilling, reworking or other operations to attempt to establish production of oil or gas in paying quantities without cessation of more than 60 days and in the event production of oil or gas is restored, for so long thereafter as oil or gas is produced from such proration unit in paying quantities.
- * "Begins to drill" is the time when there has been erected a derrick, a rig and machinery, other than a cable tool, capable of drilling to the total depth and the machinery is drilling under power. As used in this lease, the term "producing in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

I, Diame O. Plane, Clerk of the Courty Court in

True and Correct
copy of
Original filed in
Reeves County
Clerks Office

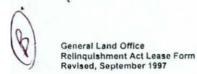
File No. (10095

Lease A Date Filed: 42009

Jerry E. Patterson, Commissioner

By Ab

THE STATE OF TEXAS
COUNTY OF REEVES I, Dianne O. Florez, Clerk of the County Court in an
for said County and State do hereby certify that the foregoing is a true and correct copy of the said March 16, 2009
filed for record in my office this day of April 309
11.45 M, under Clerk's File No. 1/38, to be recorded in the
Millal Public
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official spal at Pecos, Texas
this day of
MANIA DOMANO
LAMA OF LOREZ COUNTY CLARK
By Deputy, REEVES COUNTY, TEXAS





The State of Texas



Austin, Texas

OIL AND GAS LEASE

(Give Permanent Address) aid agent herein referred to as the owner of the soil (whether one or more), andGEORGE G. STA	
aid agent herein referred to as the owner of the soil (whether one or more), andGEORGE G. STA	
	LEY
P.O. BOX 1556, MIDLAND, TX 79702	hereinafter called Lessee.
(Give Permanent Address)	
GRANTING CLAUSE. For and in consideration of the amounts stated below and of the cerformed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, ne sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines tations, telephone lines and other structures thereon, to produce, save, take care of, treat and transportituated in REEVES County, State of Texas, to-wit:	hereby grants, leases and lets unto Lessee, for building tanks, storing oil and building power
EAST ONE-HALF (E/2) OF SECTION 3, BLOCK 59, PUBLIC SCHOOL LAND SURVEY	
ontaining 320 acres, more or less. The bonus consideration paid for this lease is as foll	love:
	ows.
To the State of Texas: FOUR THOUSAND AND NO/100	OWS.
To the State of Texas: <u>FOUR THOUSAND AND NO/100</u> Dollars (\$4,000.00	
Dollars (\$4,000.00	
To the owner of the soil: FOUR THOUSAND AND N0/100	
To the owner of the soil: FOUR THOUSAND AND N0/100 Dollars (\$4,000.00)	
To the owner of the soil: FOUR THOUSAND AND N0/100 Dollars (\$4,000.00 Total bonus consideration: EIGHT THOUSAND AND NO/100	
To the owner of the soil: FOUR THOUSAND AND N0/100 Dollars (\$4,000.00) Total bonus consideration: EIGHT THOUSAND AND NO/100 Dollars (\$8,000.00) The total bonus consideration paid represents a bonus of ONE HUNDRED Dollars (\$_100.00) per acre, on 80	
To the owner of the soil: FOUR THOUSAND AND N0/100 Dollars (\$4,000.00 Total bonus consideration: EIGHT THOUSAND AND NO/100 Dollars (\$8,000.00) The total bonus consideration paid represents a bonus of ONE HUNDRED	net acres.

instrument before it is filed for record in the public records: Your social security number or driver's license number.

3. DELAY RENTALS. If no we						
unless on or before such anniversary date				r to his credit in the	e	
or its successors (which shall continue as Lessee shall pay or tender to the COMMIS or before said date. Payments under this one (1) year from said date. Payments un	s the depositor SSIONER OF paragraph sha	THE GENERAL LAI	nges in the owners ND OFFICE OF TH tal and shall cover	IE STATE OF TEX	(AS, AT AUSTI	N, TEXAS, a like sum of
To the owner of the o	oil:					True and Correct
To the owner of the s					SEOFTEA	copy of
					(5) (2)	Original filed in
To the State of Texas						Reeves County
					ES COU	Clerks Office
Total Delay Rental: _						
Dollars	(\$)			
assignee of this lease, and may be delive cease to exist, suspend business, liquida held in default for failure to make such precordable instrument naming another ba	ite, fail or be so payments or te ink as agent to	acceeded by another inders of rental until receive such payme	er bank, or for any I thirty (30) days a ents or tenders.	reason fail or refu fter the owner of t	se to accept re- he soil shall de	ntal, Lessee shall not t liver to Lessee a prop
provided for in this lease to the Commission owner of the soil: (A) OIL. Royalty payable on oil all condensate, distillate, and other liquid shall be 1/4 part of the gross p Land Office, such value to be determined hydrocarbons, respectively, of a like type paid in the general area where produced any gas produced from the leased premise and gas separator of conventional type, owill be recovered. The requirement that such terms and conditions as they prescri	inner of the Ger in hydrocarbons roduction or the by 1) the higher and gravity in the and when run, ses is sold, use for other equipments such gas be run ibe.	neral Land Office of ned as including all recovered from oil a market value therest posted price, plu he general area wh or 3) the gross proc d or processed in a lent at least as effici through a separat	hydrocarbons proc or gas run through eof, at the option o is premium, if any, here produced and ceeds of the sale the plant, it will be run ient, so that all liquor or or other equipm	duced in a liquid for a separator or of the owner of the offered or paid for when run, or 2) the ereof, whichever is free of cost to the ent may be waived	and one-half (1 form at the mouth ther equipment, soil or the Com- oil, condensate e highest marke is the greater. Lo e royalty owners ecoverable from d, in writing, by	h of the well and also as hereinafter provide missioner of the General distillate, or other liquit price thereof offered essee agrees that beforthrough an adequate of the gas by such mean the royalty owners upon
(B) NON PROCESSED GAS. defined as oil in subparagraph (A) above the extraction of gasoline, liquid hydrocard option of the owner of the soil or the Congas of comparable quality in the general a provided that the maximum pressure bas and the standard base temperature shall gravity according to tests made by the Ba (C) PROCESSED GAS. Royal hydrocarbons shall be 1/4 part of the soil or the Commissioner of the G	e, produced from bons or other promissioner of the area where prose in measuring be sixty (60) de lance Method calty on any gar of the residue general Land O	m any well on said roducts) shall be he General Land O duced and when ruly the gas under this egrees Fahrenheit, or by the most appropriate processed in a gas and the liquid heffice. All royalties described in the second se	land (except as pr 1/4 part of office, such value to n, or the gross price lease shall not at correction to be made oved method of tes gasoline plant or ydrocarbons extract lue herein shall be	ovided herein with f the gross product to be based on the e paid or offered to any time exceed ade for pressure acting being used by other plant for the ted or the market based on one hu	respect to gas ation or the mar highest market to the producer, 14.65 pounds peccording to Boy the industry at the recovery of value thereof, andred percent (processed in a plant f ket value thereof, at the price paid or offered f whichever is the greate er square inch absolut le's Law, and for specif the time of testing. gasoline or other lique t the option of the own (100%) of the total pla
production of residue gas attributable to greater, of the total plant production of larecovered from gas processed in a plant hydrocarbons shall be fifty percent (50% agreement negotiated at arm's length (or the industry), whichever is the greater. The price paid or offered for any gas (or liquid gas (or the weighted average gross selling the royalties payable under this paragraph (D) OTHER PRODUCTS. Roy hydrocarbons) whether said gas be "casing great to the greater of the greater	gas produced fiquid hydrocard in which Lesse (%) or the high if there is no sume respective roll hydrocarbons ag price for the high be less than the yalty on carbon aghead," "dry,"	rom this lease, and cons attributable to e (or its parent, subject percent accruing the third party, the hoyalties on residue go of comparable quarespective grades which version black, sulphur or or any other gas, by	I on fifty percent (5 the gas produced osidiary or affiliate) ag to a third party nighest percent the gas and on liquid hality in the general of liquid hydrocarbo would have been do any other producty fractionating, burn	10%), or that perced from this lease; processing gas to the processing the processing gas not the processing gas not the processing gas to processing gas proce	ent accruing to L provided that if then the percer hrough such pl n processing ag be determined ss price paid or the greater. In been processe anufactured fro rocessing shall	Lessee, whichever is the liquid hydrocarbons a nage applicable to liquid ant under a processing reements or contracts by 1) the highest mark offered for such residual event, however, shad the mark of the contract of the liquid event.
the gross production of such products, or such market value to be determined as for produced, or 2) on the basis of the average	ollows: 1) on the	e basis of the highe	st market price of	each product for th	ne same month	in which such product

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the

royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this

greater.

paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

- 6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.
- 7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.
- 8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.
- 9. ROYALTY PAYMENTS AND REPORTS. All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin to accrue when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

- 10. (A) RESERVES, CONTRACTS AND OTHER RECORDS. Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.
- (B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.
- (C) PENALTIES. Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.
- 11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term, and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling for reworking

Reeves County Clerks Office operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

- 12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.
- 13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.
- 14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.
- 15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.
- 16. RETAINED ACREAGE. Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.
- (A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

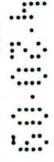


True and Correct
copy of
Original filed in
Reeves County
Clerks Office

- (B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.
- (C) IDENTIFICATION AND FILING. The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.
- 17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.
- 18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.
- 19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.
- 20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above the described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.
- (B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.
- 21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.
- 22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.
 - 23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.
- 24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.

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Original filed in
Reeves County
Clerks Office

- 25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.
- 26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.
- 27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including
- (B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:
 - (1) a nominee of the owner of the soil;
 - (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
 - (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
 - (4) a principal stockholder or employee of the corporation which is the owner of the soil;
 - (5) a partner or employee in a partnership which is the owner of the soil;
 - (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
 - (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.
- 28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.
- 29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.
- 30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.
- 31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.
- 32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the



Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

- 33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chap. 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.
- 34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.
- 35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF 1 THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.
- 36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.
- 37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

Original filed in Reeves County Clerks Office 38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

LESSEE /	-10
BY: CLOVOL).	alaly
Title: GEORGE G, STALEY	
Date: 4-2-09	
STATE OFTEXAS	STATE OF TEXAS
Individually and as agent for the State of Texas	BY: Individually and as agent for the State of Texas
BARBARA L. WHITE , TRUSTEE OF THE BARBARA L. WHITE	mandally and as agon to the state of tende
Date:	Date:
STATE OF TEXAS	STATE OF TEXAS
BY:	BY:
Individually and as agent for the State of Texas	Individually and as agent for the State of Texas
Date:	Date:



COUNTY OF		
BEFORE ME, the undersigned authority, on this day personally app	peared	
known to me to be the person whose name is subscribed to the foregoing inst	truments as	
of	and	d acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in t	he capacity stated, and as the act and deed o	of said corporation.
Given under my hand and seal of office this the day of _	. 20 EOF 76	True and Correct copy of Original filed in
	(B) (M)	Reeves County
	Notary Public in and for	Clerks Office
STATE OF	(CORPORATION AC	CKNOWLEDGMENT)
COUNTY OF		
BEFORE ME, the undersigned authority, on this day personally app	peared	
known to me to be the person whose name is subscribed to the foregoing inst		
of	and	d acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in t	the capacity stated, and as the act and deed of	of said corporation.
Given under my hand and seal of office this the day of _	20	
Given under my hand and scal of office this the day of _		
	Notary Public in and for	
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STATE OFTEXAS	(INDIVIDUAL ACKN	OWLEDGMENT)
COUNTY OF MIDLAND		•
	OFORCE O STALEY	1
BEFORE ME, the undersigned authority, on this day personally app	Dealed GEORGE G. STALET	
known to me to be the persons whose names are subscribed to the foregoing	g instrument, and acknowledged to me that the	ney executed the same for the
purposes and consideration therein expressed.		
Given under my hand and seal of office this the day of M	AROH April 2009	
		. +
BECKY LYNN WORCESTER	Belby dynn lib	rester
NOTARY PUBLIC STATE OF TEXAS	Notary Public in and for	
MY COMM. EXP. 08/19/2012		
STATE OF <u>CALIFORNIA</u>	(INDIVIDUAL ACKN	OWLEDGMENT)
COUNTY OF Orange		
BEFORE ME, the undersigned authority, on this day personally app	peared BARBARA L. WHITE, TRUSTEE OF 1	THE BARBARA L. WHITE
REVOCABLE LIVING TRUST		
known to me to be the persons whose names are subscribed to the foregoing	g instrument, and acknowledged to me that the	ney executed the same for the
purposes and consideration therein expressed.		
Given under my hand and seal of office this the 14th tag of M	April 2009.	
DAVID NOYUN MYUNG		-
Commission # 1761544 Notary Public - California	2 110	CC all 1
Orange County My Comm. Expires Aug 13, 2011	Notary Public in and for	nia. (See Atlach

(CORPORATION ACKNOWLEDGMENT)

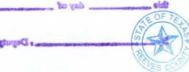
STATE OF

EXHIBIT 'A'

ATTACHED TO THAT CERTAIN OIL AND GAS LEASE DATED MARCH 16, 2009, BY AND BETWEEN BARBARA L. WHITE, TRUSTEE OF THE BARBARA L. WHITE REVOCABLE LIIVING TRUST, AND AS AGENT FOR THE STATE OF TEXAS, LESSOR, AND GEORGE G. STALEY, LESSEE

- 40. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS LEASE MAY BE EXTENDED FOR AN ADDITIONAL TWO (2) YEAR PERIOD BY THE PAYMENT BY LESSEE TO THE STATE OF TEXAS OF \$100 PER NET ACRE AND A LIKE AMOUNT TO THE AGENT AND OWNER OF THE SOIL NAMED ABOVE. SAID PAYMENT, AT THE OPTION OF LESSEE, MAY BE TENDERED ON OR BEFORE MARCH 15, 2010.
- 41. CONTINUOUS DEVELOPMENT. Nothwithstanding anything contained herein to the contrary at the end of the primary term, this lease will terminate as to all lands, except lands included in the maximum size proration units approved or allowed by the Railroad Commission of the State of Texas for each well from which oil and/or gas is being produced in paying quantities. However, if at the end of the primary term, Lessee has completed or is drilling at least one (1) well on the leased premises, this lease shall continue so long as Lessee *begins to drill (with diligence) a well within six (6) months after the end of the primary term, and begins thereafter to drill (with diligence), another well within each six (6) month interval after the end of the primary term as provided above, then this lease will terminate as to all lands included in a maximum size producing proration unit approved or allowed by the Railroad Commission of Texas, or as otherwise provided herein, of a well producing in paying quantities, and all depths to one hundred feet (100') below the base of the deepest producing horizon or the stratigraphic equivalent thereof as to each producing well. After the primary term, if the production of oil or gas as to any proration unit should cease, this lease shall not terminate as to such proration unit if Lessee commences additional drilling, reworking or other operations to attempt to establish production of oil or gas in paying quantities without cessation of more than 60 days and in the event production of oil or gas is restored, for so long thereafter as oil or gas is produced from such proration unit in paying quantities.
- * "Begins to drill" is the time when there has been erected a derrick, a rig and machinery, other than a cable tool, capable of drilling to the total depth and the machinery is drilling under power. As used in this lease, the term "producing in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

DIANNE O PLORES COUNTY CLEEK



True and Correct copy of Original filed in Reeves County Clerks Office

Hod for record in my office this 15th 15th are of 140411 S.H. P. M. under Clear, File No. 12401 H. D. H. Carl H. H. D. L. K. Card S. In he recorded in the 15th TO CERTIFY WHICH, Witness my man distribution of 15th day of 140411		- B
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The State of Texas

Austin, Texas

OIL AND GAS LEASE

by and through its agent, BRUCE E. BOWE AND LOUISE E. BOWE, TRUSTEES OF	THE BRUCE E. BOWE AND LOUISE E. BOWE REV. TR, DTD
11-14-07	
of 561 BUCKEYE CT., SANTA ROSA, CALIFORNIA 95409	
(Give Permanent Address)	×
said agent herein referred to as the owner of the soil (whether one or more), and	GEORGE G. STALEY
of P.O. BOX 1556, MIDLAND, TX 79702	hereinafter called Lessee.
(Give Permanent Address)	•
performed by Lessee under this lease, the State of Texas acting by and through the or the sole and only purpose of prospecting and drilling for and producing oil and gas, stations, telephone lines and other structures thereon, to produce, save, take care of, to situated in _REEVES County, State of Texas, to-wit:	laying pipe lines, building tanks, storing oil and building power
EAST ONE HALE (E/2) OF SECTION 3 BLOCK 59 PUBLIC SCHOOL LAND SUBVE	v
EAST ONE-HALF (E/2) OF SECTION 3, BLOCK 59, PUBLIC SCHOOL LAND SURVE	Y
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Bank, at
or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:
To the owner of the soil:
Dollars (\$)
To the State of Texas:
Dollars (\$)
Total Delay Rental: Dollars (\$)
In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.
4. PRODUCTION ROYALTIES. Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:
(A) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided
shall be1/4 part of the gross production or the market value thereof, at the option of the owner of the Soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid by the production of a like type and growth in the general area where produced and when you are 3) the highest market price thereof of forced as
hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered of paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate of and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.
(B) NON PROCESSED GAS. Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances no
defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be1/4 part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.
(C) PROCESSED GAS. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be
of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plan production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid
hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in
the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue.
gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.
(D) OTHER PRODUCTS. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be
5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

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3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate,

- 6. ROYALTY IN KIND. Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.
- 7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.
- 8. PLANT FUEL AND RECYCLED GAS. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.
- 9. ROYALTY PAYMENTS AND REPORTS. All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin to accrue when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

- 10. (A) RESERVES, CONTRACTS AND OTHER RECORDS. Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.
- (B) PERMITS, DRILLING RECORDS. Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.
- (C) PENALTIES. Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is effective on the date when the materials were due in the General Land Office.
- 11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause. Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term, and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking

Reeves County Clerks Office operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

- 12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional wells are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.
- 13. CESSATION, DRILLING, AND REWORKING. If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.
- 14. SHUT-IN ROYALTIES. For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.
- 15. COMPENSATORY ROYALTIES. If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.
- 16. RETAINED ACREAGE. Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.
- (A) VERTICAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.154, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.



- (B) HORIZONTAL. In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.
- (C) IDENTIFICATION AND FILING. The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.
- 17. OFFSET WELLS. Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.
- 18. FORCE MAJEURE. If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.
- 19. WARRANTY CLAUSE. The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.
- 20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.
- (B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.
- 21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.
- 22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.
 - 23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.
- 24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.

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- 25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.
- 26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.
- 27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.
- (B) ASSIGNMENT LIMITATION. Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:
 - (1) a nominee of the owner of the soil;
 - (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
 - (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
 - (4) a principal stockholder or employee of the corporation which is the owner of the soil;
 - (5) a partner or employee in a partnership which is the owner of the soil;
 - (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
 - (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.
- 28. RELEASES. Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.
- 29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.
- 30. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.
- 31. FIDUCIARY DUTY. The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.
- 32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the

Original filed in Reeves County Clarks Office Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

- 33. LIEN. In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chap. 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.
- 34. POOLING. Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.154. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.
- 35. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the ... surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their. respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with ••• the activities of Lessee, its officers, employees, and agents as described above. EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF... THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND . WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE••• NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENČE • • • BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.
- 36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.
- 37. APPLICABLE LAW. This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

Reeves County

38. EXECUTION. This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

Title: GEORGE G. STALEY	
Date: 3/3//09	_
STATE OF TEXAS	STATE OF TEXAS
BY: HS ST	BY: Hyuse Gone
ndividually and as agent for the State of Texas Bruce E. Bowe,	Individually and as agent for the State of Texas Louise E. Bowe,
Trustee of the Bruce E. Bowe and Louise Bowe Rev. Tr. Dated 11-14-07 Date: _ 3 - 20 - 49	Trustee of the Bruce E. Bowe and Louise Bowe Rev. Tr. Dated 11-14-0 Date:3/30/0 9
	/ /
STATE OF TEXAS	STATE OF TEXAS
3Y:	BY:
ndividually and as agent for the State of Texas	Individually and as agent for the State of Texas
Date:	Date:

STATE OF	(CORPORATION ACKNOWLEDGMENT)
COUNTY OF	
BEFORE ME, the undersigned authority, on this day personally ap	ppeared
known to me to be the person whose name is subscribed to the foregoing ins	struments as
of	
executed the same for the purposes and consideration therein expressed, in	the capacity stated, and as the act and deed of said corporation.
Given under my hand and seal of office this the day of _	, 20
	Notary Public in and for
STATE OF	(CORPORATION ACKNOWLEDGMENT)
COUNTY OF	
	peared
known to me to be the person whose name is subscribed to the foregoing ins	
ofexecuted the same for the purposes and consideration therein expressed, in	
Given under my hand and seal of office this the day of _	, 20
	Note: Date to the
	Notary Public in and for
STATE OFTEXAS	(INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF MIDLAND	
BEFORE ME, the undersigned authority, on this day personally ap	neared GEORGE G STALEY
	PORIOG SECTION
known to me to be the persons whose names are subscribed to the foregoin	ng instrument, and acknowledged to me that they executed the same for the
purposes and consideration therein expressed.	•
Given under my hand and seal of office this the 31 day of N	MARCH , 2009 .
	Λ
BECKY LYNN WORCESTER	Becky Lynn worcester
NOTARY PUBLIC STATE OF TEXAS	Notary Public in and for
MY COMM. EXP. 08/19/2012	
STATE OF CALIFORNIA	(INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF SOUGH A	
BEFORE ME, the undersigned authority, on this day personally ap	peared BRUCE E. BOWE AND LOUISE E. BOWE, TRUSTEES OF THE
BRUCE E. BOWE AND LOUISE E. BOWE REV. TR, DTD 11-14-07SSS	
known to me to be the persons whose names are subscribed to the foregoin purposes and consideration therein expressed.	g instrument, and acknowledged to me that they executed the same for the
2-11	
Giv en under thy thand and seal of office this the day of M	MARCH , 20 <u>09</u> .
- 13 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	D
NOTARY PUBLIC -CALIFORNIA Ω	True and Come copy of
SONOMA COUNTY My Comm. Expires Mar. 26, 2011	Notary Public in and for Solver Country Original filed in
and the state of t	(1) 4 Reeves Count
	Clerks Office

EXHIBIT 'A'

ATTACHED TO THAT CERTAIN OIL AND GAS LEASE DATED MARCH 16, 2009, BY AND BETWEEN BRUCE E. BOWE, DEALING IN HIS SOLE AND SEPARATE PROPERTY, AND AS AGENT FOR THE STATE OF TEXAS, LESSOR, AND GEORGE G. STALEY, LESSEE

- 40. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THIS LEASE MAY BE EXTENDED FOR AN ADDITIONAL TWO (2) YEAR PERIOD BY THE PAYMENT BY LESSEE TO THE STATE OF TEXAS OF \$100 PER NET ACRE AND A LIKE AMOUNT TO THE AGENT AND OWNER OF THE SOIL NAMED ABOVE. SAID PAYMENT, AT THE OPTION OF LESSEE, MAY BE TENDERED ON OR BEFORE MARCH 15, 2010.
- 41. CONTINUOUS DEVELOPMENT. Nothwithstanding anything contained herein to the contrary at the end of the primary term, this lease will terminate as to all lands, except lands included in the maximum size proration units approved or allowed by the Railroad Commission of the State of Texas for each well from which oil and/or gas is being produced in paying quantities. However, if at the end of the primary term, Lessee has completed or is drilling at least one (1) well on the leased premises, this lease shall continue so long as Lessee begins to drill (with diligence) a well within six (6) months after the end of the primary term, and *begins thereafter to drill (with diligence), another well within each six (6) month interval after the end of the primary term as provided above, then this lease will terminate as to all lands included in a maximum size producing proration unit approved or allowed by the Railroad Commission of Texas, or as otherwise provided herein, of a well producing in paying quantities, and all depths to one hundred feet (100') below the base of the deepest producing horizon or the stratigraphic equivalent thereof as to each producing well. After the primary term, if the production of oil or gas as to any proration unit should cease, this lease shall not terminate as to such proration unit if Lessee commences additional drilling, reworking or other operations to attempt to establish production of oil or gas in paying quantities without cessation of more than 60 days and in the event production of oil or gas is restored, for so long thereafter as oil or gas is produced from such proration unit in paying quantities.
- * "Begins to drill" is the time when there has been erected a derrick, a rig and machinery, other than a cable tool, capable of drilling to the total depth and the machinery is drilling under power. As used in this lease, the term "producing in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.



True and Correct
copy of
Original filed in
Reeves County
Clerks Office

File No. M. 1809 S. By Jerry Patterson, Commissioner By

THE STATE OF TEXAS
COUNTY OF REEVES I, Dianne O. Plorez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
filed for record in my office this 187 day of Upul 309 at
1.45 A-M, under Clerk's File No 1637, to be recorded in the
Mirial Public
Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official scal at Pecos, Texas
this day of UCIL , 200 /
manuel Street
By DIANNE O. FLOREZ, COUNTY CLERK REEVES COUNTY, TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 23, 2009

George G. Staley P.O. Box 1556 Midland, Texas 79702

Re:

Relinquishment Act Lease - MF-110095

320 acres out of Section 3, Blk. 59, PSL Survey, Reeves County, Texas

Real by ms-

Dear Mr. Staley:

The certified copy of the Relinquishment Act lease covering the above referenced tracts has been approved and filed in our records under Mineral File number MF-110095. Please refer to this number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.

Your remittance of \$16,125.00, applied as the state's portion of the cash bonus \$16,000.00, along with a processing and filing fee in the amount of \$125.00. Please let me know if you should have any questions.

Sincerely,

Drew Reid

Minerals Leasing

Energy Resources

(512) 475-1534

MS/DR

File No. MF 110095

Substitute
Date Filed: 423109
Jerry Panerson, Commissioner

By

P.O. Box 1556 Midland, Texas 79702 (432) 682-3749

February 22, 2010

Mr. Drew Reid General Land office 1700 N. Congress Ave. Austin, TX 78701-1495



Re: To Extend Oil & Gas Leases for additional two years - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara L. White, Trustee of the Barbara L. White Revocable Living Trust and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated March 12, 2009.

MF - 110095

East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

Gentleman:

Relative to the above referenced, please find enclosed a our check number 1490 in the amount of \$16,000.00 to extend Oil & Gas Lease for additional two years, dated March 12, 2009.

Please call should you have any questions.

Yours very truly

Ted M. Fergeson

GEORGE G. STALEY OIL & GAS ACCOUNT

From. George G. Staley

General Land Office 1700 N. Congress Ave. Austin, TX 78701-1495

Invoice # Invoice Amt 16.000.00

Bonus consideration

East One-Half (E/2) of Section 3, Block 59,

PSL Survey, Reeves Co., Texas

Paragon Prospect

To extend Oil & Gas Lease for additional 2

years, dated March 12, 2009

MF-110095

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GEORGE G. STALEY OIL & GAS ACCOUNT

From: George G. Staley

To: General Land Office

1700 N. Congress Ave. Austin, TX 78701-1495

Invoice # Invoice Amt 16,000.00

Bonus consideration

East One-Half (E/2) of Section 3, Block 59,

PSL Survey, Reeves Co., Texas

Paragon Prospect

To extend Oil & Gas Lease for additional 2

years, dated March 12, 2009

MF-110095

Vendor Code GLO Check Date 02/22/2010

Check Amount \$16,000.00

Check Number W TX-1490

001490

10705086

121

MF 110095

001490

Vendor Code GLO Check Date 02/22/2010

Check Amount \$16,000.00 Check Number W TX-1490

File No. MF-	110095
RENTAL PA	AYMENT
Date Filed: 3	rson, Commissioner
By WZ	/

P.O. Box 1556 Midland, Texas 79702 (432) 682-3749

March 1, 2010

Mr. Drew Reid General Land office 1700 N. Congress Ave. Austin, TX 78701-1495



Re: To Extend Oil & Gas Leases for additional two years - Weldon Scott Armstrong, Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara L. White, Trustee of the Barbara L. White Revocable Living Trust and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated March 12, 2009.

MF - 110095

East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas.

Gentleman:

Reference is made my letter of February 22, 2010 as to the payment of \$16,000 for a two year extension for the captioned leases. In checking the extension clause in the lease, I found that we had underpaid the amount due. The State should have received \$32,000 rather than \$16,000.

Accordingly please find enclosed our check in the amount of \$16,000 which will bring the total paid to the state to \$32,000 for the 2 year extension.

Please call should you have any questions.

Yours very truly

Ted M. Fergeson

10705166

, GEURGE G. STALET OIL & GAS ACCOUNT

001497

George G. Staley From:

General Land Office 1700 N. Congress Ave.

Austin, TX 78701-1495

Invoice #

Invoice Amt 16,000.00

Additional funds to Extend Oil & Gas Leases for additional two years - Weldon Scott Armstrong.

Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara L. White, Trustee of the Barbara L. White Revocable Living Trust and Bruce E. Bowe and Louise E. Bowe, Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated March 12, 2009. MF - 110095

East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County.

Texas

Vendor Code GLO

Check Date 03/01/2010

Check Amount \$16,000.00

Check Number W TX-1497

70705766

GEORGE G. STALEY OIL & GAS ACCOUNT

From: George G. Staley

To: General Land Office

1700 N. Congress Ave. Austin TX 78701-1495 Vendor Code GLO

Check Date 03/01/2010

Check Amount \$16,000.00

Check Number W TX-1497

001497

Invoice #

Invoice Amt

16.000.00

Additional funds to Extend Oil & Gas Leases for additional two years - Weldon Scott Armstrong.

Jr., a/k/a Scott Armstrong, Jr. and wife Regina Anne Armstrong, Barbara L. White, Trustee of the Barbara L. White Revocable Living Trust and Bruce E. Bowe and Louise E. Bowe. Trustees of the Bruce E. Bowe and Louis E. Bowe Rev. Trust, dated March 12, 2009. MF - 110095

East One-Half (E/2) of Section 3, Block 59, Public School Land Survey, Reeves County, Texas



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File No.	MT-110095
	RENTAL PAYMENT
	ed: 3/2/10 ry E. Patterson, Commissioner
	ry E. Patterson, Commissioner

3-3-10

42-389-34573

January

MF110095

SAN GABRIEL RESOURCES, LLC

DAILY DRILLING REPORT

we.	1				DRILLING				Io: a
WELL:		rong State 5		COUNTY:	Reeves	STATE:	Tx DA		Rig Days 1
OPERATION:	St	art MI O'Ryar	1 #9	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$62,741		CUMMULAT	IVE COST:	\$62,	,741	SUPERVISOR:	Dana Blair
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:	
								DRILL	NG DAYS: 0
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MFG.				PV		CAUSTIC		TRIP	
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SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN				CHL		LCM		RN CSG	
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PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	
				MUD COST				TOTAL	12
	SURVEYS			ВНА			SHOWS/	FLARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
							CEMENT	CASING REPORT	
							CEMENT	CASING REPORT	
				TOTAL					
TIN	1E					ACTIVITY			
From	То					ACTIVITY			
7:00	19:00	12 hrs. Starte	d moving in	O'Ryan Rig #	9.				
19:00	7:00	12 hrs. IDLE.							
		1000 1000 1000 1000 1000 1000 1000 100							
		Note: (today's	s report inclu	ides prior cos	ts incurred o	commencing 12-16	6-2013 though	01-15-2014 which	n include meeting
						on, water well drilli			
		project mana	AND THE RESIDENCE OF THE PARTY				0		
		projectmana	gomontonp	01100.)					

and the same of th					DRILLING				
WELL:		ong State 5		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 2
OPERATION:		WI O'Ryan #	9	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$19,154		CUMMULAT	IVE COST:	\$81	1,894	SUPERVISOR:	Dana Blair
NT. ON BIT:				RPM:		PUMP PRESS:		GPM:	
				7,44,444		The second secon			IG DAYS: 0
	BIT RE	CORD		MUD PR	OPERTIES	MUD	MIXED		REAKDOWN
BIT NO.				MW		FRESH GEL		RU/RD	12
SIZE				VIS		SALT GEL		DRLG.	
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN				CHL		LCM		RN CSG	
FOOTAGE				SOLIDS		PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
FT./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	
	SLOW PU			FC		VIS PLUS		LOG/DST	
PUM			MP 2	HP/HT WL		POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	(4.5)
				MUD COST				TOTAL	12
	SURVEYS			BHA			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
							OFMENT(O	ONO DEPORT	
							CEMENTICA	ASING REPORT	
				_	- 1				
						-			
				TOTAL					
TIM	F			TOTAL					
From	То					ACTIVITY			
7:00		12 hrs. Subst	ructure deliv	vered to location	on, first muc	pump on locatio	n.		
19:00		12 hrs. IDLE.		0,00 10 1000		Panile an 100011	1816		
13.00	7.00	TE III O. IDEL.							

WELL:									
Particular Commence of Commenc		rong State 59		COUNTY:	Reeves	STATE:	Tx DATE:	January 18, 2014	Rig Days 3
OPERATION:	MI & Co	ommence RU	J Opns.	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$27,835		CUMMULAT	IVE COST:	\$109	9,729	SUPERVISOR:	Gary Harbin
WT. ON BIT:			WILLIAM !	RPM:		PUMP PRESS:		GPM:	
WIL ON BILL				TAT IVI.		FOWIF FILESS.			IG DAVS: 0
	BIT RE	CORD		MUD PR	OPERTIES	MUD MIXED		DRILLING DAYS: 0 TIME BREAKDOWN	
BIT NO.	511 112	-		MW	- LICITEO	FRESH GEL	MIXED	RU/RD	12
SIZE				VIS		SALT GEL		DRLG.	1.6-
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN				CHL		LCM		RN CSG	
FOOTAGE				SOLIDS		PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
FT./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	
	SLOW PU			FC		VIS PLUS		LOG/DST	
PUMF			1P 2	HP/HT WL		POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	
				MUD COST				TOTAL	12
	SURVEYS			ВНА			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
				_					
							OFMENT/O	CINO DEPONT	
							CEMENTICA	ASING REPORT	
				_					
				TOTAL					
				TOTAL		0.10034.000/2604069			
TIM	F	1				ACTIVITY			
From I	E To								
From	То	12. hrs. Most	of ria on loc	ation, set in s	ubstructure.	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
From	To 19:00	12. hrs. Most 12 hrs. IDLE.	of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loo	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loo	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loo	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loo	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loo	ation, set in s	ubstructure,	derrick arrived lo	cation.		
7:00	To 19:00		of rig on loc	ation, set in s	ubstructure,	derrick arrived lo	cation.		

WELL:									
ODEDITION	Arms	trong State 59	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	January 19, 2014	Rig Days 4
OPERATION:	Finish N	II, Continue F	RU Opns.	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$20,504		CUMMULAT	IVE COST:	\$130	233	SUPERVISOR:	Gary Harbin
VT. ON BIT:			ST US	RPM:		PUMP PRESS:		GPM:	
				70 101.		TOWN TILEGO.			IG DAYS: 0
	RIT R	ECORD		MUD PR	OPERTIES	MUD N	IIXED		REAKDOWN
BIT NO.	Dirin			MW	OI EINILO	FRESH GEL	IIALD	RU/RD	11 1/2
SIZE				VIS		SALT GEL		DRLG.	11 1/2
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
IOZZLES				Ph		BAR		SER. RIG	
DUT				WL		MICA		CCM	
N				CHL		LCM		RN CSG	
FOOTAGE				SOLIDS		PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
T./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	
	SLOW PI	JMP RATE		FC		VIS PLUS		LOG/DST	
PUMI			MP 2	HP/HT WL		POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	
				MUD COST				TOTAL	11 1/2
	SURVEYS			BHA			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
TIM	-			TOTAL					
From	To					ACTIVITY			
FIOITI	1.0			nite & lovel e	ame Set in	matting boards fo	r mud numns &	lovel came	
7:00	18:30	11.5 hrs: Set	in steel mud				I III a puilipo a		
7:00	18:30	11.5 hrs: Set							in
7:00	18:30	Set in mud pu	imps, conne	ect upper and	lower section	on of derrick; using	cranes set sam	ne on sub and pin	
::00	18:30	Set in mud pu place. Raise	mps, conne "A" frame a	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
(:00	18:30	Set in mud pu	mps, conne "A" frame a	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame a	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
7:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	
:00	18:30	Set in mud pu place. Raise	mps, conne "A" frame ar	ect upper and nd pin same i	lower section place. Tru	on of derrick; using ick drivers and cra	cranes set sam	ne on sub and pin	

				DAILY	DRILLING	REPURT			
WELL:	Arms	trong State 59	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	January 20, 2014	Rig Days 5
OPERATION:	Finish N	M, Continue F	RU Opns.	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$19,478		CUMMULAT	IVE COST:	\$149,	711	SUPERVISOR:	Gary Harbin
VT. ON BIT:	FILE OF S			RPM:		PUMP PRESS:		GPM:	
									VG DAYS: 0
	BIT R	ECORD		MUD PRO	OPERTIES	MUD M	IIXED		REAKDOWN
BIT NO.				MW		FRESH GEL		RU/RD	11
SIZE				VIS		SALT GEL		DRLG.	
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
VOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
N				CHL		LCM		RN CSG	
FOOTAGE				SOLIDS		PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
FT./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	
	SLOW PL	JMP RATE		FC		VIS PLUS		LOG/DST	
PUM			ЛР 2	HP/HT WL		POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	
				MUD COST				TOTAL	11
	SURVEYS			ВНА			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
							OFMENT/O	ACING DEDODT	
							CEMENTICA	ASING REPORT	
				TOTAL					
TIM	E			TOTAL					
From	То					ACTIVITY			
7:00	18:00	11.0 hrs: Hoo	k up mud pu	imps, install h	igh pressure	e discharge hose to	substructure.	Start hooking up	
						Miscellaneous RU			
		operators retu							
		operators rete	arr or mora	ay.					

				DAILI	DRILLING	IXEI OIXI				
WELL:	Armst	rong State 5	9-3 #2H	COUNTY:	Reeves	STATE:	Tx D	ATE: January 21, 2014	Rig Days 6	
OPERATION:	Finish N	II, Continue F	RU Opns.	DEPTH:		PROGRESS:		FORMATION:		
DAILY COST:		\$22,043		CUMMULAT	IVE COST:	\$17	1,754	SUPERVISOR:	Charles Slack	
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:		
				_					NG DAYS: 0	
	BIT RE	CORD		MUD PR	OPERTIES	MUD	MIXED	TIME BREAKDOWN		
BIT NO.				MW		FRESH GEL		RU/RD		
SIZE				VIS		SALT GEL		DRLG.		
MFG.				PV		CAUSTIC		TRIP		
TYPE				ур		LIME		REAM/WASH		
SER.#				gels		SODA ASH		SURVEY		
VOZZLES				Ph		BAR		SER. RIG		
OUT				WL		MICA		CCM		
IN				CHL		LCM		RN CSG		
FOOTAGE				SOLIDS		PAPER		CMT casing		
HOURS				SAND		SAWDUST		WOC		
FT./HR.				OIL CALCIUM		LIGNITE		NU/ND REPAIRS		
	CI OW DI	IMP DATE		FC		AQUA-PAC VIS PLUS				
PUM		IMP RATE	MP 2	HP/HT WL		POLY		LOG/DST PU/LD		
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH		
Polo	SFIVE	Fold	OFIVI	DMC		SAPP		CIRC		
				TMC		KCL		BOP		
				MUD COST		NOL		TOTAL		
	SURVEYS			BHA			SHOW	S/FLARE REPORT		
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH					
						CEMEN	T/CASING REPORT			
				TOTAL						
TIM	_			TOTAL						
From I	To					ACTIVITY				
7:00		Continue load	ding in drill st	trings etc Sta	art un drawy	vorks engines spo	ool drilling lin	e, position blocks, et	°C.	
7.00	10.00					t high enough to p		of beginning or		
		Change out c	And the second of the second of the second of	0 1		0 0 1	in bracco.			
10.00	7.00	Shut down fo								
19:00	7.00	Shut down to	uarkiiess u	ver night and	lest clew iii	embers				
		Marka Carallia		the energy factors		and data affice a	stallita talaah	420.20	0.0040	
						and drig office s	atemite telepi	none number: 432-36	0-9040	
		Company sur	pervisor rep	on location thi	s date.					

		Camrig contir	nues rigging	up, including	office monitor	ors, etc.				

Total Vision			A 1 - A 1 -		DRILLING					
WELL:		rong State 5		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 7	
OPERATION:	Continu	ie RU Canrig	& Floor.	DEPTH:		PROGRESS:		FORMATION:		
DAILY COST:	THE RESERVE	\$20,326		CUMMULAT	IVE COST:	\$19	2,079	SUPERVISOR:	Charles Slack	
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:		
									VG DAYS: 0	
	BIT RI	ECORD		MUD PR	OPERTIES	MUD	MIXED	The same of the sa	REAKDOWN	
BIT NO.		T		MW		FRESH GEL		RU/RD	24.00	
SIZE				VIS		SALT GEL		DRLG.	2,1100	
MFG.				PV		CAUSTIC		TRIP		
TYPE				ур		LIME		REAM/WASH		
SER. #				gels		SODA ASH		SURVEY		
NOZZLES				Ph		BAR		SER. RIG		
OUT				WL		MICA		CCM		
IN				CHL		LCM		RN CSG		
FOOTAGE				SOLIDS		PAPER		CMT casing		
HOURS				SAND		SAWDUST		WOC		
FT./HR.				OIL		LIGNITE		NU/ND		
				CALCIUM		AQUA-PAC		REPAIRS		
		JMP RATE		FC		VIS PLUS		LOG/DST		
PUM	P1	PUI	MP 2	HP/HT WL		POLY		PU/LD		
PSIG	SPM	PSIG	SPM	Nitrate		NITRATE		FISH		
				DMC		SAPP		CIRC		
				TMC		KCL		BOP		
				MUD COST				TOTAL	24.00	
	SURVEYS			BHA						
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH					
						CEMENT/CASING REPORT				
				TOTAL						
TIM						ACTIVITY				
From	То									
7:00					ng up and p	rep topdrive-slide				
12:00	18:00	Rig up derric	k slide and to	opdrive.						
18:00	7:00	Canrig rigging	g up topdrive	hoses and el	ectrical lines	s, incomplete. Sci	heduled to compl	ete Wednesday.		
		Rig crew rigg	ing up floor,	incomplete at	report time.					
					-					
		Domarka								
		Remarks:	n laz ett en t	(-b-11-00"	alaillia a mina	le te fless lie e to				
						le to flow line to re	eserve.			
				a location For						
				ter, storage ta	inks & steel	pit full .				
		MIRU 2nd Co	ompany hous	se.						
					pending inst	allation for direction	onal and Mudlogo	jer.		
		MIRU Canrig			V		-93			
				PDC bits with	hreakers					
						chock				
				on "Will Call"		CHECK				
				ery Wednesda						
				SS Wednesda			Section 1			
		Contacted TF	RRC, Dist 8 I	Midland, Tx 16	30 hrs 1/21	/14. JOB #952 Ca	all back with estin	nated cement vo	lume.	

					DRILLING					
WELL:		rong State 5		COUNTY:	Reeves	STATE:	Tx DATE		Rig Days 8	
OPERATION:	RU To	pdrive-Slide-	-Canrig	DEPTH:		PROGRESS:		FORMATION:		
DAILY COST:		\$26,138		CUMMULAT	IVE COST:	\$21	8,217	SUPERVISOR:	Charles Slack	
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:		
								DRILLII	VG DAYS: 0	
	BIT RE	CORD		MUD PR	OPERTIES	MUD	MIXED	TIME BI	REAKDOWN	
BIT NO.				MW	8.4	FRESH GEL		RU/RD	24.00	
SIZE				VIS	28	SALT GEL		DRLG.		
MFG.				PV		CAUSTIC		TRIP		
TYPE		-		ур		LIME		REAM/WASH		
SER.#				gels		SODA ASH		SURVEY		
VOZZLES				Ph		BAR		SER. RIG		
OUT				WL		MICA		CCM		
IN				CHL	3,000	LCM		RN CSG		
FOOTAGE				SOLIDS	0.8	PAPER		CMT casing		
HOURS				SAND		SAWDUST		WOC		
FT./HR.				OIL		LIGNITE		NU/ND		
	01 0111 511	MD DATE		CALCIUM		AQUA-PAC		REPAIRS		
DURA	SLOW PU		AD 0	FC Sanias Ban	6005	VIS PLUS		LOG/DST		
PUM			MP 2	Service Rep	\$225	POLY		PU/LD		
PSIG	SPM	PSIG	SPM	Trucking DMC	\$1,500	NITRATE SAPP		FISH CIRC		
				TMC		KCL		BOP		
				MUD COST	\$ 1,744	NOL		TOTAL	24.00	
	SURVEYS			BHA	9 1,744		SHOWS/F		24.00	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH	SHOWS/FLARE REPORT				
						CEMENT/CASING REPORT				
				TOTAL						
TIM						ACTIVITY				
From	To 0.00	Conduct Cofe	tu mostina	rigging up flor						
7:00		Conduct Safe								
9:00		Weld on 20"	0 11	0 1				recorded to the second		
2:00	15:00		-					four opening are re	equired.	
						ed overnight to lo				
15:00	7:00							ang floor tongs, sta	andpipe	
		valve, repair	drum clutch	air lines, rotar	y chain, insta	all derrick camera	a and rig ground	ing rods.		
								vill be brought out	today.	
						•	VI			
		Damada								
		Remarks:	tion by m	Acres 1	Lete					
		Rig watch mo				4. 14				
					nector" due	today to complet	e unit rig up.			
		Forklift arrive	d on location	at 1430 hrs.						
		Spud mud on	location.							
		Cement bulk		on						
		Shoc-sub, bit								
		Two loads bu								
		, are loads bu	oomone at	J., FOI GG O FOI 1						
		Rig Fuel Volu	me: 1 920 a	ale						
		rily ruel volu	ine. 1,020 g	ais						

WELL:									
	Arms	trong State 59-	3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	January 24, 2014	Rig Days 9
OPERATION:	Wait for Ca	anrig Elec parts	- Topdrive	DEPTH:		PROGRESS:		FORMATION:	
DAILY COST:		\$110,733		CUMMULAT	IVE COST:	\$32	8,951	SUPERVISOR:	Charles Slack
WT. ON BIT:				RPM:	-	PUMP PRESS:		GPM:	
				Tu W.		TOWN TILEGO.		10 mm 11 mm 12 mm	IG DAYS: 0
	BITR	RECORD		MUD PRO	OPERTIES	T MUD	MIXED		REAKDOWN
BIT NO.				MW	8.4	FRESH GEL		RU/RD	24.00
SIZE				VIS	28	SALT GEL		DRLG.	
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN				CHL	3,000	LCM		RN CSG	
FOOTAGE				SOLIDS	0.8	PAPER		CMT casing	
HOURS FT./HR.				SAND OIL		SAWDUST		WOC	
FIJAK.				CALCIUM		LIGNITE AQUA-PAC		NU/ND REPAIRS	
	SI OW P	UMP RATE		FC		VIS PLUS		LOG/DST	
PUI	MP 1	PUMF	22	Service Rep	\$225	POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Trucking	\$1,500	NITRATE		FISH	
				DMC	4 11000	SAPP		CIRC	
-				TMC		KCL		BOP	
				MUD COST	\$ 1,744			TOTAL	24.00
	SURVEYS					SHOWS/FLARE REPORT			
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
				TOTAL					
	ME					ACTIVITY			
From	To	0110-6-1	assistan de	-l					
7:00		Conduct Safety	meeting rig	ging up floor	*				
9:00		Diam're to tend				00" 4-11111-	and flam than		
	18:00		rive, Hang to			20" drilling nipple	and flow line.		
		Installing cellar	rive, Hang to jet.	ongs, kelly h	ose, secure			and the second second size	
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla			
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate Final securing	rive, Hang to jet. erpillar electr	ongs, kelly ho	ose, secure a	electrical Lug Pla	ate to faciltate a f		
		Installing cellar Waiting for Cate Final securing Remarks:	lrive, Hang to jet. erpillar electri of topdrive	an to return	with correct rick require	electrical Lug Plans an operational	ate to faciltate a fi I topdrive to pul	I & secure in pl	
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit	lrive, Hang to jet. erpillar electri of topdrive	an to return slide to der	with correct rick require	electrical Lug Plans an operational	ate to faciltate a fill topdrive to pul	I & secure in pl	ace.
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric	rive, Hang to jet. erpillar electro of topdrive	an to return slide to der	with correct rick require	electrical Lug Plas an operational	ate to faciltate a fill topdrive to pul	I & secure in pl	ace.
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric Caterpiller Elect	rive, Hang to jet. erpillar electri of topdrive tors, PVT rig cal "Lug Contrican is sche	up remains nector" arrivedule to return	with correct rick require	electrical Lug Plans an operational Projected to be obut, the holes with the electrical connected to the con	pperational today, ere too small to a ection Lug Plate.	Fri 1/24/14 ccommodate wir	ace.
18:00		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric Caterpiller Elect	rive, Hang to jet. erpillar electri of topdrive tors, PVT rig cal "Lug Contrican is sche	up remains nector" arrivedule to return	with correct rick require	electrical Lug Plans an operational Projected to be obut, the holes with the electrical connected to the con	ate to faciltate a fill topdrive to pul	Fri 1/24/14 ccommodate wir	ace.
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric Caterpiller Elect	rive, Hang to jet. erpillar electri of topdrive tors, PVT rig cal "Lug Contrican is sche	up remains nector" arrivedule to return	with correct rick require	electrical Lug Plans an operational Projected to be obut, the holes with the electrical connected to the con	pperational today, ere too small to a ection Lug Plate.	Fri 1/24/14 ccommodate wir	ace.
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric Caterpiller Elect	rive, Hang to jet. erpillar electri of topdrive tors, PVT rig cal "Lug Contrican is sche	up remains nector" arrivedule to return	with correct rick require	electrical Lug Plans an operational Projected to be obut, the holes with the electrical connected to the con	pperational today, ere too small to a ection Lug Plate.	Fri 1/24/14 ccommodate wir	ace.
		Installing cellar Waiting for Cate Final securing Remarks: RigWatch monit Canrig's electric Caterpiller Elect	tors, PVT rig	up remains nector" arrived dule to return	with correct rick require	electrical Lug Plans an operational Projected to be obut, the holes with the electrical connected to the con	pperational today, ere too small to a ection Lug Plate.	Fri 1/24/14 ccommodate wir	ace.

					DRILLING				
WELL:		trong State		COUNTY:	Reeves	STATE:		DATE: January 25, 2014	Rig Days 10
OPERATION:	Cont Trou	CONTRACTOR AND ADDRESS OF THE PARTY OF THE P	nop Topdrive	DEPTH:	102	PROGRESS:	102	FORMATION:	
DAILY COST:	2	\$24,865		CUMMULAT	IVE COST:	\$35.	3,816	SUPERVISOR:	Charles Slack
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:	De la constante
								DRILLII	NG DAYS: 0
	BIT R	ECORD		MUD PR	OPERTIES	MUD	MIXED		REAKDOWN
BIT NO.				MW	8.4	FRESH GEL		RU/RD	24.00
SIZE				VIS	28	SALT GEL		DRLG.	
MFG.				PV		CAUSTIC		TRIP	
TYPE				ур		LIME		REAM/WASH	
SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN				CHL	3,000	LCM		RN CSG	
FOOTAGE				SOLIDS	0.8	PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
FT./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	
		JMP RATE		Tax	\$18.53	VIS PLUS		LOG/DST	
PUN			UMP 2	Service Rep	\$225	POLY		PU/LD	
PSIG	SPM	PSIG	SPM	Trucking	\$1,500	NITRATE		FISH	
				DMC		SAPP		CIRC	
				TMC		KCL		BOP	
				MUD COST				TOTAL	24.00
	SURVEYS			ending BHA			SHO	WS/FLARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
			Bit	17.50	1.00				
			Bit sub	8.12	2.83				
			Shoc-Sub	8.00	11.84				
			(2) 8" Drill/C	8.00	61.54		CEME	NT/CASING REPORT	
			IBS	17.50	7.43				
			(3) 8" Drill/C	8.00	90.63				
			XO	8.20	1.00				
			(18) 6.375 D/C	6.38	538.18				
			XO	5.87	1.5				
				TOTAL	715.95				
From	To					ACTIVITY			
200000000000000000000000000000000000000		Conduct Co	fatu maating sia	un recenie	flow line and		2000010		
7:00						cellar jet line to r		la a Francisco de cardas a	areat.
12:00								lown Fuze, no replace	
15:00	16:30	Repair hydr	aulic leaks, hang	g bells and e	levators, alig	in topdrive over h	ole, securir	ng slide against derrick	(,
16:30			arrived with repl						
20:00	7:00	Trouble sho	oting intermitten	t running "Tr	raction Motor	" in topdrive. (Ra	dical rpms	and low hydraulic Ps)	
		No topdrive	opeation resolve	ed at report t	time, other C	anrig repair reps	are due on	location this morning.	
		Moving drill	pipe and clearin	a area for m	ud logger an	d casing racks			
		Woving unit	pipe and cleaning	y area for fir	uu logger ar	u casing racks.			
		No accident	s and/or Inciden	ts last 24 hrs	S.				
			lume: 2,812 gals	THE RESERVE OF THE PARTY OF THE					

WELL:	Armst	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	January 26, 2014	Rig Days 11
OPERATION:		Picking BH.		DEPTH:	102	PROGRESS:		FORMATION:	Surface
DAILY COST:		\$23,030		CUMMULAT	IVE COST:		6,846	SUPERVISOR:	Charles Slack
WT. ON BIT:				RPM:		PUMP PRESS:		GPM:	
WI. ON BIT.				TAI WI		TOWN TILESO.		The second secon	NG DAYS: 0
	BIT R	ECORD		MUD PR	OPERTIES	T MUD	MIXED		REAKDOWN
BIT NO.	1			MW	8.4	FRESH GEL		RU/RD	
SIZE	17 1/2			VIS	28	SALT GEL		DRLG.	
MFG.	Ulterra			PV		CAUSTIC		TRIP	
TYPE	616S			ур		LIME		REAM/WASH	
SER.#	21422			gels		SODA ASH		SURVEY	
NOZZLES	20			Ph		BAR		SER. RIG	
OUT				WL		MICA		CCM	
IN	102			CHL	3,000	LCM		RN CSG	
FOOTAGE				SOLIDS	0.8	PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	
FT./HR.				OIL		LIGNITE		NU/ND	
				CALCIUM		AQUA-PAC		REPAIRS	20.5
		JMP RATE		Tax		VIS PLUS		LOG/DST	
PUN			PUMP 2	Service Rep		POLY		Pick Up BHA	3.5
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		FISH	
				DMC TMC		SAPP		CIRC BOP	
				MUD COST	•	KCL		TOTAL	24.0
	SURVEYS			BHA #1	\$ -		SHOWS/EI	ARE REPORT	24.0
DEPTH	INCL.	AZ.	ITEM	OD OD	LENGTH		SHOWS/FL	ARE REPORT	
DEFIN	INCL.	AL.	Bit	17.50	1.00				
			Bit sub	8.12	2.83				
			Shoc-Sub	8.00	11.84				
			(2) 8" Drill/C	8.00	61.54		CEMENT/CA	SING REPORT	
			IBS	17.50	7.43		OLINEI(1707	CONTO TEL ORT	
			(3) 8" Drill/C	8.00	7,40				
			XO XO	8.20					
			(18) 6.375 D/C	6.38					
			XO	5.87					
				TOTAL	84.64				
III						ACTIVITY			
From	То	0 1 10			10 :				
7:00 AM			afety meeting wit						
8:00 AM		Contract Con	trouble shoot To		, ,				
1:00 PM							ng the electrical/c	omputer cards p	roblem .
3:00 PM		-				nop top drive cor			
6:30 PM							ators and starter		
9:00 PM							kelly goose neck		
10:00 PM	3:30 AM	Topdrive do	es clear derrick	board, slide	brace and a	ttachment were i	nstalled backward	ds. Brace had to	be reversed in c
			order for the top						
3:30 AM	7:00 AM					8"drill collars an	d IBS BHA #1.		
0.00 /11/1	7.00 /101	mano up or	500, 510 000 0	17.19	3 a.m on on	- Lim vondro di			
		Note: 001 0	andustas i 001 D	in KD Ctart	na TD = 400	4			
		More: 80, C	onductor + 22' R	iy NB. Starti	ng 1D = 102	ц			
					-				I. A.
		Note: CanF	Rig's Odessa Dis	trict manage	r Thomas Ho	oward on location	at 1300 Hrs to to	rouble shoot topo	drive.
							On =1,359.20 ft 7		
							ool, DSA and Rin		
		No cosida-	to and/or looks	to lost 0.4 b-	0				
			ts and/or Inciden						
		Rig Fuel Vo	olume: 2,204 gals	s Used: 608	Gais				

		ETTERNINE AND AND AND					1	1	
			COUNTY:		STATE:	Tx DATE.	The second secon	Rig Da 12	
Dril	ling 17.5" S	Surface	DEPTH:	545	PROGRESS:		FORMATION:	Surface	
	\$54,319		CUMMULATI	IVE COST:	\$431	,165	SUPERVISOR:	Charles Slack	
	2K		RPM:	100	PUMP PRESS:	375	GPM:	894	
				(5.7446)		1,545	DRILLIN	IG DAYS: 1	
BIT R	ECORD		MUD PRO	OPERTIES	MUD	MIXED	710000000000000000000000000000000000000	REAKDOWN	
1			MW	8.4	FRESH GEL		RU/RD		
17 1/2			VIS	28	SALT GEL		DRLG.	16.0	
Ulterra			PV		CAUSTIC	report today	TRIP		
616S			ур		LIME		REAM/WASH		
			gels					2.0	
20								0.5	
		+							
				0.8					
44.3								4.5	
SI OW PI	IMD DATE		Description of the Control of the Co		A CONTRACTOR OF THE PROPERTY O			4.0	
		DIMP 2							
90	425	90	. ruotung						
		1977)	DAILY COST	Pending				Note: 23 hr Repo	
			TOTAL COST	\$3,488			TOTAL	23.0	
SURVEYS			BHA #1			SHOWS/FL	ARE REPORT		
INCL.	AZ.	ITEM	OD	LENGTH					
1.3°	n/a	Bit	17.50	1.00	Spud the Arms	trong State 59-3 #2	2H, Reeves Co, AF	1 42-389-34073	
0.5°	n/a	Bit sub	8.12			0700 hrs	01/26/2014		
TO THE REAL PROPERTY.	n/a	SALE STORES AND ADDRESS.	8.00						
2.5°	n/a		8.00	100000000000000000000000000000000000000	The state of the s				
						lo accidents and/or	Incidents last 23 h	rs.	
						and report time El	0700 to 0700 hea T	0000 to 0000	
		NO.		17577		iged report time F/	0700 to 0700 fils 17	0000 10 0000	
AE			TOTAL	101.00					
					ACTIVITY				
To					AUTIVITI				
То	Finish pickir	ng up BHA and	tag conducto	or cement at		F102' T/145'.			
8:30 AM					102'. Spud; Drl'd		connection brok	e off,	
8:30 AM	NPT: CanR	ig unit blew a hy	draulic fixing	, loss hyd flu			connection brok	e off,	
8:30 AM 10:00 AM	NPT: CanR unable to ro	ig unit blew a hy otate and/or circu	draulic fixing ulate at 145 f	, loss hyd flu	102'. Spud; Drl'd		connection brok	e off,	
To 8:30 AM 10:00 AM 11:30 AM	NPT: CanR unable to ro Dril'd surfac	ig unit blew a hy ptate and/or circu ce F/145' T/209'.	draulic fixing ulate at 145 f	, loss hyd flu t.	102'. Spud; Drl'd uid, topdrive inope	rative W/drilling	connection brok	e off,	
To 8:30 AM 10:00 AM 11:30 AM 12:00 PM	NPT: CanR unable to ro Dril'd surfac Circulate sw	ig unit blew a hy otate and/or circuse F/145' T/209'. veep to surface	draulic fixing ulate at 145 fi while back re	, loss hyd flu t. eaming to rui	102'. Spud; Drl'd uid, topdrive inope	rative W/drilling	connection brok	e off,	
10:00 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa	ig unit blew a hy ptate and/or circuse F/145' T/209'. Eveep to surface vatch caliber pum	draulic fixing ulate at 145 fi while back re p strokes, bit	t. eaming to rule depth, hook	102'. Spud; Drl'd uid, topdrive inope	erative W/drilling at 205' = 1.3°.			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump	ig unit blew a hy ptate and/or circuse F/145' T/209'. weep to surface watch caliber pum up inop Wt indice	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replace	, loss hyd flutt. eaming to ruit depth, hooke discharge	n wire line survey cload.	erative W/drilling at 205' = 1.3°.			
11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209	ig unit blew a hy otate and/or circuse F/145' T/209'. veep to surface vatch caliber pum up inop Wt india ' T/262', progres	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replace s 53 ft, 895 g	, loss hyd flut. eaming to rule depth, hooke discharge	n wire line survey cload. gaskets Pump #2	erative W/drilling at 205' = 1.3°.			
11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai	ig unit blew a hy otate and/or circular se F/145' T/209'. weep to surface watch caliber pum up inop Wt indic ' T/262', progres r transfer reserv	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replac s 53 ft, 895 g e pumps and	, loss hyd flut. eaming to rundepth, hooked discharge gpm, 100 rpm if fill up steel	n wire line survey kload. gaskets Pump #2ms, 5-10K WOB. pits.	erative W/drilling at 205' = 1.3°. 2 & #3, repair va			
10:00 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 8:00 AM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262'	ig unit blew a hy btate and/or circulate F/145' T/209'. weep to surface watch caliber pumping up inop Wt indiated 'T/262', progressor transfer reserved.	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replac s 53 ft, 895 g e pumps and s 32 ft, 895 g	, loss hyd flut. eaming to rundepth, hooked discharge gpm, 100 rpm if fill up steel	n wire line survey cload. gaskets Pump #2	erative W/drilling at 205' = 1.3°. 2 & #3, repair va			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 8:00 AM 9:30 PM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai Dril'd F/262 Replace top	ig unit blew a hy btate and/or circular be F/145' T/209'. weep to surface hatch caliber pumular up inop Wt india ' T/262', progres r transfer reserv ' T/294', progres bodrive grappler to	draulic fixing ulate at 145 fixwhile back rep strokes, bit cator. Replaces 53 ft, 895 ge pumps and s 32 ft, 895 gong dies.	aming to rule depth, hooke discharge gpm, 100 rpm fill up steel gpm, 100 rpm	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB.	erative W/drilling at 205' = 1.3°. 2 & #3, repair va			
11:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 9:30 PM 10:00 PM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai Dril'd F/262 Replace top Dril'd F/294	ig unit blew a hy batate and/or circuse F/145' T/209'. weep to surface watch caliber pumurup inop Wt indicaliber pumurup inop Wt indicaliber pumurup inop Wt indicaliber progressi transfer reserved 'T/294', progressi podrive grappler to 'T/333', progressi	while back rep strokes, bit cator. Replace s 53 ft, 895 ge pumps and s 32 ft, 895 gong dies.	eaming to rundepth, hooke discharge gpm, 100 rpm 100 rpm gpm, 100 rpm gpm, 100 rpm gpm, 100 rpm gpm, 100 rpm	n wire line survey kload. gaskets Pump #2ms, 5-10K WOB. pits. ms, 10-15K WOB.	erative W/drilling at 205' = 1.3°. 2 & #3, repair va			
11:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 9:30 PM 10:00 PM 11:30 AM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai Dril'd F/262 Replace top Dril'd F/294 Circulate sw	ig unit blew a hy batate and/or circular se F/145' T/209'. weep to surface watch caliber pum up inop Wt indical ' T/262', progres or transfer reserve ' T/294', progres or transfer reserve ' T/333', progres weep to surface was	while back repstrokes, bit cator. Replaces 53 ft, 895 ge pumps and s 32 ft, 895 geng dies.	aming to rule depth, hook the discharge gpm, 100 rpm fill up steel gpm, 100 rpm faming to rule gpm, 100 rpm faming	n wire line survey kload. gaskets Pump #2ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey	erative W/drilling at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°.			
11:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 4:30 AM 5:00 AM 8:00 AM 9:30 PM 10:00 PM 11:30 AM	NPT: CanR unable to ro Dril'd surfact Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/333'	ig unit blew a hy batate and/or circular be F/145' T/209'. weep to surface watch caliber pum a up inop Wt indical by T/262', progress or transfer reserved T/294', progress or transfer reserved transfer reserved T/333', progress weep to surface watch	while back rep strokes, bit cator. Replaces 53 ft, 895 ge pumps and s 32 ft, 895 ge pumps and s 37 ft, 895 ge while back res 87 ft, ROP	, loss hyd flut. eaming to rundepth, hooked discharged gpm, 100 rpm d fill up steel gpm, 100 rpm gpm, 100 rpm gpm, 100 rpm aming to rundepth, 85	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°.			
11:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 8:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/333' Circulate sw	ig unit blew a hy otate and/or circulate and/or circulate F/145' T/209'. weep to surface atch caliber pumping up inop Wt indicated atch caliber pumping up inop Wt indicated at T/262', progressor transfer reserved transfer reserved at T/294', progressor transfer reserved at T/333', progressor transfer reserved to surface weep to surface we were well well as the surface weep to surface we were well as the surface well as	while back rep strokes, bit cator. Replace s 53 ft, 895 ge pumps and s 32 ft, 895 gong dies. s 37 ft, 895 gwhile back res 87 ft, ROP while back resultations.	aming to rule depth, hooke discharge gpm, 100 rpm dill up steel gpm, 100 rpm aming to rule 43.5 fph, 89 saming to rule 43.5 fph, 89 saming to rule depth for the rule aming to rule 43.5 fph, 89 saming to rule fill up steel gpm, 100 rpm aming to rule 43.5 fph, 89 saming to rule fill up steel gpm, 100 rpm aming to rule fill up steel gpm aming to rule fill up steel	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. , 15K WOB. at 385' = 2.0°.			
11:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 8:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/333' Circulate sw	ig unit blew a hy otate and/or circulate and/or circulate F/145' T/209'. weep to surface atch caliber pumping up inop Wt indicated atch caliber pumping up inop Wt indicated at T/262', progressor transfer reserved transfer reserved at T/294', progressor transfer reserved at T/333', progressor transfer reserved to surface weep to surface we were well well as the surface weep to surface we were well as the surface well as	while back rep strokes, bit cator. Replace s 53 ft, 895 ge pumps and s 32 ft, 895 gong dies. s 37 ft, 895 gwhile back res 87 ft, ROP while back resultations.	aming to rule depth, hooke discharge gpm, 100 rpm dill up steel gpm, 100 rpm aming to rule 43.5 fph, 89 saming to rule 43.5 fph, 89 saming to rule depth for the rule aming to rule 43.5 fph, 89 saming to rule fill up steel gpm, 100 rpm aming to rule 43.5 fph, 89 saming to rule fill up steel gpm, 100 rpm aming to rule fill up steel gpm aming to rule fill up steel	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. , 15K WOB. at 385' = 2.0°.			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 8:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/333' Circulate sw Dril'd F/420'	ig unit blew a hy ptate and/or circu te F/145' T/209'. weep to surface of atch caliber pum up inop Wt indie ' T/262', progres r transfer reserv ' T/294', progres odrive grappler to ' T/333', progres weep to surface of ' T/420', progres weep to surface of ' T/505', progres	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replace s 53 ft, 895 ge p pumps and s 32 ft, 895 go ng dies. s 37 ft, 895 g while back re s 87 ft, ROP while back re s 85 ft, ROP	eaming to runder depth, hooked discharged gpm, 100 rpm diffill up steel gpm, 100 rpm aming to runder diffill up st	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. 15K WOB. at 385' = 2.0°.			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM 2:00 AM 4:00 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/420' Circulate sw Dril'd F/420' Circulate sw	ig unit blew a hy btate and/or circular F/145' T/209'. Weep to surface atch caliber pumular up inop Wt indict 'T/262', progres r transfer reserved transfer	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replace s 53 ft, 895 ge p pumps and s 32 ft, 895 go ong dies. s 37 ft, 895 go while back re s 87 ft, ROP while back re s 85 ft, ROP	eaming to run depth, hook de discharge gpm, 100 rpr d fill up steel gpm, 100 rpr d d d d d d d d d d d d d d d d d d d	n wire line survey kload. gaskets Pump #2ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey ggpm, 100 rpms, n wire line survey ggpm, 100 rpms, n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. 15K WOB. at 385' = 2.0°. 10K WOB. at 470' = 2.5°.			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM 2:00 AM 4:00 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209 NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/420' Circulate sw Dril'd F/420' Circulate sw	ig unit blew a hy btate and/or circular F/145' T/209'. Weep to surface atch caliber pumular up inop Wt indict 'T/262', progres r transfer reserved transfer	draulic fixing ulate at 145 fi while back re p strokes, bit cator. Replace s 53 ft, 895 ge p pumps and s 32 ft, 895 go ong dies. s 37 ft, 895 go while back re s 87 ft, ROP while back re s 85 ft, ROP	eaming to run depth, hook de discharge gpm, 100 rpr d fill up steel gpm, 100 rpr d d d d d d d d d d d d d d d d d d d	n wire line survey kload. gaskets Pump #2 ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey wire line survey g5 gpm, 100 rpms, ms, 100 rpms, ms, 100 rpms, more line survey g5 gpm,	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. 15K WOB. at 385' = 2.0°. 10K WOB. at 470' = 2.5°.			
8:30 AM 10:00 AM 11:30 AM 12:00 PM 12:30 PM 3:00 PM 4:30 AM 5:00 AM 9:30 PM 10:00 PM 11:30 AM 1:30 AM 2:00 AM 4:00 AM	NPT: CanR unable to ro Dril'd surface Circulate sw NPT: Rigwa NPT: Pump Dril'd F/209' NPT: Repai Dril'd F/262' Replace top Dril'd F/294' Circulate sw Dril'd F/333' Circulate sw Dril'd F/420' Circulate sw Dril'd F/505'	ig unit blew a hy btate and/or circular F/145' T/209'. Weep to surface atch caliber pumular up inop Wt indict 'T/262', progres r transfer reserved transfer	while back rep strokes, bit cator. Replaces 53 ft, 895 ge pumps and s 32 ft, 895 ge pumps and s 37 ft, 895 ge pumps and s 37 ft, 895 ge while back res 87 ft, ROP while back res 85 ft, ROP while back res 40 ft, ROP	aming to rule depth, hooke discharge gpm, 100 rpm dill up steel gpm, 100 rpm aming to rule 43.5 fph, 895 aming to rule 4.5 fph, 895 aming to rule 26.6 fph, 895	n wire line survey kload. gaskets Pump #2ms, 5-10K WOB. pits. ms, 10-15K WOB. n wire line survey ggpm, 100 rpms, n wire line survey ggpm, 100 rpms, n wire line survey	at 205' = 1.3°. 2 & #3, repair va at 298' = 0.5°. 15K WOB. at 385' = 2.0°. 10K WOB. at 470' = 2.5°.			
	BIT R 1 17 1/2 Ulterra 616S 21422 20 102 443 10.0 44.3 SLOW Pt APP 1 SPM 90 SURVEYS INCL. 1.3° 0.5° 2.0° 2.5°	## Drilling 17.5" \$ \$54,319 2K BIT RECORD 1 17 1/2 Ulterra 616S 21422 20 102 443 10.0 44.3 SLOW PUMP RATE ## PSIG 90 425 SURVEYS INCL. AZ. 1.3° n/a 0.5° n/a 2.0° n/a	BIT RECORD 1 17 1/2 Ulterra 616S 21422 20 102 443 10.0 44.3 SLOW PUMP RATE MP 1 PUMP 2 SPM PSIG SPM 90 425 90 SURVEYS INCL. AZ. ITEM 1.3° n/a Bit sub 2.0° n/a Bit sub 2.0° n/a Shoc-Sub 2.5° n/a (2) 8" Drill/C IBS (3) 8" Drill/C XO (21) 6.375 D/C XO	State	Drilling 17.5" Surface DEPTH: 545	Drilling 17.5" Surface DEPTH: 545 PROGRESS: \$54,319 CUMMULATIVE COST: \$431	Drilling 17.5" Surface	Drilling 17.5" Surface	

WELL:			E0 0 #011		DRILLING		T		D: 0	
ODEDATION		trong State		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 13	
OPERATION:	Dr	illing 17.5" S		DEPTH:	633	PROGRESS:	88	FORMATION:	Surface	
DAILY COST:		\$34,093		CUMMULAT	IVE COST:	\$465,	258	SUPERVISOR:	Charles Slack	
WT. ON BIT:		2K		RPM:	100	PUMP PRESS:	1655	GPM:	865	
								DRILL	ING DAYS: 2	
	BIT	RECORD		MUD PRO	OPERTIES	MUD N	IIXED	TIME	REAKDOWN	
BIT NO.	1			MW	8.4	FRESH GEL	200	RU/RD		
SIZE	17 1/2			VIS	28	SALT GEL		DRLG.	23.5	
MFG.	Ulterra			PV		CAUSTIC		TRIP		
TYPE	616S			ур		LIME	16	REAM/WASH		
SER.#	21422			gels		SODA ASH	30	SURVEY	0.5	
NOZZLES	20			Ph		BAR		SER. RIG		
OUT				WL		MICA		CCM		
IN	102			CHL	3,500	LCM		RN CSG		
FOOTAGE	88			SOLIDS	2.0	PAPER		CMT casing		
HOURS	23.5			SAND		SAWDUST		WOC		
FT./HR.	3.7			OIL		LIGNITE		NU/ND		
				CALCIUM	400	AQUA-PAC		NPT-Repairs		
D. 11		UMP RATE		Tax		VIS PLUS		LOG/DST		
PUM			UMP 3	Service Rep		POLY		Pick Up BHA		
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		FISH		
1560	95	1560	95		2076	SAPP		CIRC		
				DAILY COST	6073	KCL		BOP	24.0	
				TOTAL COST	\$9,560	Walnut	8	TOTAL	24.0	
	SURVEYS			BHA #1		SHOWS/FLARE REPORT				
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH					
205	1.3°	n/a	Bit	17.50	1.00					
298	0.5°	n/a	Bit sub	8.12	2.83					
385	2.0°	n/a	Shoc-Sub	8.00	11.84					
470	2.5°	n/a	(2) 8" Drill/C	8.00	61.54		CEMENT/C	ASING REPORT		
565	2.0°	n/a	IBS	17.50	7.43					
			(3) 8" Drill/C	8.00	61.54					
			XO	8.20	7.43					
		-	(21) 6.375 D/C	6.38 6.25	632.68 1.6					
		-	XO	TOTAL	787.89			_		
TIM	AC .			TOTAL	101.03					
From	To					ACTIVITY				
6:00	7.55	Dril'd F/545	T/595' progress	s 50 ft ROP	6 fph. 895 g	pm, 100 rpms, 2-5	K WOB			
14:00						ey at 565', 2.0° (A		0)		
	0.00	I Will of LIAOR					Z MOD /19 # 11	n on kally at 060	2)	
14:30	6:00							p on kelly at 060	0)	
	6:00					ne. Rig mechanic		p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00							p on kelly at 060	0)	
	6:00	Clutch out o	n Pump #1 at 23	345 hrs. Put p				p on kelly at 060	0)	
	6:00	Clutch out o		345 hrs. Put p				p on kelly at 060	0)	
	6:00	Clutch out o	n Pump #1 at 23	345 hrs. Put p				p on kelly at 060	0)	
	6:00	Hauled 480	n Pump #1 at 23	tion.	oump #3 onli			p on kelly at 060	0)	

LATER !		3 350		_	DRILLING				
WELL:		trong State		COUNTY:	Reeves	STATE:	Tx DAT		Rig Days 14
OPERATION:	Drlg Surfa		-Wash-Bottom	DEPTH:	858	PROGRESS:	225	FORMATION:	Surface
DAILY COST:		\$27,319		CUMMULAT	IVE COST:	\$492,	,577	SUPERVISOR:	Charles Slack
WT. ON BIT:	AL CAL	8-10K		RPM:	110	PUMP PRESS:	1,680	GPM:	895
								10 10 10 10 10 10 10 10 10 10 10 10 10 1	NG DAYS: 3
		ECORD			OPERTIES	MUD N	IIXED		REAKDOWN
BIT NO.	1			MW	8.4	FRESH GEL		RU/RD	
SIZE	17 1/2			VIS	28	SALT GEL		DRLG.	17.5
MFG.	Ulterra			PV		CAUSTIC		TRIP	
TYPE	616S			ур		LIME		REAM/WASH	
SER. #	21422			gels		SODA ASH		SURVEY	4.0
NOZZLES	20			Ph		BAR		SER. RIG	
OUT	100			WL	2.500	MICA		CCM	
IN	102			CHL	3,500	LCM		RN CSG	
FOOTAGE (24 hr)	225 17.5			SOLIDS	2.0	PAPER		CMT casing	
HOURS	12.9	-		SAND		SAWDUST		WOC NU/ND	
FT./HR.	12,9		_	CALCIUM	400	LIGNITE AQUA-PAC		NPT-Repairs	2.5
	SI OW D	UMP RATE		Tax	400	VIS PLUS		LOG/DST	2.0
DIII	MP 2		PUMP 3	Service Rep		POLY		Pick Up BHA	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		FISH	
1560	90	1560	90	Trucking		SAPP		CIRC	
1000	50	1000	- 00	DAILY COST		KCL		BOP	
				TOTAL COST	\$9,560	Walnut		TOTAL	24.0
	SURVEYS			BHA #1	40,000	- Valide	SHOWS	FLARE REPORT	24.0
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH		01101101	TENNE NEI ON	
205	1.3°	n/a	Bit	17.50	1.00				
298	0.5°	n/a	Bit sub	8.12	2.83				
385	2.0°	n/a	Shoc-Sub	8.00	11.84				
470	2.5°	n/a	(2) 8" Drill/C	8.00	61.54		CEMENT/	CASING REPORT	
565	2.0°	n/a	IBS	17.50	7.43				
618	1.6°	n/a	(3) 8" Drill/C	8.00	61.54				
684	2.1°	n/a	XO	8.20	7.43				
743	2.0°	n/a	(21) 6.375 D/C	6.38	632.68				
807	1.0°	n/a	XO	6.25	1.6				
				TOTAL	787.89				
III						ACTIVITY			
From	То								
6:00						pm, 100 rpms, 2-5			
10:00						ey at 618', 1.6° (De		from last survey)	
10:30	11:30	Dril'd F/653'	T/682', progress	s, 29 ft, ROP	28 fph, 505	gpm, 100 rpms, 2-	5K WOB.		
11:30	12:30	Repair mud	pump #1,#2 	3 manifold lea	ak & frozen a	air lines to pump #3	3		
12:30	13:00	Dril'd F/682'	T/715', progress	s, 33 ft, ROP	66 fph, 894	gpm, 100 rpms, 15	K WOB.		
13:00						ey at 684', 2.1° (In o		from last survey)	
13:30						gpm, 110 rpms, 8-			
20:00						ey at 743', 2.0° (De		from last survey)	
21:00						4 gpm, 110 rpms, 1		nonnact carrojj	
						ey at 807', 1.0° (De		from last survey	
1:30								iioiii iast suivey)	
2:30				ZU IT, KUP	14 lpn, 894	gpm, 110 rpms, 8-	IUN WUB.		
1:30			ng standpipe.				1 0		1 - 1 - 1
5:30	6:00							over worked short	nanded
		crew person	inel. Will be thaw	ing out seco	nd pump to	wash to bottom and	d resume drilling	ng.	
		Note: Sever	e freezing weath	er with temp	erature +/-15	5°, crews with no re	elief, working o	over extra hours.	
		MIDILLO	a Mud Lassas T	railar					
			s Mud Logger Tr		Santie Le - 11	d Lagran			
			ectional Housing			ia Logger.			
			s and/or Incident						
		Rig Fuel Vo	lume: 5,555 gals	Used: 1,165	Gals				

WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	January 30, 2014	Rig Days 15
OPERATION:	Aillis	Drlg Surfa		DEPTH:	995	PROGRESS:	137	FORMATION:	Surface
DAILY COST:		\$44,494	ce	CUMMULAT		\$537		SUPERVISOR:	Charles Slack
WT. ON BIT:		8-10K		RPM:	110	PUMP PRESS:	1,865	GPM:	883
	DIT D	ECODD		I MUD DD	ODEDTIES	MUD MIXED		DRILLING DAYS: 4 TIME BREAKDOWN	
BIT NO.	1	ECORD		MW	OPERTIES 8.4	FRESH GEL	267	RU/RD	REAKDOWN
SIZE	17 1/2		_	VIS	29	SALT GEL	207	DRLG.	16.0
MFG.	Ulterra		1	PV	23	CAUSTIC		TRIP	10.0
TYPE	616S			ур		LIME	26	REAM/WASH	
SER.#	21422			gels		SODA ASH	50	SURVEY	2.0
NOZZLES	20			Ph		BAR		SER. RIG	2.0
OUT				WL		MICA		CCM	
IN	102			CHL	4,000	LCM		RN CSG	
FOOTAGE (24 hr)	137			SOLIDS	2.0	PAPER	18	CMT casing	
HOURS	16.0			SAND		SAWDUST		WOC	
FT./HR.	8.6			OIL		Sodium Hydro	1	NU/ND	
				CALCIUM	400	AQUA-PAC		NPT-Repairs	6.0
		UMP RATE		Tax		VIS PLUS		LOG/DST	
PUM		P	UMP 3	Service Rep		POLY		Pick Up BHA	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		FISH	
1932	90	1932	90			SAPP		CIRC	
				DAILY COST	3073	KCL		BOP	
				TOTAL COST	\$12,633	Walnut	7	TOTAL	24.0
	SURVEYS			BHA #1			SHOWS/FI	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
385	2.0°	n/a	Bit	17.50	1.00				
470	2.5°	n/a	Bit sub	8.12	2.83				
565	2.0°	n/a	Shoc-Sub	8.00	11.84				
618	1.6°	n/a	(2) 8" Drill/C	8.00	61.54		CEMENT/C/	ASING REPORT	
684	2.1°	n/a	IBS	17.50	7.43				
743	2.0°	n/a	(3) 8" Drill/C	8.00	61.54				
807	1.0°	n/a	XO 0X	8.20	7.43				
867	1.6° 1.1°	n/a	(21) 6.375 D/C	6.38 6.25	632.68				
930	1.1	n/a	XO	TOTAL	787.89				
TIM	F			TOTAL	101.03				
From	To					ACTIVITY			
6:00		NPT: Circula	ating on one pur	np and washi	ing to bottom	to sweep hole wh	ile thawing out r	oump #1	
12:00						gpm, 110 rpms, 8			
17:00	10:20	Circulate vis	cous sween to	surface and r	un MI euro	y at 867', 1.6° (Inc	rease of 0.6° fro	m last survey)	
18:30								in last survey)	
						4 gpm, 110 rpms, y at 930', 1.1° (De		rom last survivi	
1:00								on last survey)	
1:30	6:00	Dril'd F/964	1/995', progress	s 31 ft, ROP	7 tpn, 894 g	pm, 110 rpms, 8-1	OK WOB.		
				No. 1417-1-1-1-1-1					
			s and/or Inciden ume: 3,066 gals						

				DAILT	DRILLING	KLFOKI				
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	: January 31, 2014	Rig Days 16	
OPERATION:	TD S	urf, Prep to	run Csg	DEPTH:	1,123	PROGRESS:	128	FORMATION:	Surface	
DAILY COST:		\$32,648		CUMMULATI	VE COST:	\$569	,719	SUPERVISOR:	Charles Slack	
WT. ON BIT:		45-50K		RPM:	84	PUMP PRESS:	1,865	GPM:	895	
WI. ON BIT.		40-00/(TAT IVI.	04	TOWN THEOS.	1,000		NG DAYS: 5	
	RIT P	ECORD		MUD PRO	OPERTIES	MUD	MIXED		REAKDOWN	
BIT NO.	1	I		MW	8.4	FRESH GEL	IIIALU	RU/RD	KEARDOWN	
SIZE	17 1/2			VIS	29	SALT GEL		DRLG.	16.0	
MFG.	Ulterra			PV		CAUSTIC		TRIP	6.0	
TYPE	616S			ур		LIME		REAM/WASH		
SER. #	21422			gels		SODA ASH		SURVEY	2.0	
NOZZLES	20			Ph		BAR		SER. RIG		
OUT				WL		MICA		CCM		
IN	102			CHL	4,000	LCM		RN CSG		
FOOTAGE (24 hr)	128			SOLIDS	2.0	PAPER		CMT casing		
HOURS	16.0			SAND		SAWDUST		WOC		
FT./HR.	8.0			OIL		Sodium Hydro		NU/ND		
BIT GRADE	BT-BT-A-X-I-BT			CALCIUM	400	AQUA-PAC		NPT-Repairs		
		JMP RATE		Tax		VIS PLUS		LOG/DST		
	MP 2		UMP 3	Service Rep		POLY		Pick Up BHA		
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		FISH		
1932	90	1932	90			SAPP		CIRC		
				DAILY COST	3,073	KCL		BOP		
				TOTAL COST	\$12,633	Walnut		TOTAL	24.0	
	SURVEYS			BHA #1		SHOWS/FLARE REPORT				
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH					
565	2.0°	n/a	Bit	17.50	1.00					
618	1.6°	n/a	Bit sub	8.12	2.83					
684	2.1°	n/a	Shoc-Sub	8.00	11.84		OFMENT!	ACINO DEDODE		
743	2.0°	n/a	(2) 8" Drill/C	8.00	61.54		CEMEN 1/C	CASING REPORT		
807	1.0° 1.6°	n/a	IBS	17.50 8.00	7.43 61.54					
930	1.0 1.1°	n/a n/a	(3) 8" Drill/C XO	8.20	7.43					
995	1.2°	n/a	(21) 6.375 D/C	6.38	632.68					
333	1.2	11/4	XO	6.25	1.6					
			7.0	TOTAL	787.89					
III	ME									
From	То					ACTIVITY				
6:00	10:00	Dril'd F/995	T/1,033', progre	ess 38 ft, ROI	P 10 fph, 894	4 gpm, 110 rpms, 1	8-30K WOB.			
10:00	10:30	Circulate vis	scous sweep to	surface and r	un WL surve	ey at 995', 1.2° (Ind	crease of 0.1° f	rom last survey)		
10:30	21:30	Dril'd F/1.03	3' T/1,120', prod	ress 87 ft. R	OP 8 fph. 89	4 gpm, 110 rpms,	50K WOB. **			
						hole volume for ce		ations.		
21:30	22:30					gpm, 110 rpms, 50				
21.00	22,00	TD surface	hole at 1,123',	22:30 hrs 01	/30/2014.	95111, 110 151110, 00				
22:30	0.00) bbl in annulus vis	scous pill mixed	d w/paper in annulu	IS.	
0:00	35.7.5.00		A, no correction	A CONTRACTOR OF THE PARTY OF TH				BT-A-X-I-BT & FC-		
0.00	6.00		ts while POOH.		uso 70 uama	ged FDC bit. B	it grade - bi-L	1-A-X-1-D1 &1 C-		
		No tight spo	is write POOH.							
		Note: New o	rew on nights in	o driller. Too	lousher work	king in driller's pos	ition running ric	1.		
		. 1010. 11017				3 de. o poo	29 115			
		No posido-	e and/or Inside-	to last 24 hrs						
			s and/or Inciden							
		rig ruel vo	lume: 1,460 gals	s Usea: 1,606	Gais					

7.

File No. N	IF110095
Daily	Delline Reports 2/1/2
Jane	iany 2014
Date Filed	: 1/31/14
Jerry	E. Patterson, Commissioner
D. S	SD

WELL:	Arms	trong State	COUNTY:	Reeves	STATE:	Tx DATE:	February 1, 2014	Rig Days 17			
OPERATION:		inning - Wa		DEPTH:	1,123	PROGRESS:	1 200	FORMATION:	Surface		
DAILY COST:		\$62,596		CUMMULATI		\$632	2,315	SUPERVISOR:	Charles Slack		
VT. ON BIT:		n/a		RPM:	n/a	PUMP PRESS:	n/a	GPM:	n/a		
TT. OIT BIT.		11/4		7 (7 17).	100	TOWN THEOD.	11/4	2501.1177.55	ING DAYS: 6		
	BITR	ECORD		MUD PRO	OPERTIES	MUD	MIXED	The second second	REAKDOWN		
BIT NO.	1			MW	8.4	FRESH GEL	73	MIRU Csg Tools	3.0		
SIZE	17 1/2			VIS	29	SALT GEL		DRLG.			
MFG.	Ulterra			PV		CAUSTIC		TRIP			
TYPE	616S			ур		LIME	5	REAM/WASH			
SER. #	21422			gels		SODA ASH	18	SURVEY			
VOZZLES	20			Ph		BAR		SER. RIG			
OUT	1123			WL		MICA		CCM			
IN	102			CHL	3,500	LCM		RN CSG			
FOOTAGE	1012			SOLIDS	2.0	PAPER		CMT casing			
HOURS	89			SAND		SAWDUST		WOC			
FT./HR.	11	0 FO TD		OIL	100	Sodium Hydro		NU/ND	100		
BIT GRADE	BT-BT-A-X-I-BT	THE PART OF THE PARTY OF THE PA		CALCIUM	480	AQUA-PAC		NPT-W/O Diesel	12.0		
DUIN		UMP RATE	11100	Tax		VIS PLUS		LOG/DST			
PUM			UMP 3	Service Rep		POLY NITRATE		Pick Up BHA			
PSIG	SPM	PSIG	SPM	Trucking		SAPP		FISH CIRC			
		-		DAILY COST	5,016	KCL		BOP			
			-	DAILY COST TOTAL COST	\$17,650	Walnut	8	TOTAL	15.0		
	SURVEYS			BHA #1	ψ17,000	yyamut		ARE REPORT	10.0		
DEPTH	INCL.	AZ.	ITEM	OD I	LENGTH		SHOWSHE	ARE REPORT			
867	1.6°	n/a	Bit	OB	LLNOTTI						
930	1.1°	n/a	Bit sub								
995	1.2°	n/a	Shoc-Sub								
			(2) 8" Drill/C				CEMENT/CA	ASING REPORT			
			IBS			Welded Tx Shoe, (1) Track joint w/2 cent, welded F/C					
			(3) 8" Drill/C			centralizer every 4th, start continuous wash down at 146 ft.					
			XO								
			(21) 6.375 D/C								
			XO								
				TOTAL							
TIN	IE .					ACTIVITY					
From	To	Diagonacat	flauding and aut	off 20" dala a	innle and ne		nanina				
5:00						ep to run surface o		and torus 200	udau		
7:00					and rig mei	mbers, MIRU csg	torigs, eleveators	and torque reco	order.		
9:00			n out of rig diese		0.00511.51.1				111		
21:00	6:00	Thread-lok,	weld 1x pattern	shoe, (1) jt 1:	3.325" 54.4	ppf J55 STC new	csg w/two centra	lizers locked, thr	ead-lok		
					down each j	oint starting on joi	nt #4. (18) joints	(811') washed d	own		
		at report tim	e (7) joints rema	aining .							
		O-Tex on lo	cation with (2) fi	lled cement b	ins.						
			. ,								
		Notified TRF	RC Dist 8 Rep:S	tephana of Su	urface casin	g cementing times	and volumes. 08	330 hrs 1/31/14			
						J mark					
		Directional	nousing on locat								
		Directional f	lousing on local								
		Nie o zakie z		to lock 0.4 b							
			s and/or Inciden			d. 420 O-I					
		Receive 7,0	00 gals. Rig Fue	ei voiume: 8,0	JSU gais Use	eu: 430 Gais					

				D/ tile !	DIVILLING	TILL OILL			
WELL:	Arms	trong State 5	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE.	February 2, 2014	Rig Days 18
PERATION:	Clean-Out TIH to 700'			DEPTH:	1,123	PROGRESS:		FORMATION:	Surface
AILY COST:		\$150,507			IVE COST:	\$782,822		SUPERVISOR:	Charles Slack
VT. ON BIT:		n/a	12000	RPM:	n/a	PUMP PRESS:	n/a	GPM:	
T. ON BIT.		II/a		KPIVI.	II/d	PUMP PRESS.	II/a	The second secon	n/a IG DAYS: 7
	DIT	FCORR		MUD DD	DEDTIES	I win i	NVED	The State of the S	THE RESIDENCE OF THE PARTY OF T
BIT NO.	1	ECORD 2		MW	OPERTIES	FRESH GEL	IIXED		REAKDOWN
SIZE					8.4			RDMO Csg Tools	1.0
MFG.	17 1/2	17 1/2	-	VIS PV	29	SALT GEL CAUSTIC		DRLG. TRIP	10 F
YPE	Ulterra 616S	SMT RR 15-2				LIME		REAM/WASH	10.5
SER. #	21422	PR 9188		yp co/o		SODA ASH		SURVEY	
		24/32		gels Ph		BAR		SER. RIG	
VOZZLES	20	100 - 1		20.00		STANDARD.			
DUT	1123	Clean Out		WL	2 500	MICA		CCM Weeking CCC	40
N	102	Surface		CHL	3,500	LCM PAPER		Washing CSG	4.0
OOTAGE	1012	700		SOLIDS	2.0	SAWDUST		CMT casing WOC	
HOURS	89	11		SAND					
T./HR.	11	67		OIL	400	Sodium Hydro		NU/ND	
BIT GRADE	21 2111 2			CALCIUM	480	AQUA-PAC		Wash Casing	
		UMP RATE	1100	Tax		VIS PLUS		LOG/DST	F.0
PUM			IMP 3	Service Rep		POLY		LD Casing	5.0
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		REPAIRS	3.5
						SAPP		CIRC	
				DAILY COST	4.7.000	KCL		BOP	
				TOTAL COST	\$17,650	Walnut		TOTAL	24.0
SURVEYS				BHA #1		SHOWS/FLARE REPORT			
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
867	1.6°	n/a	Bit	17.50	1.25				
930	1.1°	n/a	Bit sub	7.25	3.5				
995	1.2°	n/a	Shoc-Sub	8.00	11.84				
			(5) 8" Drill/C	8.00	61.54		CEMENT/C	ASING REPORT	
			XO	8.20	7.43				
			(21) 6.375 D/C	6.38	632.68				
			XO	6.25	1.6	Welded track shoe joint and joint #2 standing in derrick.			
				TOTAL	719.84				
TIM						ACTIVITY			
From	То								
5:00						er 2 hrs working &			g.
10:00	15:00	Lay down (18) joints of surface casing. Note: Stand welded Track shoe joint and second joint in derrick.							
		All centralizers were intact and remain re-useable.							
15:00	17:00								
17:00		RDMO casing tong unit and pickup machine. Replace cellar jet flow line hose with a fabricated metal flow line.							
		Make up 17.5" MT bit, bit sub w/string float, re-run shoc-sub on first drill collar stand and trip in hole.							
9:00									
22:00	23:30	Tag up on fill at 257', estabalish circulation, wash F/588'.							
	1	Note: Time delay for connections, Drill collar stand have lift subs, stand has to be broke for topdrive connection							
23:30			per drill pipe di						
1:00	6:00	Continue TIH	and intermitter	ntly washing :	soft to medu	im bridges in clear	n-out operations	. F/350' T/700'.	
		Note: Ma hay	ie a frech water	r flow @+/-2	5 apm comi	ng from the well bo	ore requiring co	ntinuous cellar iett	ing
		INOLE. VVE IIA	o a nesn wate	1011, 6017-2	gpill, colli	ing in our title well be	or or roquiring con	initiadas sonai jett	9.
		Received Dir	ectional Tools	and Rotating	Head with e	quipment.			
						transport from ce	menting operati	ons.	
			nenters and put				g opoloti		
			and/or Inciden						
		Rig Fuel Volu	ime: 7,154 gals	S Used: 876 G	als				

				DAILT	DKILLING	KEFOKI			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	February 3, 2014	Rig Days 19
OPERATION:		n-Out TIH to		DEPTH:	1,123	PROGRESS:		FORMATION:	Surface
DAILY COST:		\$28,877		CUMMULAT			1,699	SUPERVISOR:	Charles Slack
WT. ON BIT:	W 11 11 11 11 11 11 11 11 11 11 11 11 11	n/a		RPM:	100	PUMP PRESS:	1,325	GPM:	895
III. ON DIT.		II/d		I KEWI.	100	FUNIF FRESS.	1,020		NG DAYS: 8
	RIT D	ECORD		MIID DD	OPERTIES	MID	MIXED		REAKDOWN
BIT NO.	2	LOOKB		MW	8.4	FRESH GEL	MIXED	RU Drlg nipple	5.5
SIZE	17 1/2			VIS	29	SALT GEL		DRLG.	0.0
MFG.	SMT RR			PV	25	CAUSTIC		TRIP	6.0
TYPE	15-2			ур		LIME		REAM/WASH	9.0
SER.#	PR 9188			gels		SODA ASH		SURVEY	0.0
NOZZLES	24/32			Ph		BAR		SER. RIG	
OUT		n out Surface	hole	WL		MICA		CCM	
IN	Surface			CHL	3,500	LCM		Washing CSG	
FOOTAGE	1,123			SOLIDS	2.0	PAPER		CMT casing	
HOURS	6			SAND		SAWDUST		WOC	
FT./HR.	187			OIL		Sodium Hydro		NU/ND	
BIT GRADE				CALCIUM	480	AQUA-PAC		Wash Casing	
	SLOW P	UMP RATE		Tax		VIS PLUS		LOG/DST	
PUI	MP 2		UMP 3	Service Rep		POLY		LD Casing	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		REPAIRS	
						SAPP		CIRC	3.5
				DAILY COST		KCL		BOP	
				TOTAL COST	\$17,650	Walnut		TOTAL	24.0
	SURVEYS			BHA #1		The state of the s	SHOWS/FI	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
867	1.6°	n/a	Bit	17.50	1.25				
930	1.1°	n/a	Bit sub	7.25	2.83				
995	1.2°	n/a	Shoc-Sub	8.00	11.84				
			(5) 8" Drill/C	8.00	153.97		CEMENT/C	ASING REPORT	
			XO	8.20	7.43				
			(10) 6.375 D/C	6.38	291.69				
			XO	6.25	1.6				
			The state of						
				TOTAL	470.61				
	ΜE					ACTIVITY			
From	То								
6:00						an out operation.			
12:00	15:30	MIRU Welde	er and re-install	20" drilling ni	pple and ho	ok flowline to rese	erve.		
15:30	17:30	Trip in with	17.5" MT bit, BS	, Shoc-sub, (5) 8" drill co	llars and (3) 6 .25	" drill collars.		
17:30		Tag up at 47	3'change over f	rom drill colla	ars to drill pip	oe, screw in topdr	ive & starting wa		
						1,124'. Note: last			١.
						veeps pumped to			
2:30	6:00					fine sand and sn		, J	
2.00	0.00					asing crew arrive		then POOH for o	sa run
			ous pill on botto			daily crew arrive	5 at 17-0100 ms,		og run.
		Sput 15 VISC	ous pill on botto	iii belore PO	On.				
			s and/or Inciden				1000000 and 100000		
		Im: # 11/1	F 040 I-	11 1 4 244	Cala (Orda	red fuel for Tueso	av dolivory)		

A ACRES OF	T		Carlotte Commission of the Com			T				
WELL:	3			COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 20	
OPERATION:	N	IIRU Cemei		DEPTH:	1,123	PROGRESS:		FORMATION:	Surface	
DAILY COST:		\$85,093		CUMMULAT	IVE COST:	\$896	,792	SUPERVISOR:	Charles Slack	
WT. ON BIT:	AMMEN	n/a		RPM:		PUMP PRESS:		GPM:		
								DRILLING DAYS: 9		
	BIT F	ECORD		MUD PRO	OPERTIES	MUD N	MIXED		REAKDOWN	
BIT NO.	2			MW	8.4	FRESH GEL	158	RUN CSG	5.0	
SIZE	17 1/2			VIS	29	SALT GEL		DRLG.		
MFG.	SMT RR			PV		CAUSTIC		TRIP	2.5	
TYPE	15-2			ур		LIME	8	REAM/WASH		
SER.#	PR 9188			gels		SODA ASH	24	SURVEY		
NOZZLES	24/32			Ph		BAR		SER. RIG		
OUT	Washing-Clea	n out Surface	hole	WL		MICA		CCM		
IN	Surface			CHL	4,000	LCM		Washing CSG	3.5	
FOOTAGE	1,123			SOLIDS	2.8	PAPER		CMT casing		
HOURS	3			SAND		SAWDUST		WOC		
FT./HR.	449			OIL		Sodium Hydro		NU/ND		
BIT GRADE				CALCIUM	480	AQUA-PAC		Wash Casing		
		UMP RATE		Tax		VIS PLUS		LOG/DST		
	MP 2		UMP 3	Service Rep		POLY		LD Casing		
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		REPAIRS		
						SAPP		CIRC CSG	13.0	
				DAILY COST	4,190	KCL		BOP	01.5	
	ALIBUMIA			TOTAL COST	\$22,902	Walnut	01101110	TOTAL	24.0	
	SURVEYS			BHA #1			SHOWS/FL	ARE REPORT		
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH					
867	1.6°	n/a	Bit							
930	1.1°	n/a	Bit sub							
995	1.2°	n/a	(5) OF D-1110				OFMENTIO	ACINO DEDODE		
			(5) 8" Drill/C			D 7 0		ASING REPORT	04 - 4416	
			XO		+ 24 additions					
			(10) 6.375 D/C XO			JIS I.		8 rd STC, landed at menter at 0400 hrs.	1,123.	
			10				MINO O-Tex ce	menter at 0400 ms.		
						N/	nte: Daily cost inclu	des surface Casing	cost	
				TOTAL		110		ed CanRig cost	0001.	
TI	ME			101712			1 100 0010110	or caming coot		
From	То					ACTIVITY				
6:00	9:00	Circulate an	d spot 75+ visco	ous pill on bot	ttom.					
9:00						ed in 15 mins. PO	OH with clean ou	it BHA #2		
11:30			Csg equipment					(*)=/ **** // · ·		
12:30						oe (1) shoe jt with (2) centralizers a	hove shoe & help	w F/C	
15:00			sing through har			o (1) shoe ji with (L) Contianzers a	DOVE SHOE & DOL		
		0	0 0			out waching down				
16:30						out washing down.		ath \		
	20:00					at 1,123'. (Total Su	iriace casing de	our.)		
19:00	92000		sing on bottom a	and wait for co	ementers.					
20:00				The second second	4.6					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, con	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00			x cementers, cor	nduct safety r	meeting.					
20:00		MIRU O-Te:	s and/or Inciden	ts last 24 hrs.		red fuel for Tuesda				

WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	Enhance 5 2014	Rig Days 21
OPERATION:		BOPs-Gas		DEPTH:	1,123	PROGRESS:	IX DATE.	FORMATION:	Surface
DAILY COST:	,,,,	\$109,859		CUMMULAT		\$1,00	6 651	SUPERVISOR:	Charles Slack
WT. ON BIT:	MAKANI	n/a		RPM:	VE 0001.	PUMP PRESS:	0,001	GPM:	Charles Clack
WI. ON BIT.		IVa		KPIVI.		PUMP PRESS.			IG DAYS: 10
	BITE	RECORD		MUD PRO	OPERTIES	MUD	MIXED		REAKDOWN
BIT NO.	#3			MW	8.4	FRESH GEL	III/LED	DRLG.	KEARBOIII
SIZE				VIS	29	SALT GEL		TRIP	
MFG.				PV		CAUSTIC		REAM/WASH	
TYPE				ур		LIME		SER. RIG	
SER.#				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		REPAIRS	
OUT				WL		MICA			
IN				CHL	4,000	LCM		RUN CSG	4.75
FOOTAGE				SOLIDS	2.8	PAPER		CMT casing	
HOURS				SAND		SAWDUST		WOC	4.00
FT./HR.	#DIV/0!			OIL	100	Sodium Hydro			
BIT GRADE				CALCIUM	480	AQUA-PAC			
5111		UMP RATE		Tax		VIS PLUS		LOG/DST	
PUM			UMP 3	Service Rep		POLY			
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		De Test COD	
-				DAN W SEET	040	SAPP		Ps Test BOP	45.05
				DAILY COST	243 \$23,146	KCL		NU/ND BOP	15.25
	SURVEYS			TOTAL COST	\$23,140	Walnut	SHOWS/E	TOTAL ARE REPORT	24.00
DEPTH	INCL.	AZ.	ITEM	BHA #1	LENCTH		5HUW5/FI	LAKE REPORT	
867	1.6°	n/a	Bit	OD	LENGTH				
930	1.1°	n/a	Motor						
995	1.2°	n/a	MWD						
000	1,12	11/4	Monels				CEMENT/C	ASING REPORT	
			XO			Cemented 13		vith 2,750 sxs 35:65	CL "C" O-Tex mix
			(5) 8" Drill/C			12.8 ppg. 1.84	vd. Tailed 290 sxs	s CL"C" Neat, full ret	turns, 167 sxs to
			XO					@ 1045 hrs 2/4/20	
			(10) 6.375 D/C						
			XO						
				TOTAL					
TIN	ME T					ACTIVITY			
From	To	D:	-t' bd	I D-	toot flace to				
6:00						3000 psi, okay.	4/4/// 0 1/ 0		41
7:30	10:45					% Gel+2% CaCl2+			
						00 sxs CL"C" +2%	JaCI2+.004 gps	CF-41L, mixed at	14.8
			, 6.35 W/R. Full						
						psi, held 2 mins, re			ng.
						g at surface. Job c			
10:45						lean steel pits, pre			
14:45	17:30	Cut-off 13 3/	8" surface, welc	on Section "	A" wellhead	and pressure void	area to 565 psi	0 for 15 mins okay	1.
17:30						ment, modifying fle			
						e to BOP. Incompl			
			and remote chol						
				3-1-1-					
			_						
					_				
			s and/or Inciden			ved 7001 gals dies			

WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	February 6, 2014	Rig Days 22
OPERATION:		& re-install		DEPTH:	1,123	PROGRESS:		FORMATION:	Surface
DAILY COST:		\$131,533	3	CUMMULAT	IVE COST:	\$1,13	8,184	SUPERVISOR:	Charles Slack
WT. ON BIT:		n/a		RPM:		PUMP PRESS:		GPM:	
									NG DAYS: 11
	BIT R	RECORD		MUD PRO	OPERTIES	MUD	MIXED		REAKDOWN
BIT NO.	#3			MW	8.4	FRESH GEL		DRLG.	
SIZE				VIS	29	SALT GEL		TRIP	
MFG.				PV		CAUSTIC		REAM/WASH	
TYPE				ур		LIME		SER. RIG	
SER.#				gels		SODA ASH		SURVEY	
NOZZLES				Ph		BAR		REPAIRS	10.50
OUT				WL	1.000	MICA		GYRO SURVEY	2.00
IN				CHL	4,000	LCM		RUN CSG	
FOOTAGE HOURS				SOLIDS	2.8	PAPER		CMT casing	
FT./HR.	#DIV/0!			SAND		SAWDUST Sodium Hydro		WOC	
BIT GRADE	#017/0!			CALCIUM	480	AQUA-PAC			
DIT GIVADE	SI OW D	UMP RATE		Tax	400	VIS PLUS		LOG/DST	
PUM			UMP 3	Service Rep		POLY		LUG/DST	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE			
1.010	Or IVI	1.010	OF IVI	Trucking		SAPP		Ps Test BOP	8.00
				DAILY COST		KCL		NU/ND BOP	3.50
				TOTAL COST	\$23,146	Walnut		TOTAL	24.00
	SURVEYS			BHA #1		Trainet	SHOWS/F	ARE REPORT	
DEPTH	INCL.	AZ.	ITEM	OD	LENGTH				
867	1.6°	n/a	Bit						
930	1.1°	n/a	Motor						
995	1.2°	n/a	MWD						
			Monels				CEMENT/C	ASING REPORT	
			XO						
			(5) 8" Drill/C						
			XO						
			(10) 6.375 D/C						
			XO						
				TOTAL					
From I	To	1172				ACTIVITY			
6:00		Function tes	t BOP closing/o	nening and a	cculumator	recharge Ps			
9:30						ted, manifold recha	arne was good 1	Jitrogen charge	nn nei
9.30	17.00					arge nitrogen bottle		an ogen enarge c	700 psi.
17.00	10.00					arge mirogen bottle			
17:00			chanic making re			a a cura mant			
19:00			with Open-End I						
20:00			tific Wire Line U						
21:30	23:30		n welder to repa					1	
						bits, working to that		aive.	
						ature 19°, wind chil			
23:30					new collar i	n place, install Bull	plug.		
2:30			frozen pump lir						
5:30	6:00	POOH with	open end drill pi	pe, install kel	ly hose.				,
		No castdant	o and/or le state	to lock 0.4 har-					
			s and/or Inciden						
		Ikig ruei Vol	ume: 10,658 ga	is Used: 584	Gais.				

MEII:	A	trong Ctata	E0 2 #211	1	DRILLING		Tu DATE	T	Die Davis CO
WELL: OPERATION:		trong State		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 23
* 1	THAN	OUT HYDE		DEPTH:	1,123	PROGRESS:	2 522	FORMATION:	Intermediate
DAILY COST:		\$94,349		CUMMULAT	VE COST:		2,533	SUPERVISOR:	Charles Grahan
WT. ON BIT:		n/a		RPM:		PUMP PRESS:		GPM:	
				1					NG DAYS: 12
DITUO		ECORD			OPERTIES		MIXED		REAKDOWN
BIT NO.	#3			MW	9.8	FRESH GEL		DRLG.	7.00
SIZE	12 1/4			VIS	29	SALT GEL		TRIP/ MAKE BHA	7.00
MFG.	Ulterra			PV		CAUSTIC		REAM/WASH	0.50
TYPE	616M PDC			ур		LIME		SER. RIG	0.50
SER. # NOZZLES	21519			gels	0	SODA ASH		SURVEY	0.50
OUT	(6) 20/32			Ph WL	8	BAR MICA		REPAIRS PU/LD BHA	6.50
IN	1,123			CHL	144,000	LCM		RUN CSG	
FOOTAGE	1,123			SOLIDS	1.5	PAPER	1	CMT casing	
HOURS				SAND	1.0	SAWDUST	1	WOC	
FT./HR.	#DIV/0!			OIL		Sodium Hydro		TEST MWD/WOR	10.00
BIT GRADE	#514/01			CALCIUM		AQUA-PAC		TEST WIVE VIOL	10.00
DIT GIVIDE	SI OW P	UMP RATE		Tax		VIS PLUS		LOG/DST	
PIII	MP 2		UMP 3	Service Rep	\$225	POLY		200/201	
PSIG	SPM	PSIG	SPM	Trucking	ΨΖΖΟ	NITRATE			
1 010	OF IVI	1 010	JI W	pallets/wrap	1975	SAPP		Ps Test BOP	
				DAILY COST	2,200	KCL		NU/ND BOP	
				TOTAL COST	\$25,300	Walnut		TOTAL	24.00
	SURVEYS			BHA #2	41	rvania	SHOWS/F	ARE REPORT	21.00
DEPTH	INCL.	AZ.	Bit	12.25	1.00		on o mon		
867	1.6°	n/a	Motor	8.00	28.9				
930	1.1°	n/a	Float Sub	8.00	3.11				
995	1.2°	n/a	Muleshoe	8.00	3.08				
		1,00	NMDC	8.00	30.25		CEMENT/C	ASING REPORT	
			Stabil Drill IBS	12.25	6.41				
			Rig DC	8.00	151.48				
			XO	8.00	2.58				
			Rig DC	6.00	209.81				
			XO	6.00	2.02				
				TOTAL	437.64				
III	ME					ACTIVITY			
From	То					ACTIVITY			
6:00		Repairing m							
7:30			open-end drill pi						
9:00	12:30	MAKE UP B	HA, SCRIBE IN	MOTOR.					
12:30	14:00	WORK ON	SCR ELECTRIC	AL PROBLE	M.				
14:00						RILL COLLARS, PI	U 1 JT. DP.		
15:00		TEST MWD							
18:00	(5),500,500	SERVICE R	A STEED AND AND AND ADDRESS OF THE PERSON OF						
18:30		Contraction of the Contract Co	SHOOT MWD						
			O REPROGAM	MWD					
20:00				IVIVVD					
21:00		THAW OUT		00111	TIL TOO:				
22:30		The state of the s	MWD, REPRO	GRAM, INSA	ATLL TOOL				
2:30		ORIENTATE	Control of the Contro						
4:00	6:00	THAW OUT	HYDROMATIC						
6:00									
		2 27 70							
			s and/or Inciden						
		1 FY F 1 1 1 1 1	ume: 9782 gals	11 J. 070 0	ala:				

1000-000				_	DRILLING				
WELL:	Arms	trong State		COUNTY:	Reeves	STATE:	Tx DATE		Rig Days 24
OPERATION:		DRILLING	3	DEPTH:	1,850	PROGRESS:	727	FORMATION:	ANHY
DAILY COST:		\$38,486		CUMMULATI	IVE COST:	\$1,27	1,019	SUPERVISOR:	Charles Graham
VT. ON BIT:		25K		RPM:	70	PUMP PRESS:	2,100	GPM:	800
								U.S. Stranger, Co.	IG DAYS: 13
		ECORD			OPERTIES	MUD	MIXED		REAKDOWN
BIT NO.	#3			MW	9.9	FRESH GEL		DRLG.	17.50
SIZE	12 1/4			VIS	29	SALT GEL		TRIP	2.50
MFG.	Ulterra			PV		CAUSTIC		REAM/WASH	
TYPE	616M PDC			ур		LIME		SER. RIG	
SER. #	21519			gels		SODA ASH		SURVEY	
VOZZLES	(6) 20/32			Ph	8	BAR		REPAIRS	1.00
OUT	1 100			WL		MICA		PU/LD BHA	
IN	1,123			CHL	144,000	LCM		RUN CSG	
FOOTAGE	727			SOLIDS	1.5	PAPER		CMT casing	
HOURS	18			SAND		SAWDUST		WOC	2.52
T./HR.	42			OIL		Sodium Hydro		TEST CASING	0.50
BIT GRADE				CALCIUM		AQUA-PAC		DRL CMT/PLUG	2.50
511		UMP RATE		Tax		VIS PLUS		LOG/DST	
PUN			JMP 3	Service Rep		POLY			
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		D. T	
				pallets/wrap		SAPP		Ps Test BOP	
				DAILY COST		KCL		NU/ND BOP	21.00
				TOTAL COST		Walnut		TOTAL	24.00
2022	SURVEYS			BHA #2			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit	12.25	1.00				
867	1.6°	n/a	Motor	8.00	28.9				
930	1.1°	n/a	Float Sub	8.00	3.11				
995	1.2°	n/a	Muleshoe	8.00	3.08				
1140	2.10	294.1	NMDC	8.00	30.25		CEMENT/C	ASING REPORT	
1235	1.60	279.4	Stabil Drill IBS	12.25	6.41				
1328	1.50	290.9	Rig DC	8.00	151.48				
1423	1.40	292	XO	8.00	2.58				
1515 1610	0.70	270.3 255.3	Rig DC XO	6.00	209.81				
1798	1.40 1.40	170.3	XU	TOTAL	437.64				
IIN		170.5		TOTAL	407.04				
From	To					ACTIVITY			
6:00		THAW OUT	HYDROMATIC						
7:00			E, TAG CEME						
9:30			NG 600# FOR 3						
10:00			MENT AND PL		01.15=	1 1000: 70 77	00 110707	N OUBE (CCC	207
12:30	6:00			3 TO 1850, (SLIDE 119	4-1209).70 RPM, 1	133 MOTOR RP	M, SLIDE 1287-1	307.
		SLIDE 1380-	1405.						
								1.0	
		No cooldent	and/or Incide	to lock 24 hrs					
		no accidents	and/or Inciden	IS IAST 24 Nrs.	C-l-				
		Kig Fuel Voli	ume: 8322 gals	Usea: 1460 (Jais.				

				DAILT	DRILLING	REPORT			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DAT	E: February 9, 2014	Rig Days 25
OPERATION:		DRILLING	3	DEPTH:	2,438	PROGRESS:	588	FORMATION:	80 snd, 20 shl.
DAILY COST:		\$46,478		CUMMULAT		\$1,27		SUPERVISOR:	Charles Graham
WT. ON BIT:		25K		RPM:	70	PUMP PRESS:	2,100	GPM:	800
				T					NG DAYS: 14
DIT NO		ECORD			OPERTIES	MUDI	MIXED		REAKDOWN
BIT NO.	#3			MW	10.1	FRESH GEL		DRLG.	14.00
SIZE	12 1/4			VIS	29	SALT GEL		TRIP	
MFG.	Ulterra			PV		CAUSTIC		REAMWASH	
TYPE	616M PDC			ур		LIME		SER. RIG	0.50
SER.#	21519			gels		SODA ASH		SURVEY	0.50
NOZZLES	(6) 20/32			Ph	8	BAR		REPAIRS	9.00
OUT	4 400			WL	170 000	MICA		PU/LD BHA	
IN	1,123			CHL	170,000	LCM		RUN CSG	
FOOTAGE	1,315			SOLIDS	2.3	PAPER	7	CMT casing	
HOURS	32			SAND		SAWDUST		WOC	
FT./HR.	41			OIL		Sodium Hydro	2	TEST CASING	
BIT GRADE				CALCIUM		AQUA-PAC		DRL CMT/PLUG	
		UMP RATE		Tax		VIS PLUS		LOG/DST	
	1P 2		UMP 3	Service Rep		POLY			
PSIG	SPM	PSIG	SPM	Trucking		NITRATE			
				pallets/wrap		new55		2 Ps Test BOP	
				DAILY COST	1,000	KCL		NU/ND BOP	
				TOTAL COST		Engineer	1	TOTAL	24.00
	SURVEYS			BHA #2			SHOWS	FLARE REPORT	
DEPTH	INCL.	AZ.	Bit	12.25	1.00				
1891	0.90	234.4	Motor	8.00	28.9				
1986	1.00	238.2	Float Sub	8.00	3.11				
2080	1.30	251.6	Muleshoe	8.00	3.08				
2174	1.80	265.7	NMDC	8.00	30.25		CEMENT	CASING REPORT	
2268	2.10	247.4	Stabil Drill IBS	12.25	6.41				
2363	2.30	241.2	Rig DC	8.00	151.48				
			XO	8.00	2.58				
			Rig DC	6.00	209.81				
			XO	6.00	2.02				
				TOTAL	437.64				
III	ΛE					ACTIVITY			
From	То								
6:00	15:30	DRILLING 1	850-2320, 70 R	RPM, 133 MO	TOR RPM,	SLIDE 2226- 2244	1		
15:30	16:00	SERVICE R	IG.						
16:00	16:30	MWD SURV	'EY AT 2268,						
16:30				PM 133 MO	TOR RPM	SLIDE 2320-2352			
18:00	10.00							R BAD, ABLE TO	GET
10.00	0.00		RILLING TILL G				MAIN. LINCODE	IN DAD, ADLL TO	OL I
2.00					-	THE RESERVE OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAME			
3:00	6:00	DRILLED 23	005- 2438, SLID	E 2415-2438	. 10 KPM,	133 MOTOR RPM.	<u> </u>		
		NOTE: MUD	LOGGER ON I	LOCATION.					
		No posidont	and/or Incident	to last 24 hrs					
		rig ruel vol	ume: 6935 gals	Used: 1387 (Jais.				

WELL:	Arme	trong State :	59_3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	Enhance 40 2044	Rig Days 26
OPERATION:	Arms	DRILLING		DEPTH:	3,165	PROGRESS:	727	February 10, 2014 FORMATION:	
DAILY COST:		\$42,158		CUMMULAT			727 59,655	SUPERVISOR:	60 anh, 30 lm, 10 si Charles Graham
WT. ON BIT:		25K		RPM:	70	PUMP PRESS:	2,200	GPM:	800
DIT DECORD				ID DDCCCC	150	1	HIVED		NG DAYS: 15
BIT RECORD BIT NO.	#3		M	UD PROPERT			MIXED		REAKDOWN
SIZE	12 1/4			MW VIS	10.1	FRESH GEL SALT GEL		DRLG. TRIP	23.00
MFG.	Ulterra			PV	29	CAUSTIC		REAM/WASH	
TYPE	616M PDC					LIME		SER. RIG	0.50
SER.#	21519			yp gels		SODA ASH		SURVEY	0.30
NOZZLES	(6) 20/32			Ph	8	BAR		REPAIRS	0.50
OUT	(0) 20/02			WL	-	MICA		PU/LD BHA	0.00
IN	1,123			CHL	170,000	LCM		RUN CSG	
FOOTAGE	2,042			SOLIDS	2.3	PAPER		CMT casing	
HOURS	55			SAND		SAWDUST		WOC	
FT./HR.	37			OIL		Sodium Hydro		TEST CASING	
BIT GRADE				CALCIUM		AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	Έ			Tax		VIS PLUS		LOG/DST	
PUMP 2		PUMP 3		Service Rep		POLY			
PSIG	SPM	PSIG	SPM	Trucking		NITRATE			
				pallets/wrap		new55	2	Ps Test BOP	
				DAILY COST		KCL		NU/ND BOP	
				TOTAL COST	\$25,040	Engineer		TOTAL	24.00
SURVEYS				BHA #2			SHOWS/FI	ARE REPORT	
DEPTH	INCL.	AZ.	Bit	12.25	1.00		BGG 1	6, MFG 50	
2363	2.30	241.2	Motor	8.00	28.9				
2552	1.80	223.9	Float Sub	8.00	3.11				
2644	1.60	210.4	Muleshoe	8.00	3.08				
2738	1.10	185.1	NMDC	8.00	30.25		CEMENT/C	ASING REPORT	
2832	0.70	168.9	Stabil Drill IBS	12.25	6.41				
2926	0.70	190.8	Rig DC	8.00	151.48				
3076	1.10	203.7	XO	8.00	2.58				
			Rig DC	6.00	209.81				
			XO	6.00	2.02				
TIME		ACTIVITY		TOTAL	437.64				
TIME From	То	ACTIVITY							
3:00		Drilled 2438-	2510, 70 rpm, 1	33 motor ror	m slide 2438	8-2460			
9:00		Service rig.	2010, 10 10111,	Too motor ipi	II, Olido E TO	1 100.			
9:30			oder on top drive						
10:00					m alida 2F1	0-2550, slide 260	4 2644 alida 26	1 2726 alida 1	700 2020
10.00	6.00	Dillied 25 10-	3 165, 70 ipili,	Too motor the	II, Slide 251	0-2550, Slide 200	4-2044., Slide 20:	90 - 2730, Slide 2	1790-2030.
						6 lime, 10% shale	e. BGG 16 units,	MFG 50 units	
			Litho and/or Incident ame: 5402 gals	ts last 24 hrs		6 lime, 10% shale	e. BGG 16 units,	MFG 50 units	

SAN GABRIEL RESOURCES, LLC

DAILY DRILLING REPORT

WELL:	Arms	trong State S	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	February 11, 2014	Rig Days 27	
OPERATION:		ating, WO Ce		DEPTH:	3,300	PROGRESS:	135	FORMATION:	100% Lime	
DAILY COST:		\$64,438		CUMMULAT			4,093	SUPERVISOR:	Charles Graham	
WT. ON BIT:			7 - 1 - 1	RPM:		PUMP PRESS:	CHECK MANAGE	GPM:	800	
With Old Birt.				TAT IVI.		POWIT PALOS.		DRILLING DAYS: 16		
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		IME BREAKDOW		
BIT NO.	#3			MW	10.1	FRESH GEL		DRLG.	4.00	
SIZE	12 1/4			VIS	29	SALT GEL		TRIP	5.00	
MFG.	Ulterra			PV		CAUSTIC		REAM/WASH		
TYPE	616M PDC			ур		LIME		SER. RIG	0.50	
SER.#	21519			gels		SODA ASH		SURVEY	0.50	
NOZZLES	(6) 20/32			Ph	8	BAR		REPAIRS		
OUT	3,300			WL OU!	470.000	MICA		PU/LD BHA	7.50	
IN FOOTAGE	1,123 2,177			CHL	170,000	LCM PAPER		RUN CSG	7.50	
HOURS	59			SAND	2.3	SAWDUST		CMT casing WOC		
FT./HR.	37			OIL		Sodium Hydro		TEST CASING		
BIT GRADE	1-1- full gauge			CALCIUM		AQUA-PAC		DRL CMT/PLUG		
OW PUMP RA				Tax		VIS PLUS		Wait for equipmen	2.50	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	3.50	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Fluid csl.	0.50	
				pallets/wrap		new55		Ps Test BOP		
				DAILY COST		KCL		NU/ND BOP		
				TOTAL COST		Engineer		TOTAL	24.00	
SURVEYS				BHA #2			SHOWS/FL	ARE REPORT		
DEPTH	INCL.	AZ.	Bit	12.25	1.00	BG 40, MFG 337 A	T 3269.			
3076	1.10	203.7	Motor	8.00	28.9					
3207	1.10	191.3	Float Sub	8.00	3.11					
3248	1.00	198.7	Muleshoe	8.00	3.08					
			NMDC	8.00	30.25			SING REPORT		
			Stabil Drill IBS	12.25	6.41	Ran 80 jts. 9 5/8, 4				
			Rig DC	8.00	151.48	Centralizers @ 10'		rdjt.5th jt.7th jt.9th j	t.	
			XO Rig DC	8.00 6.00	2.58 209.81	And at 980', 938',89 Float collar at 3,213				
			XO XO	6.00	2.02	Tack weld shoe, bo		llar hottom 2nd col	lar	
			NO.	TOTAL	437.64	bottom and top floa		ilai, bottom zna coi	iai,	
TIME		ACTIVITY		TOTAL	407.04	bottom and top nou	t conar.			
From	То	2011111								
6:00	7:30	DRILLED 31	65-3220, 70 rp	m, 133 moto	r rpm.					
7:30			nples at 3220.							
8:00		Drilled 3220-								
8:30		circulate sam								
9:00		Drilled 3240-								
9:30			nples at 3260.							
10:00		Install fluid ca								
10:30		Drilled 3260-								
11:30			nples at 3280.							
12:00		Drilled 3280-		tales off first	wallan	an Oissal and an	- 1110 - 0			
12:30				take off fluid	caliper met	er, fliud caliper wa	is 1412 cu.ft.			
13:30		MWD survey								
4 4 00	14:30	Pump sweep								
	- Value of the last	Canina Dia								
14:30		Service Rig.			ractional to	ols. No hole proble	ms.			
14:30 15:00	20:00	Trip out of ho	le, lay 8" drill c							
14:30 15:00	20:00 12:00	Trip out of ho Held safety n	neeting and rig	up casing cr	ew. Ran ca	sing to 1100'.filled	up with hose.			
14:30 15:00 20:00	20:00 12:00	Trip out of ho Held safety n	neeting and rig	up casing cr	ew. Ran ca	sing to 1100'.filled	up with hose.	10, arrived 1 AM	2/11.	
14:30 15:00 20:00 12:00	20:00 12:00 1:00	Trip out of ho Held safety n Wait for swee	neeting and rig dge before goin	up casing cr ng into forma	rew. Ran ca tion, called	sing to 1100'.filled for swedge and fil	up with hose.	10, arrived 1 AM	2/11.	
14:00 14:30 15:00 20:00 12:00 1:00 4:30	20:00 12:00 1:00 4:30	Trip out of ho Held safety n Wait for swee Run casing 1	neeting and rig dge before goin 100 to 3300, w	up casing cr ng into forma rash to botto	rew. Ran ca tion, called m 3280 to 3	sing to 1100'.filled for swedge and fil 300'.	up with hose.	10, arrived 1 AM	2/11.	
14:30 15:00 20:00 12:00	20:00 12:00 1:00 4:30	Trip out of ho Held safety n Wait for swee Run casing 1 Circulate cas	neeting and rig dge before goin	up casing cr ng into forma vash to botto O-TEX cem	rew. Ran ca tion, called m 3280 to 3 enters to ar	sing to 1100'.filled for swedge and fil 300'.	up with hose.	10, arrived 1 AM	2/11.	

						REPORT			
WELL:	3			COUNTY:	Reeves	STATE:	Tx DATE:	February 12, 2014	Rig Days 28
OPERATION:	Changing	out elev. Ba	les; PU BHA	DEPTH:	3,300	PROGRESS:		FORMATION:	100% Lime
DAILY COST:		\$267,887		CUMMULAT	IVE COST:	\$1,69	1,980	SUPERVISOR:	Charles Graham
NT. ON BIT:				RPM:		PUMP PRESS:		GPM:	800
				1					IG DAYS: 17
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		TIME BREAKDOW	A THE STATE OF THE
BIT NO.				MW	10.1	FRESH GEL		DRLG.	
SIZE				VIS	29	SALT GEL		TRIP	
MFG.				PV		CAUSTIC		REAM/WASH	
TYPE		- y		ур		LIME		SER. RIG	
SER. #				gels		SODA ASH		SURVEY	
VOZZLES				Ph	8	BAR		REPAIRS	3.50
OUT				WL		MICA		PU/LD BHA	
N				CHL	170,000	LCM		RUN CSG	
FOOTAGE				SOLIDS	2.3	PAPER		CMT casing	2.50
HOURS				SAND		SAWDUST		WOC	
T./HR.				OIL		Sodium Hydro		TEST CASING	
BIT GRADE				CALCIUM		AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	4.50
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Fluid csl.	
				pallets/wrap		new55		Ps Test BOP	4.00
				DAILY COST		KCL		NU/ND BOP	9.50
				TOTAL COST		Engineer		TOTAL	24.00
SURVEYS				BHA #3			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit						
3076	1.10	203.7	Motor						
3207	1.10	191.3	Float Sub						
3248	1.00	198.7	Muleshoe						
			NMDC				THE STREET STREET	ASING REPORT	
			Stabil Drill IBS					r, lead w/ 650sx. 50/	
			Rig DC					AKE. WT. 14.08, Y	
			XO					6.34, YLD 1.34, MI	
			Rig DC			Displace		water, bump plug w	
			XO				floats held, circu	ulated 40bbls. 91 sx.	
				TOTAL					
TIME From	То	ACTIVITY							
		Circulate ass	ing while weitin	a for somen	toro				
3:00			sing while waitin			0.11			
10:30			neeting, rig up (
11:00			w/650sx. Tail v						
13:00					acer spool, n	ipple up B-Section	and test 1500#.		
18:00			acer spool and						
22:30	2:30	Test rams, v	alves, choke ma	anifold 3800	# high 250#	low, test annular 2	2500# high and 2	250# Iow.	
2:30	6:00	Put floor bac	k together, char	nge elevators	and bales,	work on pump valv	es and hydraulic	c lines.	
	0.00		9	•					
		Rigged up H	2S equipment.						
				RRC OF CEN	MENTING C	ASING 8AM 2/11/1	4.		
						when touching wa		box Checked or	t OK by Pecos
		County EMO	personnel and	returned to d	luty	mion touching wa	or purity starter	DON. OTTOGREGA OC	. 51. 51 1 0003
		County ENIS	personner and	returned to 0	iuty.				
			10100	11 1 0/0	0 1 0	ived 7,040 gals.			

WELL:	Arme	trong State !	50_3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	Februari 42 2004	Pia Dava	29
OPERATION:		ing 8 3/4" Pil		DEPTH:	3,610	PROGRESS:	310	FORMATION:	Rig Days 80% sand, 2	
DAILY COST:	Dilli	\$53,287	ot riole	CUMMULAT		\$1,74		SUPERVISOR:	Charles Gra	-
WT. ON BIT:		15-25M		RPM:		PUMP PRESS:		The state of the s		IIdIII
WI. ON BIT:		15-25IVI		RPM:	60	PUMP PRESS:	1,300	GPM:	520 NG DAYS: 18	
BIT RECORD			MI	JD PROPERT	IFS	MUD MIXED	1	IME BREAKDOW	The Property of the Control of the C	
BIT NO.	4		1	MW	8.8	FRESH GEL		DRLG.	4.00	_
SIZE	8 3/4			VIS	28	SALT GEL		TRIP	10.00	
MFG.	ULTERRA			PV		CAUSTIC		REAM/WASH		
TYPE	U716M			ур		LIME		SER. RIG		
SER. #	23137			gels		SODA ASH		SURVEY	0.50	
NOZZLES	7-18s			Ph	10	BAR		REPAIRS		
OUT				WL		MICA		PU/LD BHA		
IN	3,300			CHL		LCM		RUN CSG		
FOOTAGE	310			SOLIDS		PAPER		CMT casing		_
HOURS	4			SAND		SAWDUST		WOC	4.00	
FT./HR. BIT GRADE	77.50			OIL CALCIUM		Sodium Hydro AQUA-PAC		Test csg,rot head DRL CMT/PLUG	1.00 6.00	_
OW PUMP RAT	E					VIS PLUS			0.00	_
PUMP 2	_	PUMP 3		Tax Service Rep		POLY		Wait for equipment Circlate		
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	2.50	
. 010	OI WI	100	OI W	pallets/wrap		new55		Ps Test BOP	2.00	
				DAILY COST		KCL		NU/ND BOP		
				TOTAL COST		Engineer		TOTAL	24.00	_
SURVEYS				BHA #3			SHOWS/FL	ARE REPORT		
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	SMALL SHOW 3425			T 3434, BG 15-5	50
3555	1.50	211	Motor 4 1/2XH	6.50	31.92					
			Fl. Sub 4 1/2XH	6375	2.63					
			Muleshoe XH	6.38	3.14					
			NMDC XH	6.38	31.09		CEMENT/CA	ASING REPORT		
			DCs XH	6.00	626.89					
			X-O 4 1/2IF	6.00	2.02					
				TOTAL	698.69					_
TIME		ACTIVITY		TOTAL	090.09					_
From	То	ACTIVITY								
6:00	6:30	PUT ON BAL	ES AND ELEV	ATORS.						
6:30		TO THE OWNER OF THE OWNER	AR BUSHING.							_
7:00			CALIPER BHA							
8:00			HA, SCRIBE IN		CIVIM TS					-
11:00	TRUIT FOR IS	TRIP IN HOL	STATE OF SHARP STATE OF STATE	WOTON, IL	OT MIVU.					
	10000	TEST CASIN	The state of the s							
4:00										
4:30			TATING HEAD.	ILLED OFFI	TAIT AND D	1110 2040 TO 200	00			_
5:00						LUG. 3212 TO 330	00.			
23:00		D. 013230000000000000000000000000000000000				. 25K WT ON BIT				
:30			HOOT MWD, F	The second secon	PART HARVEST CONTRACTOR	122511112111				
3:00				RPM, 82 MC	OTOR RPM	. 15K WT ON BIT,	(RUN LIGHT TIL	L GET ANOTHE	ER TRANSD).	
4:00		MWD SURV								
4:30	6:00	DRILLE D 35	15 TO 3610, 6	0 RPM, 82 N	IOTOR ROI	M, 25K WT ON BI	Т.			
4:30	6:00	DRILLE D 35	15 TO 3610, 6	0 RPM, 82 N	OTOR RO	M, 25K WT ON BI	Т.			
		Rig Fuel Volu	ıme: 9490 gals.	Used: 949 g	als.					

WELL:		trong Ct-t	E0 2 #211	_	DRILLING		Tu 1047		Dia David
WELL:		trong State		COUNTY:	Reeves	STATE:	Tx DATE		Rig Days 30
OPERATION:	Drilli	ng 8 3/4" Pil	ot Hole	DEPTH:	5,022	PROGRESS:	1412	FORMATION:	Cherry Canyon
DAILY COST:		\$46,364		CUMMULAT		\$1,79		SUPERVISOR:	Charles Graham
WT. ON BIT:		15-25M		RPM:	60	PUMP PRESS:	1,300	GPM:	520
									IG DAYS: 19
BIT RECORD			MU	JD PROPERT		MUD MIXED		TIME BREAKDOW	
BIT NO.	4			MW	9.1	FRESH GEL	100	DRLG. TRIP	20.00
SIZE	8 3/4			VIS PV	29	SALT GEL CAUSTIC	100		2.00
MFG. TYPE	ULTERRA U716M					LIME	13	REAM/WASH SER. RIG	1.00
SER.#	23137			yp gels		SODA ASH	13	SURVEY SURVEY	1.00
NOZZLES	7-18s			Ph Ph	10	BAR		REPAIRS	
OUT	7-103			WL	10	MICA		PU/LD BHA	
IN	3,300			CHL	64,000	LCM		RUN CSG	
FOOTAGE	1,722			SOLIDS	1.4	PAPER	8	CMT casing	
HOURS	24			SAND		SAWDUST		WOC	
FT./HR.	77.50			OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	4000	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	1.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
250	57	200	57	pallets/wrap		new55		4 Ps Test BOP	
				DAILY COST	4118	KCL		NU/ND BOP	
				TOTAL COST	\$35,148	Engineer	1	TOTAL	24.00
SURVEYS				BHA #3			SHOWS/	FLARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	MFG 19	0, BG 23, CG 28,	TG 55, 80% SAND,	20% LIME.
3650	1.50	208.4	Motor 4 1/2XH	6.50	31.92				
3741	1.70	206.5	Fl. Sub 4 1/2XH	6375	2.63				
3836	0.50	248.6	Muleshoe XH	6.38	3.14				
4120	0.60	241.3	NMDC XH	6.38	31.09		CEMENT/	CASING REPORT	
4308	1.20	214.7	DCs XH	6.00	626.89				
4496	1.70	219.1	X-O 4 1/2IF	6.00	2.02				
4589	1.20	237							
4684	1.20	233.3							
4778 4873	1.30	231.9 237.7		TOTAL	698.69	-			
TIME	1.30	ACTIVITY		TOTAL	090.09				
From	To	ACTIVITY							
6:00	8:30	Drilled 3610-	3795, rpm 60. i	motor 71 rpn	n, 510 apm,	diff. pres. 200-300	. Slide 3796-38	320.	
8:30		Service rig a	Manager Manager Committee	ALEXANDER OF THE PARTY OF THE P	, 01 ,			3.540	
9:30			4457, rpm 60, i	motor 71 dif	f pressure 2	50- 350 slide			
18:30		PUMP SWE		notor 71, un	i picoodic z	oo ooo. siide			
			S. UP TO 3684,	for drill nino	coroon				
19:30						e 200-300. slide45	EO AEGE AGAA	1650	
21:30	6:00	DRILLED 44	57- 5022, rpm 6	o, motor 71,	alli pressur	e 200-300, Silde43	50-4505, 4044	-4030.	
		Di- 5-11/		11004.4400	ole Ne -	saldanta/Na la state	nto		
		Rig Fuel Voli	urne: 8322 gals.	Used: 17680	jais. INO acc	ccidents/ No incide	nts		

WELL:	Armo	trong State	50.2 #24		DRILLING		Ty IDATE:	P. L	Dia Dava 34
OPERATION:		trong State : ng 8 3/4" Pil		COUNTY:	Reeves 5,586	STATE: PROGRESS:	Tx DATE:	February 15, 2014 FORMATION:	Rig Days 31 Brushy Canyon
DAILY COST:	Dillil	\$71,312	orriole	CUMMULAT			2,944	SUPERVISOR:	Charles Graham
WT. ON BIT:		15-25M		RPM:	60	PUMP PRESS:	1,500	GPM:	520 IG DAYS: 20
BIT RECORD			MI	JD PROPERT	IEC	MUD MIXED	7	IME BREAKDOW	
BIT NO.	4		IVI	MW	9.1	FRESH GEL		DRLG.	13.00
SIZE	8 3/4			VIS	29	SALT GEL		TRIP	10.00
MFG.	ULTERRA			PV	20	CAUSTIC		REAM/WASH	
TYPE	U716M			ур		LIME		SER. RIG	1.00
SER. #	23137			gels		SODA ASH		SURVEY	
NOZZLES	7-18s			Ph	10	BAR		REPAIRS	10.00
OUT				WL		MICA		PU/LD BHA	
IN	3,300			CHL	64,000	LCM		RUN CSG	
FOOTAGE	2,286			SOLIDS	1.4	PAPER		CMT casing	
HOURS	37			SAND		SAWDUST		WOC	
FT./HR.	61.70			OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	4000	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2	-	PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
250	57	200	57	pallets/wrap		new55		Ps Test BOP	
				DAILY COST		KCL		NU/ND BOP	
01101/01/0				TOTAL COST		Engineer		TOTAL	24.00
SURVEYS	11.01			BHA #3	1.00		The Agent Action (April 2017)	ARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	40% SHALE, 30%			
5061	1.70	228.1	Motor 4 1/2XH	6.50	31.92	MFG 150 AT 5264			
5155 5249	2.00 1.10	223.9 227.4	FI. Sub 4 1/2XH	6375 6.38	2.63 3.14	TR SHOW 5240	TO 5491 10-15%	FLUOR.	
5344	1.40	221.4	Muleshoe XH NMDC XH	6.38	31.09		CEMENT/CA	CINC DEDODT	
5438	1.50		DCs XH	6.00			CEMENTICA	SING REPORT	
3436	1.00		X-O 4 1/2IF	6.00	626.89 2.02				
			A-0 4 1/21F	0.00	2.02				
			1						
				TOTAL	698.69				
TIME		ACTIVITY							
From	То								
6:00			5115, rpm 70,	motor 73, di	ff. pressure	200.			
8:00	9:00	Service rig,							
9:00	10:00	Work on top	drive brakes.						
10:00	14:00	Drilled 5115-	5212, rpm 70,	motor 73, dit	ff. pressure	200.			
14:00			eplace brake ca						
23:00						00. slide 5212-5237	7		
20.00	0.00	5111100 02 12	0000,1011110,11	totor ro, am	procedio 2.	00.01100 02.12 0201			
	-	Di- F-11//	7454	Head 4400	anla Ni-	anddont-/N-t			
		Rig Fuel Volu	ime: 7154 gais.	Used: 1168	gais. No ac	cccidents/ No incide	ents		

WELL:	Armo	trong State 5	50-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	Cohmical de Add	Rig Days 32
OPERATION:		ing 8 3/4" Pil		DEPTH:	6,274	PROGRESS:	688 DATE:	FORMATION:	Rig Days 32 Brushy Canyon
DAILY COST:	Dilli	\$40,532	or Hole	CUMMULATI		\$1,90°		SUPERVISOR:	Charles Graham
									The second secon
WT. ON BIT:		15-25M		RPM:	60	PUMP PRESS:	1,500	GPM:	510
BIT RECORD				ID DDODEDTI	r.c	I MUD MIVED			IG DAYS: 21
BIT NO.	4		M	JD PROPERTI		MUD MIXED	1	IME BREAKDOW	
SIZE	8 3/4			MW VIS	9.1	FRESH GEL		DRLG. TRIP	23.00
MFG.	ULTERRA			PV	29	SALT GEL CAUSTIC		REAM/WASH	
TYPE	U716M			ур		LIME		SER. RIG	1.00
SER.#	23137		-	gels		SODA ASH		SURVEY	1.00
VOZZLES	7-18s			Ph	10	BAR		REPAIRS	
OUT	7 100			WL	10	MICA		PU/LD BHA	
N	3,300			CHL	64,000	LCM		RUN CSG	
OOTAGE	2,974			SOLIDS	1.4	PAPER		CMT casing	
HOURS	60			SAND		SAWDUST		WOC	
T./HR.	49.50			OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	4000	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
300	57	250	57	pallets/wrap		new55		Ps Test BOP	
				DAILY COST		KCL		NU/ND BOP	
				TOTAL COST		Engineer		TOTAL	24.00
SURVEYS				BHA #3			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	50%	SHALE, 20% LIM	E, 20% SAND, 10%	6 SILT.
5531	1.90	211.6	Motor 4 1/2XH	6.50	31.92		BG 2	5-32,	
5625	0.90	199.2	Fl. Sub 4 1/2XH	6375	2.63		CG	45-75	
5720	0.90	193.9	Muleshoe XH	6.38	3.14			31 @6150.	
5813	1.40	197.8	NMDC XH	6.38	31.09		CEMENT/CA	SING REPORT	
5907	1.60	193.1	DCs XH	6.00	626.89				
6000	1.80	200.9	X-O 4 1/2IF	6.00	2.02				
6094	1.20	208.8							
6188	1.40	203.6							
				TOTAL	698.69				
TIME From	To	ACTIVITY							
3:00		Drilled 5586-	5821 slide 558	6-5605 rpm	60 motor rr	om 71, diff. pressure	200		
12:30		Service rig.	JOZ 1, 31100 JJO	0-0000, ipiii	oo, motor ij	om 71, din. pressur	200.		
			6074 Clido 604	1 6067 ram	60 motor	rnm 71 diff process	ro 150 200		
13:30	6:00	Drilled 5821-	6274, Slide 603	04-6067. rpm	60, motor i	rpm 71, diff. pressu	re 150-200.		
4									
		Rig Fuel Volu	me: 5840 gale	Used: 1314	gals. No ac	ccidents/ No incide	ents		
		Rig Fuel Volu	me: 5840 gals.	Used: 1314	gals. No ad	cccidents/ No incide	ents		

WELL:	Arms	trong State :	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DAT	E: February 17, 2014	Rig Days 33
OPERATION:		ng 8 3/4" Pil		DEPTH:	6,870	PROGRESS:	596	FORMATION:	1ST Bone Sprg.
DAILY COST:		\$51,114	30,7,0,0	CUMMULAT		\$1,954		SUPERVISOR:	Charles Grahan
VT. ON BIT:		30M		RPM:	60	PUMP PRESS:	1,550	GPM:	540
VI. ON BIT.		JUIVI		Krivi.	00	PUMP PRESS.	1,000		IG DAYS: 22
BIT RECORD			MI	JD PROPERT	IES	MUD MIXED		TIME BREAKDOW	
BIT NO.	4		- Inc	MW	9.2	FRESH GEL		DRLG.	21.00
SIZE	8 3/4			VIS	29	SALT GEL	100	TRIP	21.00
MFG.	ULTERRA			PV	2.0	CAUSTIC	100	REAM/WASH	
TYPE	U716M			ур		LIME	30	SER. RIG	1.00
SER.#	23137			gels		SODA ASH		SURVEY	1.00
IOZZLES	7-18s			Ph	10	BAR		REPAIRS	
DUT				WL		MICA		PU/LD BHA	
N	3,300			CHL	73,000	LCM		RUN CSG	
OOTAGE	3,570			SOLIDS	1.5	PAPER		CMT casing	
HOURS	81			SAND		SAWDUST		WOC	
T./HR.	44.00			OIL		Sodium Hydro	8	Test csg,rot head	
IT GRADE				CALCIUM	3200	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax	2.1.1.0 7.0.0.0	VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	2.00
300	57	250	57	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	9648	KCL		NU/ND BOP	
				TOTAL COST	\$38,988	Engineer	1	TOTAL	24.00
SURVEYS				BHA #3			SHOWS	FLARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00			IALE, 40%LIME.	
6282	1.50	210.4	Motor 4 1/2XH	6.50	31.92			G 70 @6648	
6375	1.70	211.7	FI. Sub 4 1/2XH	6375	2.63		1844	CG 150	
6469	1.00	220	Muleshoe XH	6.38	3.14		BGG 30 -60	Units; NO SHOWS	
6563	1.40	221.8	NMDC XH	6.38	31.09			CASING REPORT	
6654	1.80	220.6	21 DCs XH	6.00	626.89				
6748	2.20	209.7	X-O 4 1/2IF	6.00	2.02				
6842	2.20	212.3							
					7 18				
				TOTAL	698.69				
TIME		ACTIVITY							
From	То								
5:00	14:00	Drilled 6274-	6519, rpm 60 n	notor rpm 71	, diff. pressi	ure 150-200, slide 6	428-6454.		
4:00		Service rig.							
5:00	1:30	Drilled 6519-	6815, rpm 60, 7	1 motor rpm	, diff pressu	re 100-200, slide 67	705-6730.680	5-6815.	
:30	3:30	MWD quit wo	orking, worked p	pipe, started	working aga	ain.			
3:30						ure 150, slide 6815	-6828.		
,,,,,	0.00	Dimod co io	001 0 ₁ 1pin 00 ₁	note: Ipini	, a p. 555				
		AT 6765 DD	ILLING WITH 7	0% DETLIEN	IS DIIMP 2	PAPER, GEL, STA	ARCH SWEET	P REGAIN FULL R	ETURNS AT
		STATE STATE OF STATE OF	ILLING WITH A	070 INL TOIN	VO, FOIVIT Z	TATEN, OLL, OTA	AITOI I OVVEELI	. INCOMINT OLL IN	LIONIOAI
		6830							
						acccidents/ No incide			

				1	DRILLING				
WELL:		trong State		COUNTY:	Reeves	STATE:	Tx DATE	February 18, 2014	
OPERATION:	Drilli	ng 8 3/4" Pil	lot Hole	DEPTH:	7,050	PROGRESS:	156	FORMATION:	1ST Bone Sprg.
DAILY COST:		\$41,234		CUMMULAT	IVE COST:	\$1,995	,825	SUPERVISOR:	Charles Graham
WT. ON BIT:		30M		RPM:	60	PUMP PRESS:	1,575	GPM:	525
OIT DIT.		Join		TAI IVI.	00	DRILLING DAYS: 23			
BIT RECORD			MI	JD PROPERT	IES	MUD MIXED		TIME BREAKDOW	A STATE OF THE STA
BIT NO.	4		IWIC	MW	9	FRESH GEL		DRLG.	7.00
SIZE	8 3/4			VIS	29	SALT GEL		TRIP	13.00
MFG.	ULTERRA			PV	23	CAUSTIC		REAM/WASH	0.50
TYPE	U716M					LIME		SER. RIG	0.50
SER.#	23137			yp		SODA ASH		SURVEY	
NOZZLES				gels Ph	10	BAR		REPAIRS	
	7-18s		-		10	Name and Address of the Address of t			
OUT	2 200			WL	72.000	MICA		PU/LD BHA	
IN	3,300			CHL	73,000	LCM		RUN CSG	
FOOTAGE	3,726			SOLIDS	1.5	PAPER		CMT casing	
HOURS	88			SAND		SAWDUST		WOC	
FT./HR.	42.30			OIL	0000	Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	3200	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipment	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	1.50
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
300	57	250	57	pallets/wrap		new55		Ps Test BOP	
				DAILY COST		KCL		Cut drg line	2.00
				TOTAL COST	\$38,988	Engineer		TOTAL	24.00
SURVEYS				BHA #4			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	MFG 500 AT 6913, E	G 100-150, TRIF	GAS 632.	
6842	2.20	212.3	Motor 4 1/2XH	6.75	32.09	NO SHOWS.			
6943	1.80	216.9	Fl. Sub 4 1/2XH	6375	2.63				
			Muleshoe XH	6.38	3.14				
			NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
			DCs-21, XH	6.00	626.89				
			X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
			111 1002 110	0.00	0.00				
				TOTAL	705.42				
TIME		ACTIVITY		701112	100112				
From	То	ACTIVITY							
6:00		Drilled 6870-	6948 rpm 60 n	notor rpm 71	diff pressu	re 100. slide 6896-6	921		
10:00			. Pump dry up s			10 1001 01100 0000 1			
						or was cracked 3' fro	m ton Dit ale	Afill rosun	
11:00							om top, bit ok.	will return.	
15:30			ors, scribe in mo	otor, test mw	a. Make up	DIT #4.			
18:00	04.00	Trip in hole t							
21:30		Cut drilling li	ne.						
21:30	23:30	Cut drilling li							
21:30 23:30	23:30 12:00	Cut drilling li Fill pipe, test	mwd.	otating head					
21:30 23:30 12:00	23:30 12:00 2:30	Cut drilling li Fill pipe, test Trip in hole t	mwd. o 6518, install ro	otating head.					
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		diff process	ro 250			
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro		, diff pressu	re 250.			
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	á		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	1		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	à		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	3		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	4		
21:30 23:30 12:00 2:30 3:00	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	4		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.	4		
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.			
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.			
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.			
21:30 23:30 12:00 2:30	23:30 12:00 2:30 3:00	Cut drilling li Fill pipe, test Trip in hole t Ream 6518-	mwd. o 6518, install ro 6948.		, diff pressu	re 250.			

WELL:				Y					
		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:	February 19, 2014	Rig Days 35
OPERATION:	Drilli	ing 8 3/4" Pil	ot Hole	DEPTH:	7,803	PROGRESS:	777	FORMATION:	1ST Bone Sprg.
DAILY COST:		\$102,895		CUMMULAT	IVE COST:	\$2,09	8,720	SUPERVISOR:	Charles Graham
VT. ON BIT:		20 - 30M		RPM:	60	PUMP PRESS:	1,625	GPM:	540
							113-7		IG DAYS: 24
BIT RECORD			MU	JD PROPERT	IES	MUD MIXED		TIME BREAKDOW	
BIT NO.	4			MW	9.2	FRESH GEL		DRLG.	24.00
SIZE	8 3/4			VIS	29	SALT GEL	20	TRIP	
ЛFG.	ULTERRA			PV		CAUSTIC		REAM/WASH	
TYPE	U716M			ур		LIME	4	SER. RIG	
SER. #	23137			gels		SODA ASH	12	SURVEY	
IOZZLES	7-18s			Ph	10	BAR		REPAIRS	
DUT				WL		MICA		PU/LD BHA	
N	3,300			CHL	64,000	STARCH	10	RUN CSG	
OOTAGE	4,503			SOLIDS	2.1	PAPER		CMT casing	
HOURS	112			SAND		SAWDUST		WOC	
T./HR.	40.20			OIL		Sodium Hydro	3	Test csg,rot head	
IT GRADE				CALCIUM	2400	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	ΓE			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
350	57	300	57	pallets/wrap		new55	4	Ps Test BOP	
				DAILY COST	2693	KCL		Cut drg line	
				TOTAL COST	\$41,681	Engineer	11	TOTAL	24.00
SURVEYS				BHA #4			2011/2011/10/2011/20	ARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	80% SHALE, 20%			833, BG 100-600
7034	1.50	240.8	Motor 4 1/2XH	6.75	32.09	7700 TO NOW	20% YLW FLUOR	,TR-PR CTS.	
7126	2.20	243.7	FI. Sub 4 1/2XH	6375	2.63				
7219	1.70	251.8	Muleshoe XH	6.38	3.14				
7313	1.80	263.3	NMDC XH	6.38	31.09		CEMENT/C/	ASING REPORT	
7407	1.10	303.3	DCs-21, XH	6.00	626.89				
7501	1.50	283.8	X-O 4 1/2IF	6.00	2.02				
7593	2.10	265.9	RT TOOL 7.5	6.88	6.56				
7686	2.40	229.8							
7779	1.10	235							
				TOTAL	705.42				
		ACTIVITY							
TIME	To	-		-les 71	diif Droonus	000 000 -111- 7	100 7205 alida	7272 7206 clido	
From	То		7002		ulli. Pressur			710-1790 SHUE	7267 7207
From		Drilled7026-7	7803,rpm 60, m			e 200-300. silde /	100 7200, 31100	El o l'Ecololido	7367-7397
From		Drilled7026-7	7803,rpm 60, m 678, slide 7740			e 200-300. silde /	100 7 200, 51140		7367-7397
From		Drilled7026-7				e 200-300. slide /	100 7200, 51100		7367-7397
From		Drilled7026-7				e 200-300. siide 7	100 7 200, 31100		7367-7397
From		Drilled7026-7				e 200-300. silde 7	100 7200, 51140		7367-7397
From		Drilled7026-7				e 200-300. siide 7	100 7200, 01100		7367-7397
From		Drilled7026-7				e 200-300. Silde 7	100 7200, 01100		7367-7397
From		Drilled7026-7				e 200-300. Silde 7	100 7200, 01100		7367-7397
From		Drilled7026-7				e 200-300. Silde 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. Silde 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. Silde 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. Slide 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	100 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	Too 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	Too 7200, sindo		7367-7397
		Drilled7026-7				e 200-300. siide 7	Too 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7	Too 7200, sindo		7367-7397
From		Drilled7026-7				e 200-300. siide 7			7367-7397
From		Drilled7026-7				e 200-300. siide 7			7367-7397
From		Drilled7026-7 slide 7647-7	678, slide 7740	-7770.		e 200-300. silde 7			7367-7397

WELL:									
VVELL.	Arms	trong State 5	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	February 20, 2014	Rig Days 36
OPERATION:		ng 8 3/4" Pile		DEPTH:	7,953	PROGRESS:	140	FORMATION:	1ST Bone Sprg.
DAILY COST:		\$41,990		CUMMULATI		\$2,140	G. Res	SUPERVISOR:	Charles Graham
WT. ON BIT:		20 - 30M		RPM:	60	PUMP PRESS:	1,625	GPM:	529
DIT DECODE				ID DECOREDT	150	I will wive			IG DAYS: 25
BIT RECORD	4	5	MU	JD PROPERT		MUD MIXED FRESH GEL		TIME BREAKDOW	
BIT NO.				MW	9.2			DRLG.	4.50
SIZE	8 3/4	8 3/4		VIS	29	SALT GEL		TRIP	14.00
MFG.	ULTERRA	ULTERRA		PV		CAUSTIC		REAM/WASH	0.50
TYPE	U716M	U716M		ур		LIME		SER. RIG	
SER. #	23137	22937		gels	40	SODA ASH		SURVEY	4.00
NOZZLES	7-18s	7-18s		Ph	10	BAR		REPAIRS	1.00
OUT	7,938	7000		WL	04.000	MICA		PU/LD BHA	
IN	3,300	7938		CHL	64,000	STARCH		RUN CSG	
FOOTAGE	4,638	5		SOLIDS	2.1	PAPER		CMT casing	
HOURS	116	1		SAND		SAWDUST		WOC	
FT./HR.	39.98	5		OIL	0400	Sodium Hydro		Test csg,rot head	
	O-2, IN-4, G-0			CALCIUM	2400	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	2 4 4
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	1.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	3.00
350	57	300	57	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	****	KCL		Cut drg line	
				TOTAL COST	\$41,681	Engineer		TOTAL	24.00
SURVEYS				BHA #5				LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	MFG 300 unit		100-300 units; CG 3	00 units @ 7928
7872	1.80	234.3	Motor 4 1/2XH	6.75	32.1		10,417-7	6 SHALE.	
			FI. Sub 4 1/2XH	6375	2.63		NOM	SHOWS.	
			Muleshoe XH	6.38	3.14				
			NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
			DCs-21, XH	6.00	626.89				
			X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
				TOTAL	705.42				
TIME		ACTIVITY							
From	То								
From	9:00	Drilled 7803-	7927, rpm 60, n	A CONTRACTOR OF THE PARTY OF TH	Marie Control of the				
From 6:00	9:00 10:00	Drilled 7803- Work pipe to	get mwd to wor	k, was able t	to get surve	y.			
6:00 9:00	9:00 10:00	Drilled 7803- Work pipe to	get mwd to wor	k, was able t	to get surve	y.			
From 6:00 9:00 10:00	9:00 10:00 10:30	Drilled 7803- Work pipe to Slide 7927 to	get mwd to wor 7938. motor rp	k, was able t	to get surve	y.			
From 6:00 9:00 10:00 10:30	9:00 10:00 10:30 11:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los	get mwd to wor 7938. motor rp t pulses.	k, was able t	to get surve	y.			
From 6:00 9:00 10:00 10:30 11:00	9:00 10:00 10:30 11:00 12:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v	get mwd to wor 7938. motor rp t pulses. ris sweep.	rk, was able to m 71. diff pre	to get surve esssure 150	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00	9:00 10:00 10:30 11:00 12:00 18:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho	get mwd to wor 7938. motor rp t pulses. ris sweep. le for MWD too	k, was able to m 71. diff pre	to get surve esssure 150 oblems.	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw	get mwd to wor 7938. motor rp t pulses. ris sweep. le for MWD too rd, motor, pick i	rk, was able to m 71. diff pre	to get surve esssure 150 oblems. e in new mo	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 21:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down my Replace valve	get mwd to wor 7938. motor rp t pulses. ris sweep. le for MWD too rd, motor, pick re e and suction lii	rk, was able to m 71. diff pre	to get surve esssure 150 oblems. e in new mo	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 21:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too vd, motor, pick to e and suction line 3400'.	rk, was able to m 71. diff pre	to get surve esssure 150 oblems. e in new mo	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 21:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down my Replace valve	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too vd, motor, pick to e and suction line 3400'.	rk, was able to m 71. diff pre	to get surve esssure 150 oblems. e in new mo	y.			
From 6:00 9:00 10:00 10:00 11:00 11:00 11:00 12:00 12:00 12:00 11:00 11:00 11:00 11:00 11:00 11:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick to e and suction lin 3400'. mwd.	rk, was able to m 71. diff pre	to get surve esssure 150 oblems.	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mv Replace valve Trip in hole to Fill pipe, test Trip in hole to	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick ve e and suction line 3400'. mwd. 17830.	rk, was able to m 71. diff pre	to get surve esssure 150 oblems.	y.			
From 6:00 6:00 10:00 10:30 11:00 12:	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mv Replace valv Trip in hole to Fill pipe, test Trip in hole to Wash and rea	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938.	rk, was able to m 71. diff pre	to get surve esssure 150 oblems.	y.			
From 6:00 9:00 10:00 10:30 11:00 12:00 12:00 11:00 22:00 11:00 22:00 14:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 12:00 11:00 22:00 11:00 22:00 14:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938.	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00 22:00 4:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00 22:00 4:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00 22:00 4:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00 22:00 4:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			
From 6:00 9:00 10:00 10:30 11:00 12:00 18:00 22:00 1:00 22:00 4:00 4:30	9:00 10:00 10:30 11:00 12:00 18:00 21:00 22:00 1:00 2:00 4:00 4:30 5:00	Drilled 7803- Work pipe to Slide 7927 to MWD tool los Pumps high v Trip out of ho Lay down mw Replace valve Trip in hole to Fill pipe, test Trip in hole to Wash and rea Take survey,	get mwd to wor 7938. motor rp t pulses. vis sweep. le for MWD too rd, motor, pick of e and suction life 3400'. mwd. 7830. am 7830-7938. orientate tool,	k, was able to m 71. diff profile. No hole profile and scribe ne boot on se	oblems. e in new mo	y. i. tor.test tools.			

				1	DRILLING			1	
WELL:		trong State S		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 37
OPERATION:	Drilli	ng 8 3/4" Pil	ot Hole	DEPTH:	8,397	PROGRESS:	444	FORMATION:	2nd Bone Spring
DAILY COST:		\$40,694		CUMMULAT	IVE COST:	\$2,181	1,404	SUPERVISOR:	Charles Graham
WT. ON BIT:		20 - 30M		RPM:	60	PUMP PRESS:	1,500	GPM:	500
								DRILLIN	NG DAYS: 26
BIT RECORD		4.1	M	JD PROPERT	TES	MUD MIXED		TIME BREAKDOW	N
BIT NO.	4	5		MW	8.7	FRESH GEL		DRLG.	18.50
SIZE	8 3/4	8 3/4		VIS	29	SALT GEL		TRIP	2.50
MFG.	ULTERRA	ULTERRA		PV		CAUSTIC		REAM/WASH	
TYPE	U716M	U716M		ур		LIME		SER. RIG	0.50
SER. #	23137	22937		gels		SODA ASH		SURVEY	
VOZZLES	7-18s	7-18s		Ph	10	BAR		REPAIRS	
OUT	7,938			WL		MICA		PU/LD BHA	
N	3,300	7938		CHL	64,000	STARCH		RUN CSG	
OOTAGE	4,638	459		SOLIDS	2.1	PAPER		CMT casing	
HOURS	116	20		SAND		SAWDUST		WOC	
T./HR.	40.00	23		OIL	0400	Sodium Hydro		Test csg,rot head	
	O-2, IN-4, G-0			CALCIUM	2400	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	E	DUILLE O		Tax		VIS PLUS		Wait for equipmen	0.50
PUMP 2	0011	PUMP 3	ODM	Service Rep		POLY		Circlate	2.50
PSIG	SPM 57	PSIG	SPM 57	Trucking		NITRATE		work on mwd Ps Test BOP	
350	5/	300	3/	pallets/wrap	400	new55		A COLUMN TO SECURIOR OF THE SE	
				DAILY COST TOTAL COST	400 \$42,081	KCL Engineer		Cut drg line TOTAL	24.00
SURVEYS				BHA #5	Ψ42,001	Engineer	CHOMCIE	LARE REPORT	24.00
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	BG 100-300 , CG @			
7967	2.10	220.6	Motor 4 1/2 KEG	6.75	32.1	FROM 8000-8050		SHOWS TR-FR C	TITC
8060	1.00	213.9	Fl. Sub 4 1/2XH	6375	2.63	FROM 6000-6030)% Lime, 10% Sand	
8155	1.70	232.5	Muleshoe XH	6.38	3.14			6 SAND	
8249	1.80	232.2	NMDC XH	6.38	31.09			ASING REPORT	
8342	1.80	220.7	DCs-21, XH	6.00	626.89		CLINEITIO	AOINO REFORT	
0342	1.00	220.1	X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
				TOTAL	705.42				
TIME		ACTIVITY							
From	То								
6:00	6:30	Slide 7953-7	955, motor rpm	71, diff. pres	ssure 100.				
6:30			trip out of hole						
3:00	10:30	mix and pum	p hi-vis, low wl	pill, lower mi	ud wt. 9.4 to	8.6, regained full re	eturns.		
10:30		Service rig, a		***************************************		-			
11:00			o fill.no hole pro	blems.					
2:00					Slide 795	5-7965, slide 8035-	8047, slide 811	5-8130, slide 821	0-8240.
2.00	0.00		322, slide 8328-						
		3114C 000+ 00	722, 311dC 0020	0000.					
		D: E	0.070	The state of	Name	danta / Nie la state da			
		Rig Fuel Volu	ıme: 9,6/2 gals	. Used: gals	. No accel	dents/ No incidents			

				DAILI	DRILLING	KLFOKI			
WELL:	Arms	trong State 5	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	February 22, 2014	Rig Days 38
OPERATION:	Drilli	ng 8 3/4" Pil	ot Hole	DEPTH:	9,049	PROGRESS:	652	FORMATION:	3rd Bone Spring
DAILY COST:		\$42,913		CUMMULAT		\$2,22		SUPERVISOR:	Charles Graham
VT. ON BIT:		20 - 30M		RPM:	60	PUMP PRESS:	1,500	GPM:	510
VI. OIV BIT.		20 - 30W		Krivi.	00	PUMP PRESS.	1,500		NG DAYS: 27
BIT RECORD				ID DDODEDT	IEC	I MUD MIVED		17-401-201-4-1002	The state of the s
BIT NO.	4	5	MIC	JD PROPERT	8.9	MUD MIXED FRESH GEL		TIME BREAKDOW	
SIZE	8 3/4			VIS			00	DRLG. TRIP	23.50
		8 3/4		PV	29	SALT GEL	20		
MFG.	ULTERRA	ULTERRA		27		CAUSTIC	_	REAM/WASH	0.50
TYPE	U716M	U716M		ур		LIME	6	SER. RIG	0.50
SER. #	23137	22937		gels	- 12	SODA ASH		SURVEY	
VOZZLES	7-18s	7-18s		Ph	10	BAR		REPAIRS	
OUT	7,938			WL		MICA		PU/LD BHA	
N	3,300	7938		CHL	46,000	STARCH	10	RUN CSG	
OOTAGE	4,638	1111		SOLIDS	1.1	PAPER		CMT casing	
HOURS	116	44		SAND		SAWDUST		WOC	
T./HR.	40.00	25		OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE	O-2, IN-4, G-0			CALCIUM	2000	AQUA-PAC		DRL CMT/PLUG	
OW PUMP RAT	TE			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$3,354.00	KCL		Cut drg line	
				TOTAL COST	\$45,435.00	Engineer	1	TOTAL	24.00
SURVEYS				BHA #5			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	60% S	SHALE, 30% LIME	. 10% SILT.	
8437	1.80	190.8	Motor 4 1/2XH	6.75	32.1			G 600 units. BGG 1	00-200 units.
8531	0.70	165.8	Fl. Sub 4 1/2XH	6375	2.63			ng @ 8,545. NO SI	
8625	0.90	199.2	Muleshoe XH	6.38	3.14	1.5	0.000	3 (
8720	1.70	224.9	NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
8814	0.80	233.7	DCs-21, XH	6.00	626.89		OEMEITT/O	AUTO TEL OTT	
8906	1.20	232.4	X-O 4 1/2IF	6.00	2.02				
9000	2.10	224.4	RT TOOL 7.5	6.88	6.56				
3000	2.10	227.7	11110021.0	0.00	0.00				
				TOTAL	705.42				
TIME		ACTIVITY		101712	700.72				
From	То	AUTIVITI							
6:00		Drilled 8397-	8586 rpm 60 n	notor rpm 71	diff pressu	re 100-200, slide 8	3404-8420 slide	8491-8516	
15:30		Service rig.	0000, 19111 00, 11	notor ipini i	r, am. procod	10 100 200,01100	770 1 0 120, 01140	7 0 10 1 00 10,	
	10.00	Dailland OF OC	0040 60	to u uo oo 7 1	diif araasii	- 100 0E0 alida 0	775 0000		
16:00	6:00	Drilled 8586-	9049. rpm 60, n	notor rpm /	, all pressur	re 100-250 slide 8	775-8892.		
		Dig Fuel Vel	mo: 5040 asla	Head:1212	gale No. a	pecidente/ No incid	ente		
		Rig Fuel Volu	ıme: 5840 gals.	Used:1313	gals. No ac	cccidents/ No incid	lents		

WELL:	Arms	trong State 5	19-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	: February 23, 2014	Rig Days 39
OPERATION:		for holes in		DEPTH:	9,430	PROGRESS:	381	FORMATION:	Upper Wolfcamp
DAILY COST:		\$65,750	z.m.ca.n.g	CUMMULAT		\$2,29		SUPERVISOR:	Charles Graham
WT. ON BIT:	NEW COLUMN	20 - 30M		RPM:	60	PUMP PRESS:	1,500	GPM:	510
WI. ON BII.		20 - 30W		KPIVI.	00	PUMP PRESS.	1,500		IG DAYS: 28
BIT RECORD			MI	JD PROPERT	IEC	MUD MIXED		TIME BREAKDOW	
BIT NO.	5		IVIC	MW	9	FRESH GEL		DRLG.	15.50
SIZE	8 3/4			VIS	32	SALT GEL	20	TRIP	8.00
MFG.	ULTERRA			PV	4	CAUSTIC	20	REAM/WASH	0.00
TYPE	U716M		-	ур	4	LIME	8	SER. RIG	0.50
SER.#	22937			gels	0.60	SODA ASH	66	SURVEY	0.30
VOZZLES	7-18s			Ph	10	BAR	00	REPAIRS	
OUT	7 100			WL	12	MICA		PU/LD BHA	
IN	7,938			CHL	37,000	STARCH	65	RUN CSG	
FOOTAGE	1,452			SOLIDS	. 2.4	PAPER	53	CMT casing	
HOURS	60			SAND		SHRINKWRAP	6	WOC	
T./HR.	24.20			OIL		Sodium Hydro	2	Test csg,rot head	
BIT GRADE				CALCIUM	1200	NEWZAN D	15	DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
375	57	325	58	pallets/wrap		new55		6 Ps Test BOP	
				DAILY COST	\$11,866.00	PALLETS	10	Cut drg line	
				TOTAL COST	\$56,000	Engineer	1	TOTAL	24.00
SURVEYS				BHA #5			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	(60% shale, 30% S	Siltstone, 10% Limes	tone
9095	1.10	241.7	Motor 4 1/2XH	6.75	32.1			s; BGG 70 units; CG	
9188	1.40	229.9	Fl. Sub 4 1/2XH	6375	2.63				
9282	1.80	220.5	Muleshoe XH	6.38	3.14				
			NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
			DCs-21, XH	6.00	626.89				
			X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
				TOTAL	705.42				
TIME		ACTIVITY							
From	То								
6:00			9149, rpm 60, i	motor rpm 7	1, diff. pressi	ure 150-200. slide	9054-9085.		
12:30		Service rig.							
13:00	22:00	Drilled 9149-9	9430, rpm 60, n	notor rpm 71	, diff pressur	re, 150-200. slide 9	9335-0360.		
22:00	6:00	Trip out of ho	le down hole le	ak, lost 400	psi. had crad	ck slip area 19 stds	s + dbl. down. F	oump to check pre	essure, LD
						re. Continue TOO			
						specting drill string			
		pido doi: doi	m, oradic z abo	ro pini. Time)	pooting arm ouring	and to modelly		
		Cloan shale r	oit, go into steel	nite hagan	mud un at 0	250			
		Clean Shale L	oit, go into steel	pits, begain	muu up at 3	230.			
		11.11							
			goglandou.	TA AT THE CONTROL		ived 7000 gals. N			

				DAIL	DRILLING	IXEI OIXI			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	February 24, 2014	Rig Days 40
OPERATION:	Drilli	ng 8 3/4" Pi	lot Hole	DEPTH:	9,480	PROGRESS:	50	FORMATION:	Upper Wolfcamp
DAILY COST:		\$58,465		CUMMULAT		\$2,34		SUPERVISOR:	Charles Graham
WT. ON BIT:		25 - 30M		RPM:	55-60				
VI. ON BII.		25 - 30W		RPM.	55-60	PUMP PRESS:	1,225	GPM:	411
DIT DECODE				ID DDODEDT	150	I will wive			IG DAYS: 29
BIT RECORD	5		IVI	UD PROPERT		MUD MIXED		TIME BREAKDOW	
BIT NO. SIZE				MW	9	FRESH GEL		DRLG. TRIP	5.00
	8 3/4			VIS	32	SALT GEL		7.7.307	14.00
MFG. TYPE	ULTERRA			PV	4	CAUSTIC		REAM/WASH	1.00
SER. #	U716M			ур	2	LIME	- 44	SER. RIG	
	22937			gels	0.60	SODA ASH	14	SURVEY	
VOZZLES	7-18s			Ph	10	BAR		REPAIRS	
OUT	7.000			WL	14.4	MICA	10	PU/LD BHA	
IN	7,938			CHL	37,000	STARCH	10	RUN CSG	
FOOTAGE HOURS	1,542		-	SOLIDS	2.4	PAPER		CMT casing	
FT./HR.	65			SAND		SHRINKWRAP	0	WOC	
BIT GRADE	23.70			CALCIUM	1200	Sodium Hydro NEWZAN D	10	Test csg,rot head DRL CMT/PLUG	
	-				1200		10		
OW PUMP RAT	E	DUMP 2		Tax		VIS PLUS		Wait for equipmen	4.00
PUMP 2 PSIG	SPM	PUMP 3 PSIG	CDM	Service Rep		POLY		Circlate	1.00
375	57	325	SPM 58	Trucking		NITRATE		work on mwd	3.00
3/5	01	323	50	pallets/wrap	C4C 4E 4 00	new55 PALLETS		Ps Test BOP	
				DAILY COST	\$16,454.00 \$61,889		-	Cut drg line	24.00
CHDVEVC				TOTAL COST	\$01,009	Engineer	CHOMOL	TOTAL	24.00
SURVEYS	INO	47	DI 44/0 DEO	BHA #5	4.00			LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	DE		& 30% Limestone	
9408	2.40	208.8	Motor 4 1/2XH	6.75	26.61	BE		CG 560 units; TG 780	units
			FI. Sub 4 1/2XH Muleshoe XH	6375	2.63 3.14		NC	SHOWS	
			A STATE OF THE PARTY OF THE PAR				CEMENTIC	ACINO DEDODT	
			NMDC XH	6.38	31.09		CEMEN 1/C	ASING REPORT	
			DCs-19, XH	6.00	567.03				
			X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	0.00	6.56				
				TOTAL	640.08				
TIME		ACTIVITY		TOTAL	040.00				
From	То	ACTIVITY							
6:00		Trip out of he	ole to look at dri	l collars					
7:30	1000		9-3-10-3-1-1-0-1-1-1-1-1-1-1-1-1-1-1-1-1-	THE CONTRACTOR OF THE CONTRACT	hit Scribe i	n motor, test mwd.			
		Trip in hole t		ou full saille	DIL. OCTIDE I	ii iiiotoi, test iiiwa.			
10:30				. 540					
13:00			ulate with 700ps						
14:00	18:00					heck pressure eve	ry 10stds., visu	al inspect dcs.dc 9	810
			at connections.		me.				
18:00	12:00	Trip in hole s	slow, fill pipe at	6366					
12:00	1:00	Wash and re	am 9376-9430						
1:00	6:00	Drilled, rpm (60.motor rpm 7	diff pressur	e 100, 9430	-9480, slide 9455-9	9480.		
						ripping operations.			
		Елрополоса	аррголичасогу	TO DDI. IIIGG	iooo dariing t	ipping operations.			
		Dia Frall (a)	umai 400E0	110-4-070	aala Ne sss	oldente/ No le alde	ata		
		Rig ruel voll	ume. 10900 gais	. Used.976	yais. NO acc	cidents/ No incider	113		

WELL:	Armo	trong State	50_3 #2H	COUNTY:	Reeves		Tx DATE	Enherm of not	Rig Days 41
OPERATION:		trong State ! ing 8 3/4" Pil		DEPTH:	10,027	STATE: PROGRESS:	547	FORMATION:	Rig Days 41 Wolfcamp
DAILY COST:	Drilli	\$41,882	от поје	CUMMULAT	-		10000	SUPERVISOR:	Charles Graham
		770-271-371-37		1702, 1000000000000000		\$2,39	-		244472
WT. ON BIT:		25 - 30M		RPM:	60	PUMP PRESS:	1,275	SPM / GPM:	103 / 520
DIT DECORD				I MUD DD	ODEDTIES	T MUD MIVED			IG DAYS: 30
BIT RECORD BIT NO.	E				OPERTIES	MUD MIXED FRESH GEL		TIME BREAKDOW	
SIZE	5 8 3/4			MW VIS	8.8 32	SALT GEL		DRLG. TRIP	22.50
MFG.	ULTERRA			PV	4	CAUSTIC		REAM/WASH	
TYPE	U716M			yp	2	LIME		SER. RIG	0.50
SER.#	22937			gels	0.60	SODA ASH		SURVEY	0.00
NOZZLES	7-18s			Ph	10	BAR		REPAIRS	
OUT				WL	10.4	MICA		PU/LD BHA	
IN	7,938			CHL	37,000	STARCH		RUN CSG	
FOOTAGE	2,089			SOLIDS	2.4	PAPER		CMT casing	
HOURS	88			SAND		SHRINKWRAP		WOC	
FT./HR.	23.70			OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1200	NEWZAN D		DRL CMT/PLUG	
	SLOW P	JMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	1.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$1,500.00	PALLETS		Cut drg line	
				TOTAL COST	\$61,889.00	Engineer		TOTAL	24.00
DEPTH 9501	SURVEYS			BHA #5			ALC: UNIVERSITY OF ACCUMENT	LARE REPORT	
	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	70% SHALE, 30% LIME. BGG 150 - 200 units; CG 550 units; MFG 925 units @ 9688'			
	1.10	200	Motor 4 1/2XH	6.75	26.61	BGG 150	- 200 units; CG 5	50 units; MFG 925	units @ 9688'
9597	1.50	195.6	Fl. Sub 4 1/2XH	6375	2.63				
9691	1.80	200.8	Muleshoe XH	6.38	3.14				
9785	1.10	220.8	NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
9879	1.30	209.3	DCs-19, XH	6.00	567.03				
9971	1.80	209.8	X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
				TOTAL	640.08				
TIME		ACTIVITY		101112	0.000				
From	То	200.11111							
6:00	15:00	Drilled 9480-	9741,rpm 55, m	otor rpm 70	diff pressure	e 100-250,			
15:00		Service rig.							
15:30			10.024, rpm 55.	motor rpm	70. diff press	ure 100-250. slide	9741-9775, slic	le 10.021- 10.024	
1:30			around to clear						
5:30						ssure 100-200, slic	de 10.024-10.02	7	
5.50	0.00	Dilliod 10,02	1 10,021,1pm	o, motor (pi	i i i, am pro	00010 100 200, 0110	20 10,021 10,02		
		Die Franklin		Llead 4400	aala Na	oidonta/ Na in siste	ata		
		Rig Fuel Voll	ine: 9490 gals.	Used: 1460	yais. No acc	cidents/ No incider	11.5		

				DAILI	DIVILLING	IXEI OIXI			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	February 26, 2014	Rig Days 42
OPERATION:		ing for Open		DEPTH:	10,550	PROGRESS:	523	FORMATION:	Wolfcamp "C"
DAILY COST:		\$52,287		CUMMULAT		\$2,44	ages.	SUPERVISOR:	Charles Grahan
			W 100						
WT. ON BIT:		25 - 30M		RPM:	60 / 138	PUMP PRESS:	1,250	SPM / GPM:	104 / 525
DIT DECORD				ID DDODEDT	TEC.	MUD MIVED		The second of th	IG DAYS: 31
BIT RECORD	5		M	JD PROPERT		MUD MIXED FRESH GEL		DRLG.	
SIZE	8 3/4			VIS	8.9 32	SALT GEL		TRIP	20.50
MFG.	ULTERRA			PV	4	CAUSTIC		REAM/WASH	
TYPE	U716M		-	ур	3	LIME	10	SER. RIG	0.50
SER.#	22937			gels	14.00	SODA ASH	5	SURVEY	0.50
VOZZLES	7-18s			Ph	10	BAR	J	REPAIRS	3.00
OUT	7 100			WL	16.4	MICA		PU/LD BHA	0.00
IN	7,938			CHL	36,000	STARCH	75	RUN CSG	
FOOTAGE	2,112			SOLIDS	2.5	PAPER		CMT casing	
HOURS	108			SAND		SHRINKWRAP		woc	
T./HR.	19.50			OIL		Sodium Hydro	2	Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D	16	DRL CMT/PLUG	
OW PUMP RAT	E			Tax		VIS PLUS	, 144	Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		work on mwd	
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$11,244.00	PALLETS		Cut drg line	
				TOTAL COST	\$63,389	Engineer	2	TOTAL	24.00
SURVEYS				BHA #5			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00	BGG 150 - 2	00 units; CG 500	units; MFG 720 un	ts @ 10,10,362'
10066	1.80	205.3	Motor 4 1/2XH	6.75	26.61		Trace of flou	resence @ 10,362'	
10159	1.50	207.3	Fl. Sub 4 1/2XH	6375	2.63		80% shale, 10%	6 sand, 10% siltston	9
10253	1.80	206.3	Muleshoe XH	6.38	3.14				
10346	2.50	208.1	NMDC XH	6.38	31.09		CEMENT/C	ASING REPORT	
10439	3.40	216.3	DCs-19, XH	6.00	567.03				
10500	3.70	220.9	X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
				TOTAL	640.08				
TIME	-	ACTIVITY							
From	To	D-1111-40-00	7 40 440	FF	70 diif	100 050 -1	d= 10 007 10 0	26	
3:00			7- 10,116, rpm	55, motor rpi	m 70, allt pre	essure 100-250, sli	de 10,027-10,0	30.	
10:00		Service rig.			70 1177	100.050 "		20	
10:00						ssure 100-250, slic		32.	
13:30						, no hole problems			
16:30	6:00	Drilled 10,15	2- 10,550, 55 rp	m, motor rpr	m 70, diff pre	essure 100-250, TI	D PILOT HOLE	AT 6 AM.	
		Dia Franklah	mai 0020 asta	Llood:1460-	volo. No occ	cidents/ No incider	ato.		
		Rig Fuel Voll	ine. ouso gals.	USEU. 1400(yais. INU acco	Judina/ NO IIICIUEI	ito		

	2-1-			_	DRILLING	T			
WELL:		trong State		COUNTY:		STATE:	Tx DATE:		Rig Days 43
OPERATION:	Log,	Lay down C	MR tool	DEPTH:	10,550	PROGRESS:	523	FORMATION:	Wolfcamp "C"
DAILY COST:		\$43,654		CUMMULAT	IVE COST:	\$2,48	6,355	SUPERVISOR:	Charles Graham
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
								DRILLIN	G DAYS: 32
BIT RECORD			MU	JD PROPERT	TES	MUD MIXED	1	IME BREAKDOWN	1
BIT NO.	5			MW	8.9	FRESH GEL		DRLG.	
SIZE	8 3/4			VIS	32	SALT GEL		TRIP	12.50
MFG.	ULTERRA			PV	4	CAUSTIC		REAM/WASH	
TYPE	U716M			ур	3	LIME		SER. RIG	
SER. #	22937			gels	14.00	SODA ASH		SURVEY	
NOZZLES	7-18s			Ph	10	BAR		REPAIRS	
OUT	10,550			WL	16	MICA		PU/LD BHA	
IN	7,938			CHL	36,000	STARCH		RUN CSG	
FOOTAGE	2,112			SOLIDS	2.5	PAPER		CMT casing	
HOURS	108			SAND		SHRINKWRAP		WOC	
FT./HR.	19.50			OIL	4400	Sodium Hydro		Test csg,rot head	
BIT GRADE	I- 1, O-2, G-1			CALCIUM	1160	NEWZAN D		DRL CMT/PLUG	
OW PUMP RAT	E	DI II ID A		Tax		VIS PLUS		Wait for equipmen	0.50
PUMP 2	0511	PUMP 3	0511	Service Rep		POLY		Circlate	3.50
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Open hole log	8.00
375	57	325	58	pallets/wrap	644.044.00	new55		Ps Test BOP	
				DAILY COST	\$11,244.00 \$71,831	PALLETS		Cut drg line TOTAL	04.00
SURVEYS				TOTAL COST	\$71,001	Engineer	CHOME/EI	ARE REPORT	24.00
	INCL	47	Bit 4 1/2 REG	BHA #5 8.75	1.00		SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Motor 4 1/2 KEG	6.75	26.61				
			Fl. Sub 4 1/2XH	6375	2.63				
			Muleshoe XH	6.38	3.14				
			NMDC XH	6.38	31.09		CEMENTICA	SING REPORT	
			DCs-19, XH	6.00	567.03		OLINEI 1707	SING KEPOKI	
			X-O 4 1/2IF	6.00	2.02				
			RT TOOL 7.5	6.88	6.56				
			11110027.0	0.00	0.00				
				TOTAL	640.08				
TIME		ACTIVITY							
From	То								
6:00						d sweep brought v			
9:30	10:00	Trip out of ho	ole to log, chain	out to 9300'.	Strap out (10,552'). No hole p	problems. Hole is	s static. Lay dowr	dir. Tools.
10:00	1:00	Rig up Schlu	mberger, install	logging ada	apter and lub	ricator. Make up to	ools.		
1:00	3:45	Go in hole w	ith HRLA,ECS,C	MR,PEX 89	of tools, to	7910'.			
3:45						1.8, 7967- 2.1, 806	60- 1.0), try to w	ork past bridge.	
4:45			ole, lay down CN						
1.40	0.00	T dir out of the	no, lay down on	II (. CO DUON	iii iii i otai oi	1 1 01 (00)0.			
		m	7000	11 11000		idents/ No inciden	T-		

WELL:	Arms	trong State 5	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	February 28, 2014	Rig Days 44	
OPERATION:		ns Shut dow		DEPTH:	10,550	PROGRESS:	523	FORMATION:	Wolfcamp "C"	
DAILY COST:		\$37,030		CUMMULAT			23,385	SUPERVISOR:	Charles Graham	
WT. ON BIT:		40.,000		RPM:	112 0001.	PUMP PRESS:	.0,000	SPM / GPM:	Charles Granan	
VI. ON BIT.				INFIVI.		FOWE FILESS.			NG DAYS: 33	
BIT RECORD			MI	JD PROPERT	IES	MUD MIXED	1	TIME BREAKDOWN		
BIT NO.	6			MW	8.9	FRESH GEL		DRLG.		
SIZE	8 3/4			VIS	32	SALT GEL		TRIP	13.50	
MFG.	SMITH			PV	4	CAUSTIC		REAM/WASH	2.50	
TYPE	F-37			ур	3	LIME		SER. RIG		
SER.#	PB5471			gels	14.00	SODA ASH		SURVEY		
VOZZLES	15-15-15			Ph	10	BAR		REPAIRS		
DUT				WL	16	MICA		PU/LD BHA		
N				CHL	36,000	STARCH		RUN CSG		
OOTAGE				SOLIDS	2.5	PAPER		CMT casing		
HOURS				SAND		SHRINKWRAP		WOC		
T./HR.				OIL CALCIUM	1160	Sodium Hydro		Test csg,rot head DRL CMT/PLUG		
BIT GRADE	-				1100	NEWZAN D				
PUMP 2	C	PUMP 3		Tax Sonios Pon		VIS PLUS POLY		Wait for equip. Circlate	1.00	
PSIG	SPM	PSIG PSIG	SPM	Service Rep Trucking		NITRATE		Open hole log	5.50	
375	57	325	58 58	pallets/wrap		new55		Ps Test BOP	5.50	
313	31	323	30	DAILY COST	\$3,102.00	PALLETS		Injury Stoppage	1.50	
				TOTAL COST	\$74,933	Engineer		TOTAL	24.00	
SURVEYS				BHA #6	ψ, 1,000	Liigineer	SHOWS/FI	ARE REPORT	24.00	
DEPTH	INCL.	AZ.	Bit 4 1/2 REG	8.75	1.00		OTTO TO IT	THE HEI OIL		
DEFTI	IIVOL.	AZ.	BIT SUB 41/2 XI		2.99					
			DC 4 1/2 XH	6.25	31.81					
			IBS 4 1/2 XH	6.38	5.9					
			DC 4 1/2 XH	6.25	28.87		CEMENT/CA	ASING REPORT		
			IBS 4 1/2 XH	6.38	5.59					
			17 DCS. XH	6.25	504.07					
			XO 4 1/2 IF	6.38	2.02					
			RT 4 1/2 IF	6.38	6.61					
				TOTAL	588.86					
TIME From	То	ACTIVITY								
3:00		Go in hole wi	th logging tools	Hit bridge a	at 7 910'- una	able to work loggir	na tool deeper tha	at 7 910'		
10:00						rig down Schlum		1. 7,0 10 .		
	20.20	Make up rear	mina BUA: 9 3/	A tri cono hit	hit cub 1 F	C, IBS, 1 DC, IBS	S 17 DC's YO F	T tool Trip in ho	ole to 7.830'	
11:30										
20:30						20', regain 30% r	eturns, iost comp	iele reluiris agai	11.	
23:00			g, trip out to de			1 1 1 1 1 1	- 0.5 :11	1 DE	and flow from DD	
):30						back, mix salt for	a 9.5 ppg pill and	pump down DF	, no flow from DP	
1:30			OH, trip out of h							
1:30	6:00					Shut down operati				
			cts for injury rep	ort w/rig per	sonnel befor	e resuming opera	tions; checking to	op drive for any a	additional loose	
		equipment.								
			The state of the s							
	NOTE: Accident description									
					ng floorhand	William Everett o	n left shoulder ca	using bruise and	bump on left sho	
		Injured man	was stabilized a	nd deemed	suitable for t	ransport to hospita	al. Loaded injure	d man in tool put	shers vehicle for	
						ke and talking to				
			ıme: 6424 gals.			ino and taining to	on one personne	prior to transpor	t to noopital.	
		ING FUEL VOIL	ine. 0424 yals.	U360.30498	aio.					

File No.	WF.110	0095	
Daily D	rilling	2095 Reports Month	2/2019
,			
Date Filed:	2 28	14	
Jerry	E. Patters	son, Commissioner	
By	SSD		

March

						REPORT			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 1, 2014	Rig Days 45
OPERATION:	TIH w/1	hru-Bit Log	ging BHA	DEPTH:	10,550	PROGRESS:		FORMATION:	Wolfcamp "C"
DAILY COST:		\$153,236		CUMMULAT	IVE COST:	\$2,67	6,621	SUPERVISOR:	Charles Graham
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
				130.00		1 01111 1 11200.			IG DAYS: 34
BIT RECORD			N.	IUD PROPERT	IFS	MUD MIXED	1	TIME BREAKDOW	
BIT NO.	6		-	MW	8.9	FRESH GEL		DRLG.	•
SIZE	8 3/4			VIS	32	SALT GEL		TRIP	6.50
MFG.	SMITH			PV	4	CAUSTIC		REAM/WASH	0.00
TYPE	F-37			ур	3	LIME		SER. RIG	
SER. #	PB5471			gels	14.00	SODA ASH		SURVEY	
VOZZLES	15-15-15			Ph	10	BAR		REPAIRS	3.00
OUT				WL	16	MICA		PU/LD BHA	
IN .				CHL	36,000	STARCH		RUN CSG	
FOOTAGE				SOLIDS	2.5	PAPER		CMT casing	
HOURS				SAND		SHRINKWRAP		WOC	
T./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT/PLUG	
OW PUMP RATI				Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Open hole log	14.50
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	A74.000	PALLETS		msc.	
OUD/ENG				TOTAL COST	\$74,933	Engineer	011014/0/51	TOTAL	24.00
SURVEYS	INIOI		TUDU DIT	BHA	1.00		SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	THRU BIT	8.75	1.00				
			BIT SUB	6.50 6.50	3 5.19				
			Hang off sub	0.50	5.19				
							CEMENTICA	ASING REPORT	
							CEMENTICA	ASING REPORT	
				TOTAL	9.19				
TIME		ACTIVITY							
From	То								
5:00	10:00	Trip out to lo	g.						
10:00			cator, rig up Sch						
12:00	23:00	Go in hole w	ith logs, stoppe	ed at 7680', w	orked tool to	7690, tool stuck,	worked free, log i	up from 7650-330	00,CMR,
		PEX, ECS. (Stand down sa	afety meeting	with O'ryan	crews and safety r	man, also with Ca	anrig reps. 4:30-6	3:00PM
23:00	12:30	Rig down So		, ,		-			
12:30				en grabber lin	es, called te	echmician, wait for	him to call back.	He said OK to by	pass lines.
3:30						rking short handed			pare
5.50	0.00	wake up 111	ubit, bit sub, ne	ang on sub, c	ini pipe, wo	rking short nanded	T HOOF HARIA.		
			Capacita						
		NOTE: Dad	al Open hale le	aging cost in	oluded in tea	lay's cost			
		NOTE: Parti	al Open-hole lo	equing cost in	ciuaea in too	lay S COSt.			
						dents/No Incidents			

					DRILLING	KLIOKI			
WELL:		trong State		COUNTY:		STATE:	Tx DATE:		Rig Days 46
OPERATION:	Logging v		ools @ 9,000'	DEPTH:	10,550	PROGRESS:		FORMATION:	Wolfcamp "C"
DAILY COST:		\$33,032		CUMMULAT	IVE COST:	\$2,70	9,653	SUPERVISOR:	Charles Graham
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
								DRILLIN	IG DAYS: 35
BIT RECORD			M	JD PROPERT		MUD MIXED	T	IME BREAKDOW	N
BIT NO.				MW	8.9	FRESH GEL		DRLG.	
SIZE				VIS	32	SALT GEL		TRIP	10.00
MFG.				PV	4	CAUSTIC		REAM/WASH	2.00
TYPE				ур	3	LIME		SER. RIG	
SER.#				gels	14.00	SODA ASH		SURVEY	
NOZZLES				Ph	10	BAR		REPAIRS	2.00
OUT				WL	16	MICA		PU/LD BHA	
IN				CHL SOLIDS	36,000 2.5	STARCH PAPER		RUN CSG	
FOOTAGE HOURS				SAND	2.5	SHRINKWRAP		CMT casing WOC	
FT./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT/PLUG	
OW PUMP RAT	F			Tax	1100	VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	2.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Open hole log	8.00
375	57	325	58	pallets/wrap		new55		Ps Test BOP	0.00
0.0		020		DAILY COST		PALLETS		msc.	
				TOTAL COST	\$71,831	Engineer		TOTAL	24.00
SURVEYS				ВНА			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	THRU BIT	8.75	1.00	-	3' flare for 30mins.		
			BIT SUB	6.50	3			SAS 1100	
			Hang off sub	6.50	5.19				
							CEMENT/CA	SING REPORT	
				******	0.10				
71115		1070071		TOTAL	9.19				
TIME From	То	ACTIVITY							
6:00	200.00	Trip in hole y	vith THRUBIT B	HA To 7680)				
12:30			am 7670-7900,						
				bridge 7670	<i>J-11</i> 00.				
13:30		Trip in hole t		EEO (-' -1	d 00 '/- '	2-1			
17:00			am 10,270-10,						
18:00					gas. (canri	g work on topdrive).		
20:00			on grabber on to						
22:00						ole and seat Thru	bit tools. Bottom	of tools at 10,455	
1:30	6:00	Log with Thr	u bit 10,455-9,0	00, pulling 1	5'/min. no h	ole problems.			
	7								
		Ria Fuel Volu	ume: 5110 gals.	Used: 584 c	als. No Acc	idents/No Incidents	3		
		Rig Fuel Vol	ume: 5110 gals.	Used: 584 g	als. No Acc	idents/No Incidents	3		

WELL:	Armo	Ct - t - F							
	AIIIIS	trong State 59	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 3, 2014	Rig Days 47
OPERATION:	Sidew	all Coring Op	erations	DEPTH:	10,550	PROGRESS:		FORMATION:	Wolfcamp "D"
DAILY COST:		\$102,584		CUMMULAT	IVE COST:	\$2,812	2,237	SUPERVISOR:	Charles Grahan
WT. ON BIT:				RPM:	114.50	PUMP PRESS:		SPM / GPM:	
W. OWBIT.				TAT IVI.		TOWN TILEGO.		Company of the Control of the Contro	IG DAYS: 36
BIT RECORD			М	UD PROPERT	IFS	MUD MIXED	Т	IME BREAKDOW	Charles and House Court with the Court of th
BIT NO.			.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	MW	8.9	FRESH GEL		DRLG.	•
SIZE				VIS	32	SALT GEL		TRIP	3.50
MFG.				PV	4	CAUSTIC		REAM/WASH	0.00
TYPE				ур	3	LIME		SER. RIG	
SER. #				gels	14.00	SODA ASH		SURVEY	
VOZZLES				Ph	10	BAR		REPAIRS	
OUT				WL	16	MICA		PU/LD BHA	
IN				CHL	36,000	STARCH		RUN CSG	
FOOTAGE				SOLIDS	2.5	PAPER		CMT casing	
HOURS				SAND		SHRINKWRAP		WOC	
FT./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT/PLUG	
OW PUMP RATE				Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Thur bit logging	6.00
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST		PALLETS		Cut SWCs	14.50
				TOTAL COST	\$71,831	Engineer		TOTAL	24.00
SURVEYS DEPTH	INCL.			BHA			SHOWS/FL	ARE REPORT	
							OLINEI 1707	SING REPORT	
				TOTAL					
TIME		ACTIVITY		TOTAL					
TIME From	То	ACTIVITY							
From	9:30	Finished pulling		Spectral (sor		n, caliper, gamma r			
From 3:00	9:30	Finished pulling	e, run in hole l	Spectral (sor	ol at 6780', p	oull tool out of drill p	ipe. Because of	Canrig bit depth	
From 3:00	9:30	Finished pulling	e, run in hole l	Spectral (sor	ol at 6780', p		ipe. Because of	Canrig bit depth	
From 3:00 9:30	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678	e, run in hole levery stand ha	Spectral (sor atch on to too ve to readjus bit, bit sub, ha	ol at 6780', p t depths. La ang-off sub.	oull tool out of drill p y down tools and rig	ipe. Because of g down wireline t	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678	e, run in hole levery stand ha	Spectral (sor atch on to too ve to readjus bit, bit sub, ha	ol at 6780', p t depths. La ang-off sub.	oull tool out of drill p	ipe. Because of g down wireline t	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pulling Rig up wireling being off 17' e Trip out at 678 Rig up Schlum	e, run in hole levery stand has 80. Lay down benberger side w	Spectral (son atch on to too ve to readjus bit, bit sub, ha vall core truck	ol at 6780', p t depths. Lay ang-off sub. c. Cut 39 cor	oull tool out of drill p y down tools and rig	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireling being off 17' e Trip out at 678 Rig up Schlum Avalon 7520,	e, run in hole I every stand ha 30. Lay down b hberger side w 7450,7400,73	Spectral (son atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235	ol at 6780', p t depths. Lag ang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6	e, run in hole I every stand ha 80. Lay down b herger side w 7450,7400,73 6625,6232,600	Spectral (son atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235	ol at 6780', p t depths. Lag ang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireling being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5	e, run in hole I every stand ha 30. Lay down b hberger side w 7450,7400,73 6625,6232,606 6282,5260.	Spectral (sor atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235 55,5960,5885	ol at 6780', p t depths. Lag ang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 9:30	9:30 12:00 15:30	Finished pulling Rig up wireling being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362	e, run in hole I every stand ha 30. Lay down b herger side w 7450,7400,73 6625,6232,600 6282,5260. 5,3500,3440,3	Spectral (sor atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235 55,5960,5885	ol at 6780', p t depths. Lag ang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 12:00	9:30 12:00 15:30	Finished pulling Rig up wireling being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1	e, run in hole I every stand had 30. Lay down benberger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365.	Spectral (sor atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235 65,5960,5885	ol at 6780', p t depths. Lag ang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 9:30	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,3623 Wolfcamp D 1	e, run in hole I every stand has 30. Lay down between side w 7450,7400,73 3625,6232,606 3282,5260 5,3500,3440,3 0420, 10365 0310, 10265,	Spectral (sor atch on to too ve to readjus bit, bit sub, ha vall core truck 70,7315,7235 65,5960,5885 4400.	ol at 6780', pt depths. Lagang-off sub. c. Cut 39 cor 5,7140,7110	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 9:30	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 6:00 9:30 9:30	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,3623 Wolfcamp D 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 5:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 6:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 12:00	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker
From 3:00 9:30 9:30	9:30 12:00 15:30	Finished pullir Rig up wireline being off 17' e Trip out at 678 Rig up Schlum Avalon 7520, Brushy 6645,6 Cherry 5330,5 Bell 4344,362 Wolfcamp D 1 Wolfcamp C 1	e, run in hole I every stand has 30. Lay down be herger side w 7450,7400,73 3625,6232,606 3282,5260. 5,3500,3440,3 0420, 10365. 0310, 10265, B 10175, 101	Spectral (sor atch on to too ve to readjus bit, bit sub, havall core truck 70,7315,7235 65,5960,5885 6400.	ol at 6780', pt depths. Layang-off sub. c. Cut 39 cor 5,7140,7110,5819,5714.	oull tool out of drill p y down tools and rig res, 21 remaining. (,7090, 7070, 7008.	pipe. Because of g down wireline to Tie in 200' with a	Canrig bit depth ruck.	tracker

WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:	March 4, 2014	Rig Days 48
OPERATION:	Circulating	after setting	kick-off plug	DEPTH:	10,550	PROGRESS:		FORMATION:	Wolfcamp "D"
DAILY COST:		\$115,760		CUMMULAT	IVE COST:	\$2,927	7,997	SUPERVISOR:	Charles Graham
WT. ON BIT:		Y Tribling		RPM:		PUMP PRESS:		SPM / GPM:	
									IG DAYS: 37
BIT RECORD			MU	JD PROPERT	IES	MUD MIXED	Т	IME BREAKDOW	١
BIT NO.				MW	8.9	FRESH GEL		DRLG.	
SIZE				VIS	32	SALT GEL		TRIP	9.00
MFG.				PV	4	CAUSTIC		REAM/WASH	
TYPE				ур	3	LIME		SER. RIG	
SER.#				gels	14.00	SODA ASH		SURVEY	
VOZZLES				Ph	10	BAR		REPAIRS	
DUT				WL	16	MICA		PU/LD BHA	
N				CHL	36,000	STARCH		RUN CSG	
OOTAGE				SOLIDS	2.5	PAPER		CMT plug	1.00
HOURS				SAND		SHRINKWRAP		WOC	
T./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT/PLUG	
OW PUMP RAT	TE			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	5.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg ine	3.00
375	57	325	58	pallets/wrap		new55		Ps Test BOP	2.25
				DAILY COST	074.004	PALLETS		Cut SWCs	6.00
				TOTAL COST	\$71,831	Engineer		TOTAL	24.00
SURVEYS DEPTH	INCL.	AZ.		BHA			SHOWS/FL	ARE REPORT	
							CEMENT/CA	SING REPORT	
				TOTAL					
TIME From	То	ACTIVITY							
5:00		Cut side wall o	cores, 9883,98	20,9800,976	5,9738,971	5,9682,9660,9635,9	628,9540. Rig d	own Schlumberg	er.
12:00	14:30	Trip in hole op	en ended with	drill pipe to	depth of 310	00' (tally drill string i	n hole)		
14:30		Cut drilling line			57504 CONTRACTOR (500 SAC)	,			
7:30				by CanRig	depth: depth	h by drill string tally	is 9 375'		
22:30		Circulate out t					10 0,0101		
2:00						-37 + .004 gps CF-4	111 Wt 18 ppg	vield 89 mix H3	0 2 98 gal/sk
		Pull 25 stds. V				01 1 .004 gp3 01	FIL. VVI. 10 ppg,	yield .00, IIIIX 112	.O 2.30 gai/3k.
1:00						and to sink on bink	off place drage of	f h.it	
2:30	6:00	Circulating two	o bottoms up (c	y 7,030 prio	r to tripping	out to pick up kick-	on plug aress-on	DIT.	
		7							
				11 1 22		ived 6408 gals No A			

					DRILLING				
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 5, 2014	Rig Days 49
OPERATION:	Circula	ating, RU LE	Machine	DEPTH:	10,550	PROGRESS:		FORMATION:	Wolfcamp "D"
DAILY COST:		\$32,978		CUMMULAT	IVE COST:	\$2,960	0,974	SUPERVISOR:	Charles Graham
WT. ON BIT:			STATE OF BUILDING	RPM:	11.00	PUMP PRESS:	- 1 Ac	SPM / GPM:	
TT. ON DIT.				TAT IVI.		TOWN TILLOU.		A SECURIOR OF THE PARTY OF THE	VG DAYS: 38
BIT RECORD			M	UD PROPERT	IES	MUD MIXED	1	IME BREAKDOW	THE PROPERTY OF STREET
BIT NO.	6		1111	MW	8.9	FRESH GEL		DRLG.	
SIZE	8 3/4			VIS	32	SALT GEL		TRIP	
MFG.	SMITH			PV	4	CAUSTIC		REAM/WASH	
TYPE	F-37			ур	3	LIME		SER. RIG	
SER. #	PB5471			gels	14.00	SODA ASH		SURVEY	
VOZZLES	15,15,15			Ph	10	BAR		REPAIRS	
OUT				WL	16	MICA		PU/LD BHA	
N				CHL	36,000	STARCH		RUN CSG	
FOOTAGE				SOLIDS	2.5	PAPER		CMT plug	
HOURS				SAND		SHRINKWRAP		WOC	19.00
T./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT	5.00
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$71,831	PALLETS		Cut SWCs	04.00
OUDVEVO				TOTAL COST	\$/1,831	Engineer	OLIOMOITI	TOTAL	24.00
SURVEYS	11101		0.0444	BHA	4.00		SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	8 3/4 tricone bt	8.75	1.00				
			BIT SUB 19 DCs	6.25 6.25	2,99 564.75				
				6.25	2.02				
			XO	0.20	2.02		CEMENTICA	ASING REPORT	
				-			CLINENTION	SING KEPOKT	
				TOTAL	570.76				
TIME		ACTIVITY							
From	To								
5:00		Circulate at							
5:30			ole for cement d		(WOC)				
9:30	14:00	Trip in hole t	to 3105', (WO	C).					
14:00		WOC.							
9:00			o 8919. (no cer	ment stringer	s).				
23:00			at 8919, circulat						
1:00	6:00	Dress off ce	ment plug 8919	to 9050' 5-6	000 wt 60 r	pm, drilling 3-4mins	s/ft_began gettin	g firm at 8965. R	tigging up LD
1.00	0.00		epare to lay dow			prii, drining o mini	onti bogan gotan	9	333 -P
		macmine, pre	spare to lay dow	ii o uiiii pipi	J				
						Z-			
		D: E !!!	0074	11 1 4000	anto M. A	anisiant-Minterior	m å n		
		IKIG Fuel Vol	ume: 92/1 gals.	Used: 1022	gais. No A	ccidents/No Incide	IIIS		

				Drite		TKET OILL			
WELL:	Arms	trong State 59)-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 6, 2014	Rig Days 50
OPERATION:		g 7" Casing @		DEPTH:	9,050	PROGRESS:		FORMATION:	Bone Spring
DAILY COST:		\$38,756	,,	CUMMULATI		\$2,999	9.730	SUPERVISOR:	Charles Grahan
		ψου, του			VL 0001.		3,730		Ollaries Oranan
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	10 DAVO- 20
DIT DECORD				UID DDODEDT	150	MUD MINED			VG DAYS: 39
BIT RECORD			- 1	MUD PROPERT		MUD MIXED		TIME BREAKDOW	N
BIT NO. SIZE				MW	8.9	FRESH GEL SALT GEL	99	DRLG. LDDP & DC's	45.00
MFG.				VIS PV	32 4		20	REAM/WASH	15.00
TYPE					3	CAUSTIC LIME		SER. RIG	
SER.#				yp	14.00	SODA ASH	5	SURVEY	
NOZZLES				gels Ph	10	BAR	3	REPAIRS	
OUT				WL	16	MICA		PU/LD BHA	
IN				CHL	36,000	STARCH		RUN CSG	6.50
FOOTAGE				SOLIDS	2.5	PAPER		CMT plug	0.00
HOURS	_			SAND	2.0	SHRINKWRAP		WOC	
FT./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT	
OW PUMP RATE				Tax	1100	VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	2.50
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	2.00
375	57	325	58	pallets/wrap		new55		Ps Test BOP	
0.0	- 01	020		DAILY COST	\$8,900.00	PALLETS		Cut SWCs	
				TOTAL COST	\$80,730	Engineer	1	TOTAL	24.00
SURVEYS				BHA	March Control		SHOWS/FL	ARE REPORT	- 1144
DEPTH	INCL.	AZ.							
							CEMENT/CA	ASING REPORT	
				TOTAL					
TIME		ACTIVITY							
From	To								
6:00	8:30	Circulate to lay	down drill p	pipe,					
8:30	11:30	Held safety me	eeting, lay do	own 5" drill pip	e.				
11:30		Held safety me				crew.			
12:30	6:00	Commence rui	nning 7" 29£	# HCP110 8rd	d LT&C ne	w API ERW deep i	ntermediate cas	ing Tack weld	hoe top and botto
12.30	0.00	of first collar to	on and hotto	m of second o	ollar and ton	of float collar. Rar	2 shoe joints	ing. Tack word t	noc, top and botte
		of first conar, to	op and bollo	ili di secolla c	oliai aliu top	of float collar. Nai	1 2 SHOE JOHNS.		
		Dia Fuel Value	no: 8/69 and	e Head ans	ale No Acc	cidents/No Incident	e		

WELL:	VA CONTRACTOR	0	0 4011				The second secon		
	Armst	trong State 59-3	3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 7, 2014	Rig Days 51
OPERATION:	Testing I	BOP & Choke N	Manifold	DEPTH:	9,050	PROGRESS:		FORMATION:	Bone Spring
DAILY COST:		\$386,366		CUMMULAT	IVE COST:	\$3,386	6,096	SUPERVISOR:	Cress DeBusk
WT. ON BIT:				RPM:		PUMP PRESS:		SPM/GPM:	
								DRILLIN	G DAYS: 40
BIT RECORD			M	UD PROPERT	IES	MUD MIXED	T	IME BREAKDOWN	I
BIT NO.				MW	8.9	FRESH GEL		DRLG.	
SIZE				VIS	32	SALT GEL		TRIP	
MFG.				PV	4	CAUSTIC		REAM/WASH	
TYPE				ур	3	LIME		SER. RIG	
SER. #				gels	14.00	SODA ASH		SURVEY	
VOZZLES				Ph	10	BAR		REPAIRS	
OUT				WL	16	MICA		PU/LD BHA	0.00
IN				CHL	36,000	STARCH		RUN CSG	6.00
FOOTAGE				SOLIDS	2.5	PAPER		CMTNG	3.50
HOURS FT./HR.				SAND		SHRINKWRAP		WOC	
BIT GRADE				OIL	1160	Sodium Hydro NEWZAN D		Test csg,rot head DRL CMT	
OW PUMP RATE				950, 175, TOWN CO.	1100	VIS PLUS		Wait for equipmen	
Charles of the second of the second of the		DUMD 2		Tax		POLY		Circlate	4.00
PUMP 2 PSIG	SPM	PUMP 3 PSIG	SPM	Service Rep Trucking		NITRATE		Cut drlg lne	4.00
F 310	SFIVI	100	OF IVI	pallets/wrap		new55		Ps Test BOP	2.50
				DAILY COST		PALLETS		NU BOP's	8.00
	7			TOTAL COST	\$80,730	Engineer		TOTAL	24.00
SURVEYS				BHA	400,100	Liiginooi	SHOWS/FI	ARE REPORT	24.00
DEPTH	INCL.	AZ.		DIIA		<u> </u>	OHOWOHE	AILE REFORT	
							The Internal many particular	ASING REPORT	
						Cent, 5' above	The Internal many particular	ASING REPORT below collar. Next 2	jts. 17 from 6342-
							shoe, mid of jt, 5' b	Control of the Contro	
							shoe, mid of jt, 5' b	elow collar. Next 2	
							shoe, mid of jt, 5' b	elow collar. Next 2	
				7074			shoe, mid of jt, 5' b	elow collar. Next 2	
				TOTAL			shoe, mid of jt, 5' b	elow collar. Next 2	
TIME	To	ACTIVITY		TOTAL			shoe, mid of jt, 5' b	elow collar. Next 2	
From	To 0:30		20# HCP 1		O 6640'		shoe, mid of jt, 5' b	elow collar. Next 2	
From 6:00	9:30	Run 162 jts, 7"		110 LT&C T(O 6640'.		shoe, mid of jt, 5' b	elow collar. Next 2	
6:00 9:30	9:30 10:30	Run 162 jts, 7" Circulate, work	on torque re	110 LT&C T(O 6640'.		shoe, mid of jt, 5' b	elow collar. Next 2	
From 6:00 9:30 10:30	9:30 10:30 12:00	Run 162 jts, 7" Circulate, work of Run casing to 8	on torque re 3209;	110 LT&C TO	O 6640'.		shoe, mid of jt, 5' b	elow collar. Next 2	
From 6:00 9:30 10:30 12:00	9:30 10:30 12:00 13:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on	on torque re 3209; longer bails	110 LT&C TO corder.		5679, 5 from 52	shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar, Next 2 317-3988,3 from 323	
From 6:00 9:30 10:30 12:00 13:00	9:30 10:30 12:00 13:00 14:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219	on torque re 3209; longer bails 9 jts. 7" 29#	110 LT&C TO corder.			shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar, Next 2 317-3988,3 from 323	
From 6:00 9:30 10:30 12:00 13:00	9:30 10:30 12:00 13:00 14:00 16:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas	on torque re 3209; longer bails 9 jts. 7" 29# s.	110 LT&C To corder.	T&C total 8	5679, 5 from 52	shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar, Next 2 317-3988,3 from 323	
From 6:00 9:30 10:30 12:00 13:00	9:30 10:30 12:00 13:00 14:00 16:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up	corder. HCP 110, L O-Tex ceme	T&C total 8	996', set at 8992'. Nines to 3500#.	shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar. Next 2 317-3988,3 from 325	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00	9:30 10:30 12:00 13:00 14:00 16:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up	corder. HCP 110, L O-Tex ceme	T&C total 8	5679, 5 from 52	shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar. Next 2 317-3988,3 from 325	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx Cl " H	110 LT&C TO corder. 3. HCP 110, L O-Tex ceme " @ 11.8 PP	T&C total 8 enters, test li G, 2.30 Yiel	996', set at 8992'. Nines to 3500#.	shoe, mid of jt, 5' b 164-5099, 9 from 43	pelow collar. Next 2 317-3988,3 from 325	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00 16:30	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ove	on torque re 2209; longer bails 0 jts. 7" 29# s. s. eting, rig up 45 sx Cl " H er, Flts held	corder. HOP 110, L O-Tex ceme " @ 11.8 PP No cmt to s	T&C total 8 inters, test li G, 2.30 Yiel urf.	996', set at 8992'. Nines to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00 16:30	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00 16:30	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ove	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:30 20:00	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:30 20:00	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:30 20:00	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00 16:30	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
From 6:00 9:30 10:30 12:00 13:00 14:00 16:00	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180F	corder. HCP 110, L O-Tex ceme " @ 11.8 PP No cmt to s (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. I off. Dress of	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" @	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
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From 6:00 9:30 10:30 12:00 13:00 14:00 16:00 16:30	9:30 10:30 12:00 13:00 14:00 16:00 16:30 20:00	Run 162 jts, 7" Circulate, work of Run casing to 8 Circulate put on Ran total of 219 Circulate trip gas Held safety mee Cmt 7" csg w/ 44 plug w/ 500# ov/ ND BOP's, set s	on torque re 3209; longer bails 9 jts. 7" 29# s. eting, rig up 45 sx CI " H er, Flts held slips w/ 180h ske mnfld, ki	O-Tex ceme "@ 11.8 PP No cmt to si (tension, cut	T&C total 8 Inters, test li G, 2.30 Yiel urf. t off. Dress cl test Blinds, p	996', set at 8992'. Notes to 3500#. d & 290 sx Cl "H" (cut off, install "C" set opper rams.	shoe, mid of jt, 5' t 64-5099, 9 from 43 No hole problem	selow collar. Next 2 317-3988,3 from 323 s.	55-3173.total 39.
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WELL.					DRILLING				
WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 52
OPERATION:	PL	J 3 1/2" Drill P	Pipe	DEPTH:	9,050	PROGRESS:		FORMATION:	Bone Spring
DAILY COST:		\$51,348		CUMMULATI	VE COST:	\$3,43	7,443	SUPERVISOR:	Cress DeBusk
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
									G DAYS: 41
BIT RECORD			N	IUD PROPERTI		MUD MIXED	T	IME BREAKDOWN	
BIT NO.	7			MW	8.9	FRESH GEL		DRLG.	
SIZE	6 1/8			VIS	32	SALT GEL		TRIP	3.50
MFG.	HTC			PV	4	CAUSTIC		REAM/WASH	
TYPE	STX 30			ур	3	LIME		SER. RIG	
SER. #	511099			gels	14.00	SODA ASH		SURVEY	
NOZZLES	20/20/20			Ph	10	BAR		REPAIRS	0.50
OUT	0.050			WL CHL	16	MICA		PU/LD BHA	3.50
FOOTAGE	9,050			SOLIDS	36,000	STARCH PAPER		RUN CSG	
HOURS				SAND	2.5	SHRINKWRAP		CMTNG WOC	
FT./HR.				OIL		Sodium Hydro		Test BOP's	9.00
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT	5.00
OW PUMP RATE	-			Tax	1100	VIS PLUS		Wait for equipmen	6.00
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	0.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
1 010	OF IVI	7313	OF IVI	pallets/wrap		new55		Test manifold	2.00
	_			DAILY COST		PALLETS		NU BOP's	2.00
				TOTAL COST	\$74,933	Engineer		TOTAL	24.00
SURVEYS				BHA	4,	Liiginoci	SHOWS/FI	ARE REPORT	24.00
DEPTH	INCL.	AZ.					OTTO TTO IT E	AIL ILI OILI	
TIME	-	ACTIVITY		TOTAL					
From	To 42.00	Dofoh lines fro	m shaka ma	aifold to Mud a	ana nanarat	or Unload 0 rook 3	1/2" rental nine		
3:00						or. Unload & rack 3	1/2 rental pipe.		
13:00		Remove 4 1/2			3 1/2 rams	s delivery.			
19:00		Install new 3 1					0.1000	050111	
21:00	1:30		000# high, 25	0# low on blin	id rams, pip	e rams, chk mnfld	& kill line. 2500#	, 250# low on anr	nular.
		all tstd OK.	ISSN.						
1:30		RU pick-up ma							
2:30	6:00	PU BHA and o	commence Pl	J 3 1/2" DP. H	ave picked	up 80 joints of DP;	current bit depth	1 2,500'.	
		NOTE: Initial I	anding point i	n this well will	be 9.670'.				
			J. J						
		Rig Fuel Volum	ne: 7446 gals	Used: 984 a	als No Acc	cidents/No Incident	S		

INCL.			0.0.11011	_	DRILLING		- 0.175		D: D 50
WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 53
OPERATION:	PU	Directional T	ools	DEPTH:	9,050	PROGRESS:		FORMATION:	Bone Spring
DAILY COST:		\$48,772		CUMMULAT	IVE COST:	\$3,48	6,215	SUPERVISOR:	Cress DeBusk
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
									G DAYS: 42
BIT RECORD			M	UD PROPERT		MUD MIXED		IME BREAKDOWN	1
BIT NO.	7			MW	8.9	FRESH GEL		DRLG.	
SIZE	6 1/8			VIS	32	SALT GEL		TRIP	18.00
MFG.	HTC			PV	4	CAUSTIC		REAM/WASH	1000
TYPE	STX 30			ур	3	LIME		SER. RIG	1.50
SER. #	511099			gels	14.00	SODA ASH		SURVEY	
NOZZLES OUT	20/20/20			Ph WL	10	BAR MICA		REPAIRS PU/LD BHA	1.00
IN	9,050			CHL	36,000	STARCH		RUN CSG	1.00
FOOTAGE	9,000			SOLIDS	2.5	PAPER		CMTNG	
HOURS				SAND	2.0	SHRINKWRAP		WOC	
FT./HR.				OIL		Sodium Hydro		Test csg,rot head	
BIT GRADE				CALCIUM	1160	NEWZAN D		DRL CMT	2.00
OW PUMP RATI	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	1.50
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
	0.000		16200.0933	pallets/wrap		new55		Ps Test BOP	
				DAILY COST		PALLETS		NU BOP's	
				TOTAL COST	\$74,933	Engineer		TOTAL	24.00
SURVEYS				ВНА			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.							
				TOTAL					
TIME		ACTIVITY		101712					
From	То	hat the same of th							
6:00	11:30	PU 3 1/2" rent	al drill pipe &	RIH to 4873'.					
11:30		Serv Rig, char							
12:30	16:00	Continue RIH	picking up 3 1	1/2" DP & RIH	to 8, 861'.				
16:00		Fill pipe, break							
16:30	18:30	Drill cement, f	loat collar, she	oe joints and	float shoe.	Tag up on cement	plug @ 9,050'.		
18:30	19:30	Circ hole clear	n.						
19:30	4:30	Strap out hole	. 3 1/2" drill p	ipe strap was	+32' differe	ence, cement plug	@ 9,082'.		
4:30		Service rig.	7,1000			. 3			
5:00		Move Dir tools	to pipe racks	s, strap same	and start Pl	J tools.			
		NOTE: Floorh	and mashed f	inger on DP t	ongs. Take	n to hospital ER fo	r treatment. Will	return to light dut	y tomorrow.
		Rig Fuel Volur	me: 7008 gals	. Used: 438 g	als. 1 Acci	dents/1 Incidents			

				DAILT	DRILLING	REPURI			
WELL:	Arms	trong State 5	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 10, 2014	Rig Days 54
OPERATION:	Time Dril	ling For Late	ral Kick-off.	DEPTH:	9,094	PROGRESS:	12'	FORMATION:	Bone Spring
DAILY COST:		\$43,701		CUMMULAT	IVE COST:	\$3,529	9,916	SUPERVISOR:	Cress DeBusk
VT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
VI. ON BIT.				INF IVI.		FUNIF FALSS.			IG DAYS: 43
BIT RECORD				UD PROPERT	ice	MUD MIXED		IME BREAKDOWN	
BIT NO.	7	8	IVI	MW	8.9	FRESH GEL			ν
SIZE	6 1/8	6 1/8		VIS				DRLG. TRIP	40.00
MFG.	HTC			PV	32	SALT GEL			13.00
		Ulterra			4	CAUSTIC		REAM/WASH	
TYPE SER. #	STX 30 511099	U611M		ур	3	LIME		SER. RIG	
VOZZLES		20848		gels Ph	14.00	SODA ASH		SURVEY	
	20/20/20	4x18's, 2x12			10	BAR		REPAIRS	
OUT	9,082	0000		WL	16	MICA		PU/LD BHA	
N	9,050	9082		CHL	36,000	STARCH		RUN CSG	
OOTAGE	32	12		SOLIDS	2.5	PAPER		CMTNG	
HOURS		11		SAND		SHRINKWRAP		WOC	
T./HR.				OIL	1100	Sodium Hydro		Test csg,rot head	
	1/1/1/1/1/1			CALCIUM	1160	NEWZAN D		DRL CMT	11.00
OW PUMP RAT	E			Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
				pallets/wrap		new55		Ps Test BOP	
				DAILY COST		PALLETS		NU BOP's	
				TOTAL COST	\$80,730	Engineer		TOTAL	24.00
SURVEYS				BHA			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75				
			Mud Motor		24.34				
			Flt sub		2.98				
			UBHO		2.65				
			2 NMDC		61.66		CEMENT/CA	ASING REPORT	
				TOTAL	92.38				
TIME		ACTIVITY							
From	То								
6:00	19:00	PU directiona	I tools and BH.	A. Trip in ho	le filling drill	string every 25 sta	inds.		
19:00	6:00	Time drilling f	rom 9.082' to 9	9. 094'. 80%	cmt 20% sh	ale.			
.0100	0.00	3			-2.0-2 0-1-0-2	5-103-2-1-			
		414							
			_						
		Rig Fuel Volu	me: 7008 dale	Used: 438 c	nals O Accid	dents/0 Incidents			

T					DRILLING				
WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 55
OPERATION:	Waitii	ng On Fishin	g Tools	DEPTH:	9,107	PROGRESS:	14	FORMATION:	Bone Spring
DAILY COST:		\$64,748		CUMMULAT	IVE COST:	\$3,59	4,664	SUPERVISOR:	Cress DeBusk
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
								DRILLIN	G DAYS: 44
BIT RECORD			M	UD PROPERT	IES	MUD MIXED	1	TIME BREAKDOWN	
BIT NO.		8		MW	9	Fresh Gel		DRLG.	11.50
SIZE		6 1/8		VIS	33	SALT GEL		TRIP	5.50
MFG.		Ulterra		PV	4	CAUSTIC		REAM/WASH	
TYPE		U611M		ур	8	LIME		SER. RIG	
SER. #		20848		gels	15.00	SODA ASH	30	SURVEY	
NOZZLES		4x18's, 2x12		Ph	10	BAR		REPAIRS	
OUT		9107		WL	11.2	MICA		PU/LD BHA	
IN		9082		CHL	55,000	STARCH	5	RUN CSG	
FOOTAGE		26		SOLIDS	3.5	PAPER		CMTNG	
HOURS		23.50		SAND		SHRINKWRAP		WOC	
FT./HR.				OIL		STC	4	Test csg,rot head	
BIT GRADE		LIH		CALCIUM	400	NEWZAN D	10	DRL CMT	
OW PUMP RATE				Tax		VIS PLUS		Wait on tools	7.00
PUMP 2		PUMP 3		Service Rep		POLY	10	Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
				pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$19,488.00	PALLETS		NU BOP's	2000
				TOTAL COST	\$97,221	Engineer	1	TOTAL	24.00
SURVEYS				BHA			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75				
			Mud Motor		24.34				
			Flt sub		2.98				
			UBHO		2.65				
			2 NMDC		61.66		CEMENT/CA	ASING REPORT	
			-						
				TOTAL	92.38				
TIME		ACTIVITY		TOTAL	02.00				
From	То	AUTIVITI							
6:00	17:30	Time drilling	6 1/8" hole from	n 9.093' to 9.	107', Cutting	s went from 80% (Cement to 100%	Cement: tool quit	orienting.
17:30						crewed. Left Float			
23:00			ing tools and v				t out mad motor		
23.00	0.00	Order out har	ing tools and v	valt on same	to arrive loca	ation.			
		Pig Fuel Value	mo: 5256 gala	Head 752	rale no Acc	idents/ no Incident	e		

e.				_	DRILLING		Tarress		2011	
WELL:		trong State		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days	
OPERATION:	TIH to r	esume KO d	perations	DEPTH:	9,107	PROGRESS:		FORMATION:		Spring
DAILY COST:		\$69,513		CUMMULAT	IVE COST:	\$3,66	4,177	SUPERVISOR:	Cress	DeBusk
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:		
								DRILLII	VG DAYS:	45
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		TIME BREAKDOW	N	
BIT NO.	8	9		MW	9	Fresh Gel		DRLG.		
SIZE	6 1/8	6 1/8		VIS	33	SALT GEL		TRIP	18.00	
MFG.	Ulterra	HTC		PV	4	CAUSTIC		REAM/WASH		
TYPE	U611M	STX30		ур	8	LIME		SER. RIG		
SER.#	20848	511099		gels	15.00	SODA ASH	30	SURVEY		
NOZZLES	4x18's, 2x12	20/20/20		Ph	10	BAR		REPAIRS		
OUT	9107			WL	11.2	MICA		PU/LD BHA	3.00	
IN	9082	9,107		CHL	55,000	STARCH	5	RUN CSG		
FOOTAGE	25			SOLIDS	3.5	PAPER		CMTNG		
HOURS FT./HR.	12			SAND		SHRINKWRAP		WOC		
BIT GRADE	4 14 14 1 14 14			OIL CALCIUM	400	STC NEWZAN D	10	Test csg,rot head DRL CMT		
	1/1/1/na/1/1				400		10		0.00	
OW PUMP RAT	С	PUMP 3		Tax		VIS PLUS	10	Wait on tools	3.00	
PUMP 2 PSIG	SPM	PSIG	SPM	Service Rep		POLY NITRATE	10	Circlate		
7310	SPIVI	P31G	SPIM	Trucking pallets/wrap		new55		Cut drlg Ine Ps Test BOP		
						PALLETS		NU BOP's		
				DAILY COST TOTAL COST	\$97,221	Engineer Engineer	1	TOTAL	24.00	
SURVEYS					Ψ31,221	Engineer			24.00	
DEPTH	INCL.	AZ.	Bit	ВНА	0.75		SHUWS/FL	ARE REPORT		
DEPTH	INCL.	AZ.	Mud Motor		24.34					
			Flt sub		2.98					
			UBHO		2.65					
			2 NMDC		61.66		CEMENTIC	ASING REPORT	_	
			2 IVIVIDO		01.00		CLINEIVION	ASING REPORT		
				TOTAL	92.38					
TIME		ACTIVITY		11.500,000	05 05 10 10 10 10 10 10 10 10 10 10 10 10 10					
From	То									
6:00	9:00	Wait on fishi	ng tools.							
9:00				per sub. Tri	p in hole and	latch onto fish.				
14:30			hole and lay do							
0:30						BHO & surf test sa	me			
3:30						t bit depth 8,200'.	1110.			
3.30	0.00	mpping in it	T Tesume k	ick-on opera	uona, currer	It bit deptil 0,200.				
			-							
						ccidents/ no Incide				

						REPORT			
NELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	March 13, 2014	Rig Days 57
OPERATION:		rilling KO C		DEPTH:	9,150	PROGRESS:	43	FORMATION:	Bone Spring
DAILY COST:		\$42,945	1	CUMMULAT		\$3,70		SUPERVISOR:	Cress DeBusk
VT. ON BIT:		Time drilling	200	RPM:	109 / 218	PUMP PRESS:		SPM / GPM:	85 / 463
VI. ON BIT.		Time ariini	ig	KPIVI.	109 / 210	PUMP PRESS.	1,375		G DAYS: 46
DIT DECORD	_		_	MUD DDODEDT	150	I MID MIVED			
BIT RECORD	9			MUD PROPERT	r	MUD MIXED		TIME BREAKDOWN	
BIT NO. SIZE			-	MW	9	Fresh Gel		DRLG.	21.00
	6 1/8			VIS	33	SALT GEL		TRIP	1.00
MFG.	HTC			PV	4	CAUSTIC		REAM/WASH	2.00
TYPE	STX30		_	ур	8	LIME		SER. RIG	
SER. #	511099			gels	15.00	SODA ASH	30	SURVEY	
VOZZLES	20/20/20			Ph	10	BAR		REPAIRS	
OUT	0.107			WL	11.2	MICA		PU/LD BHA	
N	9,107			CHL	55,000	STARCH	5	RUN CSG	
OOTAGE	43			SOLIDS	3.5	PAPER		CMTNG	
HOURS	21			SAND		SHRINKWRAP		WOC	
T./HR.	1.00			OIL		STC	4	Test csg,rot head	
BIT GRADE				CALCIUM	400	NEWZAN D	10	DRL CMT	
	SLOW P	UMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		POLY	10	Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drig ine	
				pallets/wrap		new55		Ps Test BOP	
				DAILY COST		PALLETS		NU BOP's	
				TOTAL COST	\$97,221	Engineer	1	TOTAL	24.00
SURVEYS				ВНА			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75				
			Mud Motor		24.34				
			Flt sub		2.98				
			UBHO		2.65				
			2 NMDC		61.66		CEMENTIC	ASING REPORT	
			ZIMBO		01.00		OEMEIT/10	AOING ILLI OILI	
						-			
				TOTAL	92.38				
TIME		ACTIVITY		TOTAL	32.30				
TIME From	To	ACTIVITY							
		Finish TIH.							
3:00				01 0 4041 0 1					
7:00			eam from 9,07					accompany and	
9:00	6:00	Time drilling	from 9,121' -	9,150'. 6:00	AM sample:	70% limestone, 20	1% shale, 10% o	cement.	
						ccidents/ no Incide			

WELL:	Armo	trong State	E0 2 #2U	_	DRILLING		Tv DATE		Dia Davia 50
OPERATION:	Arms	trong State Prep to TI		COUNTY: DEPTH:	Reeves 9,246	STATE: PROGRESS:	Tx DATE	FORMATION:	Rig Days 58
DAILY COST:		\$45,645		CUMMULAT		\$3,75		SUPERVISOR:	Bone Spring Cress DeBusk
					T T				
WT. ON BIT:		25K		RPM:	109 / 218	PUMP PRESS:	1,270	SPM / GPM:	80 / 232
DIT DECORD				MUD DDODEDT	150	I MUD MIVED			G DAYS: 47
BIT RECORD	9			MUD PROPERT		MUD MIXED		TIME BREAKDOWN	
BIT NO. SIZE	6 1/8			MW VIS	9.0	Fresh Gel		DRLG. TRIP	8.50
MFG.	HTC			PV	34	SALT GEL CAUSTIC		REAM/WASH	10.00
TYPE	STX30			_	8	LIME		SER. RIG	1.00
SER. #	511099			yp gels	15.00	SODA ASH		SURVEY	1.00
NOZZLES	20/20/20			Ph	10	BAR		REPAIRS	
OUT	20120120			WL	11.2	MICA		PU/LD BHA	0.50
IN	9,107			CHL	55,000	STARCH		RUN CSG	0.00
FOOTAGE	139			SOLIDS	1.2	PAPER		CMTNG	
HOURS	30			SAND	1.6	SHRINKWRAP		WOC	
FT./HR.	1.00			OIL		STC		Test csg,rot head	
BIT GRADE				CALCIUM	400	NEWZAN D		DRL CMT	
	SLOW P	UMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2	0.0111	PUMP 3		Service Rep	wally	POLY		Circlate	1.00
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drig Ine	3.00
				pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$2,500.00	PALLETS		NU BOP's	
				TOTAL COST	\$99,723	Engineer	1	TOTAL	24.00
SURVEYS				BHA			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75				
9127	2.00	217.12	Mud Motor		24.34				
9158	4.60	195.02	Flt sub		2.98				
9190	7.10	164.8	UBHO		2.65				
			2 NMDC		61.66		CEMENT/C	ASING REPORT	
		- 9							
				TOTAL	92.38				
TIME	_	ACTIVITY							
From	То	Oli de dell'ess	f 0.450l	0.4701					
6:00			from 9,150' -	9,173'.					
9:00		Service Rig							
10:00				9,246'. ROP	slowed, tool	face harder to hold	d.		
15:30		Circulate bo							
16:30	21:30	TOOH to de	pth of 2,200'.						
21:30	0:30	Slip & cut dr	rilling line.						
0:30			H, lay down mi	ud motor and b	oit.				
5:30			d motot & trico			port time.			
5.50	0.00	1 o non ma	a motor a moo	no bit, combo i	11 10010 10	port time.			
		Dia Fuel V	lumo: 0625 ~-	le Head: 040	role no Aco	sidentel no Incident	C		
		Rig Fuel Vo	iume: 9035 ga	s. Used: 949 (yais. 110 ACC	idents/ no Incident	5		

CONTRACTOR OF THE PARTY OF THE				DAILT		11010111			
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	March 15, 2014	Rig Days 59
OPERATION:	Drilling	Production I	Hole Curve	DEPTH:	9,457	PROGRESS:	96	FORMATION:	3rd Bone Spring
DAILY COST:		\$42,945		CUMMULAT		\$3,795	5.713	SUPERVISOR:	Cress DeBusk
NT. ON BIT:		25K		RPM:	25 / 138	PUMP PRESS:	1,400	SPM / GPM:	83 / 232
VI. ON BIT.		25/(Krivi.	207 100	FUNIF FRESS.	1,400		NG DAYS: 48
BIT RECORD			1	MUD PROPERT	IEC	MUD MIXED		IME BREAKDOW	
BIT NO.	9	10	-	MW	9	Fresh Gel		DRLG.	18.00
SIZE	6 1/8	6 1/8		VIS	34	SALT GEL		TRIP	5.00
MFG.	HTC	HTC		PV	4	CAUSTIC		REAM/WASH	3.00
TYPE	STX30	STX 30		ур	8	LIME		SER. RIG	1.00
SER.#	511099	5744721	-	gels	15.00	SODA ASH		SURVEY	1.00
VOZZLES .	20/20/20	20/20/20		Ph	10	BAR		REPAIRS	
OUT	9,246	20/20/20	-	WL	11.2	MICA		PU/LD BHA	
N	9,107	9246		CHL	55,000	STARCH		RUN CSG	
FOOTAGE	139	211		SOLIDS	1.2	PAPER		CMTNG	
HOURS	30	18		SAND	1.4	SHRINKWRAP		WOC	
T./HR.	1.00	12		OIL		STC		Test csg,rot head	
BIT GRADE	3/3/3/1/PR	12		CALCIUM	400	NEWZAN D		DRL CMT	
or orotoc		JMP RATE		Tax	100	VIS PLUS		Wait for equipmen	
PUMP 2	SLOWF	PUMP 3		Service Rep	wally	POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking	wally	NITRATE		Cut drig ine	
1450	83	Fold	OF W	pallets/wrap		new55		Ps Test BOP	
1400	-00			DAILY COST	\$2,500.00	PALLETS		NU BOP's	
				TOTAL COST	\$99,721	Engineer	1	TOTAL	24.00
SURVEYS				BHA	Q00,721	Liigineer	SHOWS/FI	ARE REPORT	24.00
DEPTH	INCL.	AZ.	Bit	DIA	0.75		3110 113/11	ARE REPORT	
9127	2.00	217.12	Mud Motor		24.34	Lith	ology: 40% sand	40% siltstone, 20%	chalo
9158	4.60	195.02	Flt sub		2.98	Litti		0 - 50 units.	Sildle
9190	7.10	164.8	UBHO		2.65		500.3	o - 50 units.	
9221	10.90	159.2	2 NMDC		61.66		CEMENT/C/	ASING REPORT	
9253	15.60	160.9	2 INIVIDO		01.00		CEMENTION	SOING KEPOKI	
9316	23.10	165.3							
9348	27.10	165.7							
9380	30.50	164.8							
5555	00.00	101.0							
				TOTAL	92.38				
TIME		ACTIVITY							
From	То								
3:00	11:00	TIH, filling ev	very 30 stands						
11:00			from 9,246' -						
11.00	1.1.00			*10-**					
14:30	15:30	Service Rig							
14:30	15:30	Service Rig.	lide drilling fro	m 9 267' - 9 /	157'				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	457'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	457'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	457'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 5:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 5:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				
14:30 15:30	15:30 6:00	Service Rig. Rotate and s	lide drilling fro	m 9,267' - 9,4	157'.				

WELL:					DRILLING				
		trong State :		COUNTY:	Reeves	STATE:	Tx DATE		Rig Days 60
OPERATION:	PU New Di	rectional Bh	A for Lateral	DEPTH:	9,557	PROGRESS:	100	FORMATION:	3rd Bone Spring
DAILY COST:		\$44,511		CUMMULAT	IVE COST:	\$3,840	0,224	SUPERVISOR:	Cress DeBusk
WT. ON BIT:		25K		RPM:	25 / 134	PUMP PRESS:	1,400	SPM / GPM:	83 / 232
WI ON DIT.		2011		141.141.	207101	TOWN THEOD.	1,100		NG DAYS: 49
BIT RECORD			MI	JD PROPERT	IFS	MUD MIXED		TIME BREAKDOW	
BIT NO.		10	- ms	MW	9.1	Fresh Gel		DRLG.	11.00
SIZE		6 1/8		VIS	34	SALT GEL		TRIP	8.00
MFG.		HTC		PV	4	CAUSTIC		REAM/WASH	0.00
TYPE		STX 30		yp	8	LIME		SER. RIG	1.00
SER.#		5744721		gels	15.00	SODA ASH		SURVEY	1.00
VOZZLES		20/20/20		Ph Ph	10	BAR		REPAIRS	
OUT		20/20/20		WL	11.2	MICA		PU/LD BHA	2.00
IN		9246		CHL	55,000	STARCH		RUN CSG	2.00
FOOTAGE		311		SOLIDS	1.2	PAPER		CMTNG	
HOURS		29		SAND	1.2	SHRINKWRAP		WOC	
FT./HR.		12	 	OIL		STC		Test csg,rot head	
BIT GRADE		12		CALCIUM	400	NEWZAN D		DRL CMT	
STI GIVIDE	SI OW PI	JMP RATE		Tax	100	VIS PLUS		Wait for equipmen	
PUMP 2	JLOW F	PUMP 3		Service Rep	wally	POLY		Circlate	2.00
PSIG	SPM	PSIG	SPM	Trucking	wany	NITRATE		Cut drlg lne	2.00
1450	83	1 010	Of IVI	pallets/wrap		new55		Ps Test BOP	
1400	00		-	DAILY COST	\$2,500.00	PALLETS		NU BOP's	
				TOTAL COST	\$99,721	Engineer	1	TOTAL	24.00
SURVEYS				BHA	φου, ετ	Liigiricei	SHOWS/E	LARE REPORT	24.00
DEPTH	INCL.	AZ.	Bit	DIIA	0.75	Litholo		ne, 10% siltstone, 5	00/ shale
9411	33.40	165.3	Mud Motor		24.34	Littiolo		30 - 50 units.	10 /6 Shale
9443	36.40	165.1	Flt sub		2.98		D00. 0	50 - 50 utilits.	
9475	39.00	165.8	UBHO		2.65				
9506	41.80	166.2	2 NMDC		61.66		CEMENT/C	ASING REPORT	
9557	46.20	166	ZIVIVIDO		01.00		CLINEIVIO	AOING KEI OKT	
					92.38				
				TOTAL	92.30				
TIME		ACTIVITY		TOTAL	92.30				
TIME From	То	ACTIVITY		TOTAL	92.30				
From			rilling 6 1/8" pro			7' - 9,552'.			
From 6:00	15:30	Rot & slide d	rilling 6 1/8" pro			7' - 9,552'.			
From 6:00 15:30	15:30 16:30	Rot & slide d		duction curv	e from 9,45		a, pressuring up	and torquing.	
From 6:00 15:30 16:30	15:30 16:30 18:00	Rot & slide d Service Rig Slide drillinh	from 9,552' - 9	duction curv	e from 9,45	7' - 9,552'. h 10K WOB sliding	g, pressuring up	and torquing.	
From 6:00 15:30 16:30 18:00	15:30 16:30 18:00 20:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl	from 9,552' - 9 70 vis sweep &	duction curv ,557'. Attem circ to surf.	e from 9,45	h 10K WOB sliding	g, pressuring up	and torquing.	
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high	from 9,552' - 9 70 vis sweep & winds, lightning	duction curv ,557'. Attem circ to surf. and rain whi	e from 9,45 pt to drill wit	h 10K WOB sliding ut.			
	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high	from 9,552' - 9 70 vis sweep & winds, lightning	duction curv ,557'. Attem circ to surf. and rain whi	e from 9,45 pt to drill wit	h 10K WOB sliding			
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut.	tion BHA @ rep	oort time.	ıral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 5:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 5:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 5:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.
From 6:00 15:30 16:30 18:00 20:00	15:30 16:30 18:00 20:00 4:00	Rot & slide d Service Rig Slide drillinh Pump 20 bbl TOOH; high Lay dwn 2 de	from 9,552' - 9 70 vis sweep & winds, lightning egree mud moto	duction curv ,557'. Attem circ to surf. and rain whi r and MWD.	e from 9,45 pt to drill wit le tripping o PU new m	h 10K WOB sliding ut. ud motor and direct	tion BHA @ rep	oort time.	ral.

				1	DRILLING				
WELL:		trong State		COUNTY:		STATE:	Tx DATE	March 17, 2014	Rig Days 61
OPERATION:	Drillin	g Production	on Curve	DEPTH:	9,834	PROGRESS:	277	FORMATION:	Wolfcamp "A"
DAILY COST:		\$62,659		CUMMULAT	TIVE COST:	\$3,90	2,883	SUPERVISOR:	Cress DeBusk
VT. ON BIT:		12K		RPM:	35 / 144	PUMP PRESS:	1,550	SPM / GPM:	83 / 233
							1,000		IG DAYS: 50
BIT RECORD			1	MUD PROPERT	TIES	MUD MIXED		TIME BREAKDOWN	
BIT NO.	11	10		MW	9.1	Pac R	3	DRLG.	13.50
SIZE	6 1/8	6 1/8		VIS	36	SALT GEL		TRIP	6.00
MFG.	Drillformance	HTC		PV	10	CAUSTIC		REAM/WASH	0.00
TYPE	610T	STX 30		ур	14	LIME		SER. RIG	
SER.#	0,0,	5744721		gels	19.00	SODA ASH	4	SURVEY	
VOZZLES	6- 16's	20/20/20		Ph	10	BAR		REPAIRS	3.50
DUT	0 100	9557		WL	9	Evolube	2	PU/LD BHA	1.00
N	9,557	9246		CHL	52,000	STARCH	-	RUN CSG	1.00
OOTAGE	277	311		SOLIDS	2.8	Defoamer	3	CMTNG	
HOURS	14	29		SAND	2.0	SHRINKWRAP		WOC	
T./HR.	20.00	12		OIL		STC		Test csg,rot head	
IT GRADE		3/3/3/E/RP		CALCIUM	320	NEWZAN D	4	DRL CMT	
	SLOW PL	JMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2	020111	PUMP 3		Service Rep	wally	POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking	Truity.	NITRATE		Cut drig Ine	
1400	83	, 0.0	J	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$18,196.00	PALLETS		NU BOP's	
				TOTAL COST	\$117,917	Engineer	1	TOTAL	24.00
SURVEYS				ВНА	A CONTRACTOR	Liiginoo		LARE REPORT	21100
DEPTH	INCL.	AZ.	Bit		0.75	Lithold	10.000	ne, 20% siltstone, 7	0% shale
9569	48.20	165	Mud Motor		24.34	Lition		5 - 140 units.	070 011010
9633	55.60	163.6	Flt sub		2.98		200.1	o Pro dinio.	
9696	61.10	163.2	UBHO		2.65				1
9759	67.40	165.3	2 NMDC		61.66		CEMENT/C	ASING REPORT	
PB 9809	70.00	168			0.1100				
				TOTAL	92.38				
TIME		ACTIVITY							
From	То								
:00			MWD equipme	ent, make up	Bit.				
:00		TIH, fill every							
3:00	22:00	Slide & rotate	e drilling from 9	9,557' - 9,70	8'.				
2:00	1:30	Rig repair, ge	enerator that p	owers top driv	ve system.				
:30			e drilling from 9						
		NOTE: Reno	rt time inclinat	ion 70 degree	e azimuth h	eading 168 degree	e MD 9 834'- T	V/D 9 629' 3' left 8	2 12' above line)
		NOTE. Repo	it time inclinat	ion 70 degree	s, azimuti n	eading 100 degree	33, IVID 3,034 , T	VD 3,023.3 ICIT C	x 12 above line.)
						idents/ no Incident			

				DAILY					
WELL:	Arms	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	E: March 18, 2014	Rig Days 62
OPERATION:	Drillin	g Horizonta	l Lateral	DEPTH:	10,410	PROGRESS:	576	FORMATION:	Wolfcamp "A"
DAILY COST:		\$57,816		CUMMULAT	IVE COST:	\$3,96	0,699	SUPERVISOR:	Cress DeBusk
WT. ON BIT:		16K		RPM:	35 / 166	PUMP PRESS:	2,075	SPM / GPM:	90 / 280
WI. ON BIT.		10/1		TAT IVI.	337100	FOWE FALSS.	2,075		G DAYS: 51
BIT RECORD			1	MUD PROPERT	IES	MUD MIXED		TIME BREAKDOWN	
BIT NO.	11		 	MW	9.1	Pac R		DRLG.	23.00
SIZE	6 1/8			VIS	36	SALT GEL		TRIP	20.00
MFG.	Drillformance			PV	10	CAUSTIC		REAM/WASH	
TYPE	610T			ур	14	Evo con	5	SER. RIG	1.00
SER.#				gels	19.00	SODA ASH		SURVEY	
NOZZLES	6- 16's			Ph	10	BAR		REPAIRS	
OUT				WL	9	Evolube	5	PU/LD BHA	
IN	9,557			CHL	52,000	STARCH		RUN CSG	
FOOTAGE	853			SOLIDS	2.8	Defoamer	5	CMTNG	
HOURS	37			SAND		SHRINKWRAP		WOC	
FT./HR.	23.05			OIL		Alum sterate	5	Test csg,rot head	
BIT GRADE				CALCIUM	320	NEWZAN D	5	DRL CMT	
	SLOW PI	JMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep	wally	POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		NITRATE		Cut drlg Ine	
1400	83			pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$15,159.00	PALLETS		NU BOP's	
				TOTAL COST	\$133,076	Engineer	1	TOTAL	24.00
SURVEYS				BHA			SHOWS/I	FLARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75		Lithology: 50%	Limestone, 50% Sha	le
9759	67.40	165.3	Mud Motor		24.34		BGG: 1	30 - 350 units.	
9822	72.10	168.1	Flt sub		2.98				
9917	79.80	173.8	UBHO		2.65				
9980	87.60	178	2 NMDC		61.66		CEMENT/	CASING REPORT	
10012	90.90	180.6							
10170	92.00	182.9							
10265	91.40	182.2							
				7074	00.00				
				TOTAL	92.38				
TIME From	То	ACTIVITY							
9.769(97/)		Clide and set	ata drilling fra	m 0 934' to 0 0	26' /102'\				
6:00			tate drilling fro	11 9,034 10 9,5	930 (102).				
12:30	13:30	Service rig.	1 1 100 6	0.00011 40	4401/4741				
13:30	6:00	Slide and rot	tate drilling fro	m 9,936° to 10	,410' (4/4').				
			of curve (EOC) 10,012'. Curi	rently drilling	horizontal lateral.			
		NOTE: End							
		NOTE: End							
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End							
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End							
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End	,						
		NOTE: End							
		NOTE: End							
		NOTE: End							
		NOTE: End							

WELL:	Δ	rone Ci-i	E0 2 #2!!	_	DRILLING		To loans		Die De la Co
OPERATION:		rong State		COUNTY:		STATE:	Tx DATE:		Rig Days 63
	Drillin	g Horizonta	ii Laterai	DEPTH:	11,400	PROGRESS:	994	FORMATION:	Wolfcamp "A"
DAILY COST:		\$60,969		CUMMULAT			1,668	SUPERVISOR:	Cress DeBusk
WT. ON BIT:		20K		RPM:	35 / 158	PUMP PRESS:	2,275	SPM / GPM:	86 / 262
									VG DAYS: 52
BIT RECORD				MUD PROPERT		MUD MIXED		IME BREAKDOW	
BIT NO.	11			MW	9.4	Pac R	6	DRLG.	23.00
SIZE	6 1/8			VIS	39	SALT GEL		TRIP	
MFG.	Drilformance			PV	11	CAUSTIC		REAM/WASH	1.00
TYPE SER. #	610T			ур	14	Evo con	6	SER. RIG	1.00
VOZZLES	6 16'0			gels	21.00	SODA ASH BAR	11	SURVEY	
OUT	6- 16's		_	Ph WL	7.2	Evolube	6	REPAIRS PU/LD BHA	
N	9,557			CHL	89,000	STARCH	0	RUN CSG	
FOOTAGE	1,850			SOLIDS	2.4	Defoamer	5	CMTNG	
HOURS	60			SAND	2.4	SHRINKWRAP	3	WOC	
T./HR.	30.80			OIL		Alum sterate	4	Test csg,rot head	
BIT GRADE	00.00			CALCIUM	480	NEWZAN D	6	DRL CMT	
	SI OW PI	JMP RATE		Tax		VIS PLUS		Wait for equipmen	
PUMP 2	CLOTT	PUMP 3		Service Rep	wally	POLY		Circlate	
PSIG	SPM	PSIG	SPM	Trucking	rany	NITRATE		Cut drlg Ine	
1400	83		5, ,,,	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$18,079.00	PALLETS		NU BOP's	
				TOTAL COST	\$151,155	Engineer	1	TOTAL	24.00
SURVEYS				ВНА			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75			imestone, 50% Sha	ale
10360	93.30	182.5	Mud Motor		24.34			0 - 350 units.	
10455	91.80	183.9	Flt sub		2.98				
10645	90.90	182	UBHO		2.65				
10835	92.70	182	2 NMDC		61.66		CEMENT/C/	ASING REPORT	
11025	90.30	182							
11213	90.60	181.7							
11308	90.70	180.6							
				TOTAL	92.38				
TIME From	То	ACTIVITY							
		Dotate and o	lide drilling fro	m 10 /10' to 1	10 605'				
3:00			side drilling iro	111 10,410 10 1	10,093 .				
11:00		Service Rig	1: 1 1:11: - 6	10.00511- 1	14.4001				
12:00	6:00	Rotate and s	lide drilling fro	m 10,695 to 1	11400'.				
		Rig Fuel Volu	ume: 5256 gal	s. Used: 1076	gals, no Ac	cidents/ no Incider	nts		
		Rig Fuel Vol	ume: 5256 gal	s. Used: 1076	gals. no Ac	cidents/ no Incider	nts		

WELL:						REPORT			
	Armst	rong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	: March 20, 2014	Rig Days 64
OPERATION:		g Horizonta		DEPTH:	12,129	PROGRESS:	729	FORMATION:	Wolfcamp "A"
DAILY COST:		\$77,781		CUMMULAT		\$4,099		SUPERVISOR:	Charles Grahan
NT. ON BIT:		20K		RPM:	35 / 158	PUMP PRESS:	2,275	SPM / GPM:	86 / 262
								71.000.000	IG DAYS: 53
BIT RECORD			ı	NUD PROPERT		MUD MIXED		TIME BREAKDOW	
BIT NO.	11			MW	9.7	Pac R		DRLG.	24.00
SIZE	6 1/8			VIS	41	SALT GEL		TRIP	
MFG.	Drilformance			PV	9	CAUSTIC		REAM/WASH	
TYPE	610T			ур	18	Evo con	19	SER. RIG	
SER. #				gels	22.00	SODA ASH	8	SURVEY	
NOZZLES	6- 16's		100	Ph	10	sodium hydro	3	REPAIRS	
OUT				WL	7.2	Evolube		PU/LD BHA	
IN	9,557			CHL	119,000	STARCH	10	RUN CSG	
FOOTAGE	2,564			SOLIDS	2.4	Defoamer	2	CMTNG	
HOURS	84			SAND		evolube	2	WOC	
FT./HR.	30.50			OIL		Alum sterate	2	Test csg,rot head	
BIT GRADE				CALCIUM	360	NEWZAN D	2	DRL CMT	
	SLOW PL	IMP RATE		Tax		newpaclv	2	Wait for equipmen	
PUMP 2	2201110	PUMP 3		Service Rep	wally	newpac r	1	Circlate	
PSIG	SPM	PSIG	SPM	Trucking	many	aquablock	2	Cut drig ine	
1400	83	100	Or III	pallets/wrap		new55	-	2 Ps Test BOP	
1400	00			DAILY COST	\$16,968.00	salt	120	NU BOP's	
				TOTAL COST	\$168,124	Engineer	1	TOTAL	24.00
SURVEYS				BHA	\$100,124	Engineer		LARE REPORT	24.00
	INIOL	A 7	Dit	ВПА	0.75			DECEMBER OF STREET	
DEPTH	INCL.	AZ.	Bit		0.75			ALE, 40% LIME	4 500
11308	90.70	180.6	Mud Motor		24.34	BG	100-300, CG 200	-400, MFG 912 AT 1	1,588.
11403	91.40	181.5	Flt sub		2.98				
11498	93.10	182.5	UBHO		2.65			bricant currently 2%.	
11593	93.50	182.2	2 NMDC		61.66		CEMENT/C	CASING REPORT	
11688	92.40	183.2							
11783	91.60	183.2							
11879	89.00	182.4							
11974	89.10	182.2							
12069	88.40	182.2							
				TOTAL	92.38				
TIME		ACTIVITY							
From	To								
			lida drilling fra	m 11.400' - 12	2,129'.				
6:00	6:00	Rotate and s	nue unining no						
6:00	6:00	Rotate and s	nde drining no						
6:00	6:00	Rotate and s	ilde drilling iro						
5:00	6:00	Rotate and s	iide driiiing iro						
3:00	6:00	Rotate and s	iide driiiiig iio						
5:00	6:00	Rotate and s	ilde drilling iro						
3:00	6:00	Rotate and s	ilde drilling iro						
3:00	6:00	Rotate and s	nae arming no						
3:00	6:00	Rotate and s	nae arming no						
3:00	6:00	Rotate and s	nae arming no						
3:00	6:00	Rotate and s	nae ariiinig iro						
5:00	6:00	Rotate and s	nae ariiinig iro						
5:00	6:00	Rotate and s	nae ariiinig iro						
3:00	6:00	Rotate and s	nae ariiinig iro						
3:00	6:00	Rotate and s	inde drilling iro						
3:00	6:00	Rotate and s	inde drilling iro						
3:00	6:00	Rotate and s	inde drilling iro						
3:00	6:00	Rotate and s	inde drilling iro						
5:00	6:00	Rotate and s	inde drilling iro						
5:00	6:00	Rotate and s	inde drilling iro						
5:00	6:00	Rotate and s	inde drilling iro						
3:00	6:00	Rotate and s	inde drilling iro						
3:00	6:00	Rotate and s	inde drilling iro						

WELL:						REPURI			
	Armst	trong State	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DAT	E: March 21, 2014	Rig Days 65
OPERATION:	Drillin	g Horizonta	I Lateral	DEPTH:	12,713	PROGRESS:	592	FORMATION:	Wolfcamp "A"
DAILY COST:		\$51,612		CUMMULAT	IVE COST:	\$4,151	1,061	SUPERVISOR:	Charles Grahan
WT. ON BIT:		18 - 20K		RPM:	36 / 143	PUMP PRESS:	2,600	SPM / GPM:	86 / 262
WI. ON DIT.		10 - 2010		TAT IVI.	307140	FOWE FILESS.	2,000		IG DAYS: 54
BIT RECORD				MUD PROPERT	IEC	MUD MIXED		TIME BREAKDOW	
BIT NO.	11		 	MW	9.7	Pac R		DRLG.	23.50
SIZE	6 1/8			VIS	37	SALT GEL		TRIP	23.30
MFG.	Drilformance			PV	9	CAUSTIC		REAM/WASH	
TYPE	610T				14	Evo con	2	SER. RIG	0.50
SER.#	0101			yp gels	18.00	SODA ASH	2	SURVEY	0.50
VOZZLES	6- 16's			Ph Ph	10.5	sodium hydro		REPAIRS	
OUT	0-103			WL	7.2	Evolube		PU/LD BHA	
IN .	9,557			CHL	124,000	STARCH		RUN CSG	
FOOTAGE	3,156		1	SOLIDS	2.1	Defoamer		CMTNG	
HOURS	108			SAND	2.1	evolube	3	WOC	
FT./HR.	29.20			LUBE %	2.5	Alum sterate	3	Test csg,rot head	
BIT GRADE	25.20			CALCIUM	400	NEWZAN D	1	DRL CMT	
OIT OIVADE	CI OW DI	JMP RATE			400		1.30		
DUMP 2	SLOW PL			Tax Service Ben	wally	newpaclv		Wait for equipmen	
PUMP 2 PSIG	CDM	PUMP 3 PSIG	CDM	Service Rep	wally	newpac r	2	Circlate	
1400	SPM 63	P31G	SPM	Trucking pallets/wrap		aquablock new55	2	Cut drlg Ine Ps Test BOP	
1400	0.3			_	20 445 00				
				DAILY COST	\$9,415.00 \$177,538	salt		NU BOP's	04.00
OUDVEVO				TOTAL COST	\$177,000	Engineer	0110140	TOTAL	24.00
SURVEYS	11101		D.11	BHA	0.75			FLARE REPORT	
DEPTH	INCL.	AZ.	Bit	-	0.75			ALE, 40% LIME	0.500
12164	90p.3	181.5	Mud Motor		24.34	BG	100-300, CG 20	00-400, MFG 479 @ 1	2,560
12259	92.80	181	Flt sub		2.98				
12354	92.20	181.5	UBHO		2.65				
12449	89.00	180.6	2 NMDC		61.66		CEMENT/	CASING REPORT	
12544	89.60	180.1							
12639	90.50	179.6							
						1			
				TOTAL					
				TOTAL	92.38				
TIME	To	ACTIVITY		TOTAL	92.38				
From	To		4 40 200			100 200 al	: 10 101 10	124 -12-12-224	10 004
From 6:00	13:30	Drilled 12,12				ressure 100-300, sl	lide 12,121-12	,131, slide 12,224-	12,234.
From 6:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI	G.	36, motor rp	m 118, diff p				
From 6:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p	ressure 100-300, sl ressur 100-300, slice			
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G.	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
TIME From 6:00 13:30 14:00	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 6:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 13:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				
From 3:00 3:30	13:30 14:00	Drilled 12,12 SERVICE RI Drilled 12,30	G. 9- 12,713, rpm	36, motor rpi	m 118, diff p				

WELL:	A	war Ctata	E0 2 #211			REPORT	T. DATE		Die Deurs CC
OPERATION:		rong State		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 66
	Circulauri		rep to TOOH		13,231	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$54,932		CUMMULAT		\$4,205		SUPERVISOR:	Charles Graham
WT. ON BIT:		18 - 20K		RPM:	36 / 118	PUMP PRESS:	2,600	SPM / GPM:	85 / 250
DIT DECODE				UD DDADEDT	150	I was ware			IG DAYS: 55
BIT RECORD	44		M	UD PROPERT		MUD MIXED		IME BREAKDOW	
BIT NO.	11		1	MW	9.7	Pac R		DRLG.	21.50
SIZE MFG.	6 1/8		-	VIS PV	37	SALT GEL CAUSTIC		TRIP REAM/WASH	
TYPE	Drilformance 610T				10		2	SER. RIG	
SER.#	2369			yp gels	21.00	Evo con SODA ASH	2	SURVEY	
VOZZLES	6- 16's		-	Ph Ph	10	sodium hydro	2	REPAIRS	
OUT	13,231			WL	7.2	Evolube	2	PU/LD BHA	
N N	9,557			CHL	117,000	soltex	2	RUN CSG	
FOOTAGE	3,674			SOLIDS	2.6	Defoamer	5	CMTNG	
HOURS	130			SAND	2.0	paper	7	WOC	
FT./HR.	28.20			LUBE %	2.2	Alum sterate	2	Test csg,rot head	
BIT GRADE	20.20			CALCIUM	240	NEWZAN D	-	DRL CMT	
	SLOW PL	MP RATE		Tax		newpaclv		Wait for equipmen	
PUMP 2	OLOW!	PUMP 3		Service Rep	wally	newpac r	4	Circlate	2.50
PSIG	SPM	PSIG	SPM	Trucking	runy	aquablock	4	Cut drig ine	2.00
1400	83	1.0.0	J. 111	pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$11,889.00	salt	50	NU BOP's	
				TOTAL COST	\$189,427	Engineer	1	TOTAL	24.00
SURVEYS				BHA	The same of the same		SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75			E, 30% LIME	
12734	90.10	180.1	Mud Motor		24.34	Е		2, MFG 266 AT 13,0	82.
12829	91.50	181.3	Flt sub		2.98				
12924	91.70	182	UBHO		2.65				
13019	90.70	182.4	2 NMDC		61.66		CEMENT/CA	ASING REPORT	
13115	90.70	182							
				TOTAL	92.38				
TIME		ACTIVITY							
From	То								
6:00						essure 100-300, sli	ide 12,794-1280	6, slide 12,889-1	2,901.
		slide 12,984	-12,991. Rotate	e drilled 12,99	91 - 13,321.				
3:30	6:00	Mix and pum	p sweep. Rotat	e while movi	ng pipe for b	it and motor trip du	e to rapidly slow	ing penetration r	ate.
						cidents/ no Inciden			

WELL					DRILLING		_ T	- 1	B. B. 1
WELL:		trong State 5		COUNTY:		STATE:	Tx DATE		Rig Days 67
OPERATION:	Reaming	Out Dog Leg	ıs @ 11,600'	DEPTH:	13,231	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$60,611		CUMMULAT	IVE COST:	\$4,26	6,604	SUPERVISOR:	Charles Graham
WT. ON BIT:		8K		RPM:	45 / 118	PUMP PRESS:	2,000	SPM / GPM:	85 / 250
								DRILLIN	IG DAYS: 56
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		TIME BREAKDOW	N
BIT NO.	11	12		MW	9.7	Pac R		DRLG.	
SIZE	6 1/8	6 1/8		VIS	37	SALT GEL		TRIP	
MFG.	Drilformance	Drilformance		PV	8	CAUSTIC		REAMWASH	
TYPE	610T	610T		ур	10	Evo con	2	SER. RIG	
SER. #	2366	2369		gels	20.00	SODA ASH	12	SURVEY	
NOZZLES	6- 16's	6-16's		Ph	10	sodium hydro	2	REPAIRS	
OUT	13,231	10.001		WL	8	Evolube	6	PU/LD BHA	
IN	9,557	13,231		CHL	12,000	soltex		RUN CSG	
FOOTAGE	3,674			SOLIDS	2.8	Defoamer	40	CMTNG	
HOURS FT./HR.	130 28.20			SAND LUBE %	0.5	paper	10	WOC	
BIT GRADE	4/4/2001			CALCIUM	2.5 400	Alum sterate NEWZAN D		Test csg,rot head DRL CMT	
BIT GRADE		JMP RATE			400				
PUMP 2	SLOW PO	PUMP 3		Tax Service Rep	wally	newpaclv newpac r	2	Wait for equipment Circlate	
PSIG	SPM	PSIG PSIG	SPM	Trucking	wally	aquablock	8	Cut drlg Ine	
1400	83	FOIG	SFIVI	pallets/wrap		new55	0	Ps Test BOP	
1400	00			DAILY COST	\$17,747.00	salt		NU BOP's	
				TOTAL COST	\$207,174	Engineer	1	TOTAL	
SURVEYS				BHA	4.00 (1.1.)	Engineer		FLARE REPORT	
DEPTH	INCL.	AZ.	Bit	Diric	0.75		2011200000	ALE, 30% LIME	
13181	88.50	179.9	Mud Motor		24.34		7070 011	ALL, 50% LIVIL	
10101	00.00	170.0	Flt sub		2.98				
			UBHO		2.65				
			2 NMDC		61.66		CEMENT/0	CASING REPORT	
			String reamer		5.15				
			oung round		0.10				
				TOTAL	97.53				
TIME		ACTIVITY							
From	То								
6:00			ep out, take m						
7:00	18:00	Trip out of ho	le for bit/motor	, bit had seve	eral worn dov	wn cutters, mud mo	otor mandrel br	roken and cracked	4' from top
		completely ar	ound. Lay dow	n motor. PU	up new moto	or, bit, Gamma too	and string rea	imer.	
18:00	20:00	Scribe in mot	or and test tool	s.					
20:00	0:00	Trip in hole, f	ill every 40 stds	s. Hit tight sp	ot at 9805, p	ull 90K over to get	free.		
0:00	6:00	Ream with 50) rpm, 8k wt. 98	305 - 11,600.	Hard reamin	ng 9805 -9820.			
					ALL PROPERTY OF THE PARTY OF TH				
		Dia Fral Val	mo: 64041-	Heed: 070-	olo no Ar-	idontal na Insida-t			
		rig ruei volu	ine. 0424 gals.	Used: 876g	ais. 110 ACC	idents/ no Incidents			

				DAILI	DIVILLING	KLFOKI			
WELL:	Armst	trong State 5	59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	March 24, 2014	Rig Days 68
OPERATION:	Drillin	g Horizonta	l Lateral	DEPTH:	13,454	PROGRESS:	223	FORMATION:	Wolfcamp "A"
DAILY COST:		\$58,432		CUMMULAT		\$4,32		SUPERVISOR:	Charles Graham
VT. ON BIT:		18 - 20K		RPM:	50 / 173	PUMP PRESS:	2,720	SPM / GPM:	90 / 262
DIT DECORD					150			The state of the s	IG DAYS: 57
BIT RECORD		40	M	UD PROPERT		MUD MIXED		TIME BREAKDOW	
BIT NO.	11	12		MW	9.7	Pac R		DRLG.	7.00
SIZE	6 1/8	6 1/8		VIS	35	SALT GEL		TRIP	47.00
MFG.	Drilformance	Drilformance		PV	10	CAUSTIC		REAM/WASH	17.00
TYPE	610T	610T		ур	12	Evo con	2	SER. RIG	
SER.#	2366	2369		gels	15.00	SODA ASH	12	SURVEY	
VOZZLES	6- 16's	6-16's		Ph	10.5	sodium hydro	2	REPAIRS	
OUT	13,231			WL	9.6	Evolube	6	PU/LD BHA	
N	9,557	13,231		CHL	116,000	soltex		RUN CSG	
FOOTAGE	3,674	223		SOLIDS	2.2	Defoamer		CMTNG	
HOURS	130	7		SAND		paper	10	WOC	
T./HR.	28.20	32		LUBE %	3	Alum sterate		Test csg,rot head	
BIT GRADE	4/4/2001			CALCIUM	640	NEWZAN D		DRL CMT	
	SLOW PL	JMP RATE		Tax		newpaclv		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep	wally	newpac r	2	Circlate	
PSIG	SPM	PSIG	SPM	Trucking		aquablock	8	Cut drlg Ine	
1400	83			pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$7,030.00	salt		NU BOP's	
				TOTAL COST	\$214,203	Engineer	1	TOTAL	24.00
SURVEYS				BHA			SHOWS/F	LARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75		70% SH	ALE, 30% LIME	
13181	88.50	179.9	Mud Motor		24.34		BG 36, CG 250), TG AT 13,231 749	
13214	90.50	179.7	Flt sub		2.98				
13310	89.20	178.5	UBHO		2.65				
13404	89.60	180.3	2 NMDC		61.66		CEMENT/C	ASING REPORT	
			String reamer		5.15				
				TOTAL	97.53				
TIME		ACTIVITY							
From	То								
6:00	23:00	Reaming dog	legs 11,600-1	3,231, hard	reaming 11,	775-11,900, 12,438	3-12,610. 12,79	0-12,825, 13,161-	13,231.
			ut of gauge hol						
23:00	6:00					ressure 250. slide	13.231- 13.241	13.375-13.387	
20.00	0.00	NOTE: Curre	nt projected TI) by measure	ed denth will	he 13 687'	10,201 10,211		
		NOTE. Cure	in projected it	J by measure	su depti i wiii	DC 10,007 .			-
			VAA-V			ccidents/ no Incide			

				DAILY	DRILLING	REPURI			
WELL:	Armst	rong State 5	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	: March 25, 2014	Rig Days 69
OPERATION:	Laying D	own Direction	onal Tools	DEPTH:	13,687	PROGRESS:	233	FORMATION:	Wolfcamp "A"
DAILY COST:		\$155,390		CUMMULAT		\$4,480	0.426	SUPERVISOR:	Charles Graham
NT. ON BIT:		18 - 20K	THE STATE OF	RPM:	45 / 118	PUMP PRESS:	2,750	SPM / GPM:	86 / 250
VI. ON DIT.		10 - 20K		KEW.	437 110	FUNIF FRESS.	2,750		IG DAYS: 58
BIT RECORD			M	UD PROPERT	IEC	MUD MIXED	_	TIME BREAKDOW	
BIT NO.	11	12	IWI	MW	9.6	Pac R		DRLG.	12.50
SIZE	6 1/8	6 1/8		VIS	40	SALT GEL		TRIP	8.00
MFG.	Drilformance	Drilformance		PV	9	CAUSTIC		REAM/WASH	0.00
TYPE	610T	610T		yp	10	Evo con	8	SER. RIG	
SER. #	2366	2369		gels	24.00	SODA ASH	36	SURVEY	
VOZZLES	6- 16's	6-16's		Ph	10	sodium hydro	- 00	REPAIRS	
DUT	13,231	13,687		WL	6.4	Evolube	8	PU/LD BHA	
N	9,557	13,231		CHL	120,000	salt	100	RUN CSG	
OOTAGE	3,674	456		SOLIDS	1.5	Defoamer	12	CMTNG	
HOURS	130	20		SAND		paper	15	WOC	
T./HR.	28.20	23		LUBE %	2	Alum sterate	4	Test csg,rot head	
IT GRADE	OUT 4,IN 4-1	0-1, 1-1, 0		CALCIUM	360	NEWZAN D		DRL CMT	
	SLOW PL	JMP RATE		Tax		newpaclv	4	Wait for equipmen	
PUMP 2		PUMP 3		Service Rep	wally	newpac r	17	Circlate	3.50
PSIG	SPM	PSIG	SPM	Trucking		aquablock	12	Cut drig ine	
600	58			pallets/wrap		new55		Ps Test BOP	
				DAILY COST	\$37,775.00	STC	2	NU BOP's	
				TOTAL COST	\$251,979	Engineer	1	TOTAL	24.00
SURVEYS				ВНА			SHOWS/I	FLARE REPORT	
DEPTH	INCL.	AZ.	Bit		0.75		70% SHALE	, 30% LIMESTONE	
13499	89.30	181	Mud Motor		27.75		BG 1	85, CG 708,	
13594	89.40	181.1	Flt sub		2.98				
13637	90.00	181.6	UBHO		2.65				
			2 NMDC		61.66	- 4	CEMENT/	CASING REPORT	
			String reamer		5.15				
				TOTAL	100.96				
TIME	т.	ACTIVITY							
From	To	D. III - 140 45	4.40.007	15	440 -1:00		2 400 42 404	-11-1- 10 570 10 50	10
3:00	18:30			The state of the s		essure 250, slide 1	3,469-13,481,	slide 13,576-13,58	00.
			at 18:30 (6:30						
18:30						drill pipe, pump 2nd		d. Rotate w/50rpm	& reciprocate.
22:00	6:00	Trip out of ho	le, no hole pro	blems trippin	g out. Currer	ntly laying down dir	ectional tools.		
									All 4
							-		
									NE
									X
		Dia For-IVI		Head: 4400	eala A	ccidents/ no Incider	ata		

					DRILLING	KEFOKI			
WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:	March 26, 2014	Rig Days 70
OPERATION:	Circula	ting, prep to	run Liner	DEPTH:	13,687	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$74,658		CUMMULAT	IVE COST:	\$4,55	5,085	SUPERVISOR:	Charles Graham
NT. ON BIT:		18 - 20K		RPM:	45 / 118	PUMP PRESS:	2,750	SPM / GPM:	86 / 250
				1.0.30			21.00		G DAYS: 59
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		TIME BREAKDOWN	
BIT NO.	11	12		MW	9.6	Pac R		DRLG.	
SIZE	6 1/8	6 1/8		VIS	40	SALT GEL		TRIP	22.00
MFG.	Drilformance	Drilformance	11	PV	9	CAUSTIC		REAM/WASH	1.50
TYPE	610T	610T		ур	10	Evo con		SER. RIG	
SER.#	2366	2369		gels	24.00	SODA ASH		SURVEY	
VOZZLES	6- 16's	6-16's		Ph	10	sodium hydro		REPAIRS	
OUT	13,231	136,877		WL	6.4	Evolube		PU/LD BHA	
IN	9,557	13,231		CHL	120,000	salt		RUN CSG	
FOOTAGE	3,674	456		SOLIDS	1.5	Defoamer		CMTNG	
HOURS	130	20		SAND		paper		WOC	
T./HR.	28.20	23		LUBE %	2	Alum sterate		Test csg,rot head	
BIT GRADE	OUT 4,IN 4-1	0-1, I-1, 0		CALCIUM	360	NEWZAN D		DRL CMT	
	SLOW PL	JMP RATE		Tax		newpaclv		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep	wally	newpac r		Circlate	0.50
PSIG	SPM	PSIG	SPM	Trucking		aquablock		Cut drlg Ine	
600	58			pallets/wrap		new55		Ps Test BOP	
				DAILY COST	6000 400	STC		NU BOP's	
0110110110				TOTAL COST	\$238,460	Engineer	1	TOTAL	24.00
SURVEYS	11101		DIE LA MOOF	BHA	0.11			ARE REPORT	
DEPTH	INCL.	AZ.	BULL NOSE	4.75	3.44		70% SHALE,	30% LIMESTONE	
			DP.	3.50	31.54				
			STRING RMR.	4.75	5.15				
							CEMENTIC	A CINC DEDODT	
							CEMENTICA	ASING REPORT	
				TOTAL	40.13				
TIME		ACTIVITY		107112	10/10				
From	То	- CONTRACT							
6:00	13:00	Make up thru	-bit bha and trip	o in hole to 6	,000', drifting	g drill pipe. Layed o	down 3jts. No dri	ft.	
13:00	18:00	Trip out of ho	le, lay Thru-bit	bha.					
18:00			mill, 1 jt. DP an		ner, trip in ho	ole 13.410			
4:00			am 13,529-13,6		non, unp m	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
5:30			55, reciprocat						
5.50	0.00	Circulate Ipili	33, reciprocat	e pipe.					
		(NOTE: Due	ta a a duitt iniate	the slees t	-1	essine teal inside !	DD atring and so	soible sesperies	of not boing abla
						ogging tool inside [
						tring led to decision	n to not run oper	n-noie logs in nori	zontal section.
		Currently circ	ulating prior to	tripping out	to run 4 1/2"	production liner.)			
								-	
							-		
						10000			
		Rig Fuel Volu	me: 5986 gals	. Used:518 (gals.Receive	ed 3000gals. no A	Accidents/ no Inc	idents	

				DAILI	DRILLING	ILLI OILLI			
WELL:	Arms	trong State 5	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	E: March 27, 2014	Rig Days 71
OPERATION:	RIH w/4 1	1/2" Prod. Lin	er @ 8,284'	DEPTH:	13,687	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$71,183		CUMMULAT	IVE COST:	\$4,626	6,267	SUPERVISOR:	Charles Graham
WT. ON BIT:		BOTH THE		RPM:		PUMP PRESS:		SPM / GPM:	
W. O. Bir.				IXI IVI.		1 OWN 1 NEGO.			IG DAYS: 60
BIT RECORD			M	UD PROPERT	IES	MUD MIXED		TIME BREAKDOW	THE RESERVE OF THE PARTY OF THE PARTY.
BIT NO.				MW	9.6	Pac R		DRLG.	
SIZE				VIS	38	SALT GEL		TRIP	6.00
MFG.				PV	10	CAUSTIC		REAM/WASH	0.00
TYPE				ур	13	Evo con	1	SER. RIG	
SER. #				gels	20.00	SODA ASH	50	SURVEY	
NOZZLES				Ph	9.5	sodium hydro	5	REPAIRS	
OUT				WL	6.4	Evolube		PU/LD BHA	
IN				CHL	104,000	salt	20	RUN CSG	15.00
FOOTAGE				SOLIDS	2.6	Defoamer		CMTNG	
HOURS				SAND		paper		WOC	
FT./HR.				LUBE %	2	Alum sterate		Test csg,rot head	
BIT GRADE				CALCIUM	640	NEWZAN D	20	DRL CMT	
	SLOW P	UMP RATE		Tax		newpaclv	14	Wait for equipmen	
PUMP 2		PUMP 3		Service Rep	wally	newpac r		Circlate	3.00
PSIG	SPM	PSIG	SPM	Trucking		aquablock	20	Cut drig Ine	
				pallets/wrap		soltex		1 Ps Test BOP	
				DAILY COST	\$20,926.00	STC		NU BOP's	
				TOTAL COST	\$259,386	Engineer	1	TOTAL	24.00
SURVEYS	INCL.			BHA			SHOWS/I	FLARE REPORT	
DEPTH		AZ.							
				TOTAL					
TIME		ACTIVITY							
From	То								
6:00		Pump sweep,				rocate pipe.			
9:00		Trip out to rur							
15:00	17:30	Held safety m	eeting, Rig up	casing crew	and lay dow	n machine			
17:30						its 4 1/2 13.50#, p-	-110, bt&c casi	ing. Liner hanger, r	unning tool.
						8284'. Drifting drill			
			n of 4 1/2" line						
					0				
					_				
									-
		Rig Fuel Volu	me: 4672 gale	sed: 1314	nale no A	ccidents/ no Incide	ents		
		I de l'uei volu	1110. 401 2 yala	. 0000. 1014	gais. 110 A	ioordontor no morde	,,,,,		

				D/ III	DKILLING	ILLI OILI			
WELL:	Arms	trong State 59	9-3 #2H	COUNTY:	Reeves	STATE:	Tx DA	TE: March 28, 2014	Rig Days 72
OPERATION:	Layin	g Down Drill	String.	DEPTH:	13,687	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$118,016		CUMMULAT	IVE COST:	\$4,74	4,283	SUPERVISOR:	Charles Graham
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
									NG DAYS: 61
BIT RECORD				MUD PROPERT	IES	MUD MIXED		TIME BREAKDOW	
BIT NO.				MW	9.6	Pac R		DRLG.	
SIZE				VIS	40	SALT GEL		TRIP	6.00
MFG.				PV	10	CAUSTIC		REAM/WASH	
TYPE				ур	18	Evo con		SER. RIG	
SER. #				gels	24.00	SODA ASH		SURVEY	
VOZZLES				Ph	10	sodium hydro		REPAIRS	
OUT				WL	8.8	Evolube		PU/LD BHA	
IN .				CHL	103,000	salt		RUN CSG	6.00
FOOTAGE				SOLIDS	2.7	Defoamer		CMTNG	4.50
HOURS				SAND	4.5	paper		WOC	
FT./HR. BIT GRADE				LUBE %	1.5 720	Alum sterate NEWZAN D		Test csg,rot head DRL CMT	
BIT GRADE	CI OW D	UMP RATE		_	120	newpaclv		Wait for equipmen	
PUMP 2	SLOW P	PUMP 3		Tax Service Rep	wally	newpaciv		Circlate	4.50
PSIG	SPM	PSIG	SPM	Trucking	waity	aquablock		Cut drlg ine	3.00
. 0.0	Or III	7 010	OI W	pallets/wrap		soltex		Ps Test BOP	0.00
				DAILY COST	\$2,090.00	STC		NU BOP's	
				TOTAL COST	\$274,993	Engineer	1	TOTAL	24.00
SURVEYS				ВНА			SHOWS	/FLARE REPORT	
DEPTH	INCL.	AZ.							
						0.0147		CASING REPORT	107 110
								sg, land collar, 1 jt. Cs 13,671, top liner @ 87	
								yld 1.61, mix 8.385%	
						Load Josh Voise	100111, Wt. 10.2,	ylu 1.01, IIIX 0.00. 1070	1 0111.170 0111 0.
						Tail 200sx	H, wt 15,yld 2.6	62, mix 11.3825 lbm -	+ .6% HR-601
				TOTAL					
TIME		ACTIVITY				•			
From	То								
6:00		TALKS AND THE PARTY OF THE PART		at 13,687, pic	k up. set line	er at 13671'. Top a	t 8725'. No ho	ole problems.	
12:00		Circulate botto							
15:00								iner. Drop ball. Floa	
18:00	19:30							isplace mud with fre	
		circulate 15 bb	ols, 50sx cer	ment to reserve	e pit. Bumpe	d plug w/2056#. Ri	upture ball w/	4890# floats held, b	roke disc
		with 7340psi.							
19:30	21:00	Rig down Hall	iburton, lay o	down cementin	ig head asse	embly.			
21:00	21:30	pull 5 stds up	to 8251'.						
21:30	12:30	Cut drilling line	9.						
12:30		Rig up lay dov							
1:30		Lay down drill							
	0.00	.,							
		Transfer 000 b	ble mud to t	ho Armetrona	CT 42 1 #4	ш			
		Transier 900 C	ו טו טוווו פוענ	he Armstrong	01.42-1#1	T.			
		Die Franklin	1000	la llasticon	olo A	idental na Insident	0		
		Rig Fuel Volur	ne: 4088 ga	is. Used:588 g	als. 110 ACC	idents/ no Incident	5		

				DAILI	DRILLING	ILLI OILL			
WELL:		trong State 5		COUNTY:	Reeves	STATE:	Tx DATE:	March 29, 2014	Rig Days 73
OPERATION:	Jetting	g & Cleaning	Mud Pits	DEPTH:	13,687	PROGRESS:		FORMATION:	Wolfcamp "A"
DAILY COST:		\$265,306		CUMMULAT	IVE COST:	\$5,00	9,590	SUPERVISOR:	Charles Graham
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	
								DRILLIN	IG DAYS: 62
BIT RECORD				MUD PROPERT	IES	MUD MIXED		IME BREAKDOW	V
BIT NO.				MW		Pac R		DRLG.	
SIZE				VIS		SALT GEL		LDDP	14.00
MFG.				PV		CAUSTIC		REAM/WASH	
TYPE				ур		Evo con		SER. RIG	
SER. #				gels		SODA ASH		SURVEY	
NOZZLES				Ph		sodium hydro		REPAIRS	
OUT				WL		Evolube		PU/LD BHA	
IN				CHL		salt		RUN CSG	
FOOTAGE				SOLIDS		Defoamer		CMTNG	
HOURS				SAND		paper		WOC	
FT./HR.				LUBE %		Alum sterate		Test csg,rot head	
BIT GRADE				CALCIUM		NEWZAN D		DRL CMT	
	SLOW P	UMP RATE		Tax		newpaclv		Wait for equipmen	
PUMP 2		PUMP 3		Service Rep		newpac r		Circlate	
PSIG	SPM	PSIG	SPM	Trucking		aquablock		Cut drlg Ine	
				pallets/wrap		soltex		NU FRAC Valve	2.00
				DAILY COST		STC		ND BOP's	8.00
				TOTAL COST	\$274,993	Engineer		TOTAL	24.00
SURVEYS				BHA			SHOWS/FL	ARE REPORT	
DEPTH	INCL.	AZ.							
						-	CEMENTICA	SING REPORT	
				-			CEMENTICA	SING REPORT	
				-					
						-			
				TOTAL		1			
TIME		ACTIVITY		TOTAL					
From	To	ACTIVITY							
6:00		Lay down dril	nine to top o	f HWDP					
10:00		Trip in hole w							
					d linor runni	ng tool. Rig down I	ay down machine	2	
12:00				uriii coilars ari	a liner runni	ng tool. Rig down i	ay down machine	J.	
22:00		Change pipe			0		**		
23:30	6:00					and cleaning mud	pits.		
		(NOTE: Toda	y's cost inclu	des production	liner and lin	ner hanger costs.)			
						90			
								14	
		Rig Fuel Value	me: 3212 gal	s 876 Head:	als no Ao	cidents/ no Inciden	nts		
		I vig ruel volu	ine. Jz iz yal	s. or o oseu. (gais. 110 AC	Gracinal no morale	11.0		

WELL:	A	etrone State F	0 2 #211		DRILLING		Tu DATE		Dia David
OPERATION:	Arm	strong State 5 Rigging Dow		COUNTY:	Reeves	STATE:	Tx DATE:		Rig Days 74
DAILY COST:			11		13,687	PROGRESS:	0.606	FORMATION:	Wolfcamp "A"
		\$10,107		CUMMULAT	IVE COST:		9,696	SUPERVISOR:	Charles Grahan
WT. ON BIT:				RPM:		PUMP PRESS:		SPM / GPM:	13
									IG DAYS: 63
BIT RECORD			N	IUD PROPERT	IES	MUD MIXED	1	IME BREAKDOW	N
BIT NO.				MW		Pac R		DRLG.	
SIZE				VIS		SALT GEL		TRIP	the Lie
MFG.				PV		CAUSTIC		REAM/WASH	
TYPE				ур		Evo con		SER. RIG	1.6
SER. # NOZZLES				gels		SODA ASH		SURVEY	- 14
OUT				Ph WL		sodium hydro		REPAIRS	
IN				CHL		Evolube salt		PU/LD BHA RUN CSG	
FOOTAGE				SOLIDS		Defoamer Defoamer		CMTNG	
HOURS				SAND				WOC	204
FT./HR.				LUBE %		paper Alum sterate		Test csg,rot head	-
BIT GRADE				CALCIUM		NEWZAN D		DRL CMT	
OT OTABL	SI OW IS	PUMP RATE		Tax		newpaclv		Wait for daylight	1
PUMP 2	SLOWI	PUMP 3		Service Rep			_	Circlate	
PSIG	SPM	PSIG PSIG	SPM	Trucking		newpac r aquablock		Cut drig ine	
Fold	OF IVI	FOIG	SPIVI	pallets/wrap		soltex		Rig down	16.00
				DAILY COST		STC		Clean pits	8.00
				TOTAL COST	\$274,993	Engineer		TOTAL	24.00
SURVEYS	_			BHA	Ψ214,000	Engineer	SHOWS/EI	ARE REPORT	24.00
DEPTH	INCL.	AZ.		ВПА			SHOWS/FL	ARE REPORT	
TIME From	То	ACTIVITY		TOTAL					
3:00						SDST 03/29/14.			
14:00	6:0	0 Rig down floo	r. Rig down ya	ard. Rig dowr	n and lay do	wn top drive.			
		FINAL DRILL	ING REPORT	Γ					
	HEALT								
			_						
								4	
			-						
1									
								10	
		Rig Fuel Volum	me: 2608 gale	Llead: 514	nale no Ac	ccidents/ no Incide	nte		
		I de volu	Lood gaid	0000.014	9510. 110710	Jonatha no moldo			

9.

Daily Drilling Reports Month 3/2014

Date Filed: 3 30 14

Jerry E. Patterson, Commissioner

By SSP

April - June 12

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves | STATE: To

	Armstrong State 59-3 #2	2H COUNT	: Reeves	STATE:	Tx	DATE:	April 1, 2014	Comp. Days 1
OPERATION:						110	FORMATION:	
DAILY COST:	\$486,815	CUMMUL	ATIVE COST:	\$	486,815		SUPERVISOR:	Bobby Holladay
Completion opera	ations conducted w/drilling rig include	ed making wiper run	v/DP: running &	cementing	4 1/2" proc	duction line	er: lavina down re	ental DP and DC's: ND
etting and cleani	ing steel mud pits; installing 5" pipe ra	ams in rig BOP. The	se operations wi	Il be conside	red day 1	for comple	etion reporting pu	irposes.
	ted with these acitvities are listed und							
Production Liner	Details:			DE	PTH	LENG	TH	
Halliburton Versa	a-Set Liner hanger 7" x 4 1/2"			8,	725.44'	2	5.90'	
	2", 13.50#, HCP-110, CDC, Seamless	s Casing		8,	751.34'	4,78	31.48'	
Halliburton RSI				13,53	2.82'	3.2	7'	
	3.50#, HCP-110, CDC, Seamless Ca	asing			536.09'	4	5.88'	
Halliburton Landi					31.97'	1.	21'	
	13.50#, HCP-110, CDC, Seamless Ca	asing			583.18'		10.37'	
Halliburton Float				13,62		0.9	93'	
	3.50#, HCP-110, CDC, Seamless Ca	asing			624.48'		15.94'	
Halliburton Float				13,67		1.5	58'	
ND OF PRODU	CTION LINER ASSEMBLY			13,67	72.00'			

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	ΙX	DATE:		Comp Days	2
OPERATION:	Cleaning location for completion.						FORMATION:		
DAILY COST:	\$28,926	CUMMULATI	VE COST:		\$515,74	1	SUPERVISOR:	Bobby H	olladay
Move in road r	naintainer and clean location after completing dr	illina operations	Fill in holes	s in location	w/materia	al and smo	ooth out same		
Pipe "A" and "I	B" section of wellhead to surface and fill in cellar	and rathole. In	stall safety a	nchors for	completion	operation	ns.		
2" CT unit arriv	ved location late afternoon, park unit on side of lo	ocation and shu	t down for nic	aht.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 3, 2014	Days	3
OPERATION:	Liner Clean out Operations.	DEPTH:	13687	PROGRESS:			FORMATION:		
AILY COST:	\$39,771	CUMMULATIN	VE COST:	\$555	,512		SUPERVISOR:	Bobby	Hollada
form in OTH annual		11111							
stall circulatina l	p truck and circulating tank, set in chemicals ines from pump truck to CTU. Pressure test	s and frictions red	ucer agents. L	oad circulating tank	S W/Tresi	n water. R	U CT BOP stack of	n wellnea	d and
T downhole mot	or w/3,75" OD blade mill and install same in	CTITROP stack	Test nine ram	s to 7 500# for 15 m	ine eur	nins. succe	Mix un friction red	icer in	
irculating fluid an	d prepare to start in hole w/blade mill to clea	an out liner Hold	safety meeting	and start in hole w	hlade hi	t solully. I	viix up inclion real	icei III	
perations condu	cted from 7:00 AM 04-03-14 thru 7:00 AM 04	4-04-14	salety incetting	and start in noic w	Diade Di	6			
perations condu	cted from 7.00 Ain 04-05-14 thra 7.00 Ain 0	4-04-14.							
						_			
									_
								_	

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE:

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 4, 2014	Days	4
PERATION:	Liner Clean out Operations.	DEPTH:	13687	PROGRESS:	a Lutter		FORMATION:		THE ST
AILY COST:	\$39,771	CUMMULATI		\$595	283		SUPERVISOR:	Bobb	Holladay
	727,			,,,,,			CON ENTITION II	2000	Tromaday
					-				
IH w/3.00" blade	mill to depth of 13,563' by CT measureme	ent, stopping every	1,000' and es	tablishing CT weight	and pull	calculation	s for clean-out on	erations.	
	on and start clean-out operations, unable to								d
OOH w/mill. Fou	und mill worn smooth and no Kut-rite left or	n mill. PU 2.875" b	olade mill and l	RIH again establishin	g CT we	ight and pu	ull calculations. R	esume	
lean out operation	ns, cleaned out 3' and mill became stuck.	Worked mill loose,	pumped gel s	weep around recover	ring cem	ent and ve	ry small pieces of	metal.	
	nhole motor and blade mill; Shut down ope		1 04-05-15.						
perations conduc	cted from 7:00 AM 04-04-14 thru 7:00 AM	04-05-14.							
								-	

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 5, 2014	Days	5
OPERATION:	Liner Clean out Operations.	DEPTH:	13687	PROGRESS:			FORMATION:		
AILY COST:	\$65,519	CUMMULATI	VE COST:	\$660	,802		SUPERVISOR:	Bobby	Holladay
	ng guns, PU same and install on 2" CT. R								
cetic acid and p	ull to depth of 8,600' w/end of CT. Pressu	re casing to 7,500#	and shut down	. Pressure bled fro	m 7,500‡	to 5,700#	in two minutes, I	Resume	
umping at rate o	f 1/4 bpm @ 6,800#; pressure broke back	to 4,800# and stab	ilized. Increase	e pump rate to 1 bp	m @ 6,70	00#. Increa	ased pump rate to	6 bpm @	
,350# pumping 2	20 bbls. Decrease rate to 2.6 bpm @ 6,70	0# and pumped add	ditional 80 bbls.	of water; shut dow	n pumpir	ng. Finish i	POOH w/coil tubir	g and RD	
	equipment and shut down operations @ 9	:30 PM 04/05/2014	. Left well shut	in, will install frac s	tack on I	Monday. F	rac job scheduled	for	
Wednesday 04-09									
perations period	d covers from 7:00 AM 04-05-14 thru 7:00	AM 04-06-14.							
						_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 6, 2014	Days	6
OPERATION:	Waiting on Frac Equipment	DEPTH:	13687	PROGRESS:			FORMATION:	W	olfcamp
DAILY COST:	\$3,564	CUMMULATI	VE COST:	\$664,	366		SUPERVISOR:	Bobb	y Holladay
SICP dropped to 1	150# after rigging down CTU. Slowly increas	sed during night to	880#@12:3	0 AM 04-07-2014 ar	nd has re	emained ste	eady through 07:0	0 AM 04	-07-14.
	2 1/1 / 1/2 500 / 1/2								
NOTE: Moving in	2 acid tanks and 12 - 500 bbl. frac tanks as	per request of So	chlumberger.)						
Operations period	covers from 7:00 AM 04-06-14 thru 7:00 AN	104-07-14							
pordiono ponos									
					_				
						5			

WELL:	Armstrong State 59-3 #2H	COUNTY:	MPLETION Reeves	STATE:	Tx	DATE:	April 7, 2014	Days	7
PERATION:	Setting in Equipment for Frac Job	DEPTH:	13687	PROGRESS:			FORMATION:		camp "A"
AILY COST:	\$48,625	CUMMULATI	VE COST:	\$712	,991		SUPERVISOR:		/ Holladay
	2001								
SICP remains 8 Spotted 2 acid	880#. tanks and loaded each w/128 bbls. of Pecos city	fresh water as	ner instruction	of Schlumberger S	Set in 12	- 500 hbl	frac tanks and ma	nifolded s	ame
	p 2 - centrifugal water transfer pumps and laid 1								G1110
	pack eqiupment to handle proppant flowback in c	ase of possible	screen-out du	uring frac operations.	Install	sand seper	ator and install flo	wback	
	ned for proppant flowback operations.	ad stadios lass	Esta a series in Alb						
nstalled 7 1/16	erger Sand King proppant handling equipment and this, 10K frac stack and pressure tested same to	nd starting load 9.500# for 15 n	ning same with	ully.					
Filled 12 frac ta	nks with FW from frac pit.								
perations perio	od covers from 7:00 AM 04-07-14 thru 7:00 AM 0	14-08-14.							
								_	
								_	

WELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days 8
OPERATION:	Preparing for Frac Job						FORMATION:	Wolfcamp "A"
DAILY COST:	\$24,246	CUMMULATI	VE COST:	\$737	,237		SUPERVISOR:	
SICP remains 880								
Set in additional	proppant handling storage bin and conti	inue filling sand bins	with proppant.					
Schlumberger to	road frac equipment to location this after	ernoon and RU Thurs	day morning.					
2" CT unit and re	lated equipment returned to location an	d placed on stand-by						
0	7.00 444.04.00 444 7	20 11/0/20 //						
Operations perior	d covers from 7:00 AM 04-08-14 thru 7:	00 AM 04-09-14.						

VVELL.	Armstrong State 59-3 #2H	COUNTY.	Reeves	STATE:	IX	DATE:		Days	9
OPERATION:	Preparing for Frac Job						FORMATION:	Wolfe	amp "A"
DAILY COST:	\$33,588	CUMMULAT	IVE COST:	\$770	0,825		SUPERVISOR:	Bobby	Holladay
SICP remains 88	80#								
	and bins with proppant.								
Schlumberger fra	ac equipment roaded to Staley location and	gas plant location	n. Will spot equip	ment on location	Thursda	v mornina.			
Perforators on lo	cation and rigged up.	9				,			
	,								
Operations perio	d covers from 7:00 AM 04-09-14 thru 7:00 A	AM 04-10-14.							

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 10, 2014	Days 10
OPERATION:	Lateral Stimulation Operations		F 1				FORMATION:	Wolfcamp "A"
DAILY COST:	\$123,360	CUMMULAT	IVE COST:	\$894	,185		SUPERVISOR:	Bobby Holladay
								Bill Pierce
	erger frac equipment. Hook up frac iron to we							
	select fire perforating guns w/sinker bars to de							
	and sinker bars; LD one set of sinker bars and							
Perforated 12,	60 degree phased, .42 holes @ 13,530', 13,51	8' and also 13,	463'. POOH w/g	gun and confirmed	all shots	fired. Stag	ge one perforation	s
and with 740 h	6 holes; 13,530' - 12 holes; 13,518' - 12 holes bls. of Pre-pad, Spearhead acid and Pad pump	and 13,463 - 1	2 noies; total of	ok Shut down from	ommeno	e Stage Or	t on repair person	atment
	on and make necessary repairs to frac stack. I				орегано	ilis aliu wai	t on repair person	niei
to arrive locatio	in and make necessary repairs to nac stack.	repairs to track	stack complete (@ 0.40 AW.				
Operations per	riod covers from 7:00 AM 04-10-14 thru 7:00 A	M 04-11-14.						

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE:

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 11, 2014	Days	11
PERATION:	Lateral Stimulation Operations						FORMATION:		mp "A"
AILY COST:	\$429,771	CUMMULATI	VE COST:	\$1,323	3.956		SUPERVISOR:	Bobby F	
									ierce
								DIII F	ierce
Tested frac sta	ck to 9,000# successfully. Fraced stage one s	uccessfully as i	per Schlumberge	desian w/little mo	dification	n to stages	due to pressure.		
RIH w/3 1/8th"	select fire perforating guns and composite frac	plug. Set Fra	c Plug #1 @ 13.4	48': perforated St	tage Two	perfs @ 1	13.408: 13.353': 1.	3.298':	
	ac stage two as per Schlumberger design succ								
Perforated Sta	ge Three perfs @ 13,188', 13,133', 13,078' and	d 13,023'. Frac	Stage Three per	fs as per Schlumb	erger de	sign succe	essfully.		
RIH w/perforati	ng gun & frac plug. Set Frac Plug #3 @ 13,00	0'. Perforated	Stage Four Per	s 12,968', 12,913',	12,858	and 12,80	3'. Fraced Stage	Four perfs	as per p
Fraced Stage for	our as per Schlumberger design successfully.	Frac completed	@ 11:45 PM 04	-11-2014. Shut do	wn oper	ations for r	night.		
(NOTE: All per	forations are .42" diameter, 60 degree phasing	and 12 shot cl	usters at each pe	rforated interval. E	ach stag	ge contains	: 48 holes.)		
Operations per	riod covers from 7:00 AM 04-11-14 thru 7:00 A	M 04-12-14.							
									_
									_

/ELL:	Armetrone Ctata ED 2 #211	COUNTY:	Dogwas	STATE:	Ter	DATE:	4. 11.42 22.11	Dave	12
PERATION:	Armstrong State 59-3 #2H Lateral Stimulation Operations	COUNTY:	Reeves	STATE:	Tx	DATE:	April 12, 2014 FORMATION:	Days	amp "A"
AILY COST:	\$316,079	CUMMULAT	IVE COST:	\$1,640	0.025		SUPERVISOR:		Holladay
AILT COST.	\$310,079	COMMOLAT	IVE COST.	\$1,040	7,033		SUPERVISOR.		
								Bill I	Pierce
RIH with 3 1/8ti & 12,583'. Po successfully; F Shut down and to prevent scre and 12,363' bi as previously in RIH with 3 1/8ti and 12,143'. Shut down ope	h" select fire perforating guns and composite fac plug #200H w/guns and found composite frac plug #200H w/ setting tool. Start Frac stage five and repaired hydraulic leak on blender. Re-start pen-out. RIH w/perforating gun & composite fract did not see surface indication of gun firing. Reported. Fraced Stage 6 as per Schlumberger perforations for night. Fraced Stage #7 perfs as per Schlumberger perforations are .42" diameter, 60 degree phasing for did covers from 7:00 AM 04-12-14 thru 7:00 Am 14-12-14 thru 7:00 Am 15-14	rac plug. Set F 4 still attached d on pad stage bumping pad on ac plug. Set Fra POOH and four er proposal succ rac plug. Set F roposal success g and 12 shot c	Frac Plug #4 @ 1: to setting tool. RI between slickwate a stage #5 and hig ac Plug #5 @ 12, and gun had not fire tessfully. Frac Plug #6 @ 1: sfully. Stage 7 fra	2,780'; perforated H w/different frac per and Hi-Way sys th pressure in 2# p 555'. Perforated ed. Change out fir 2,330'; perforated c job complete @	Stage Fivolug and to term, develoroppant si Stage Six Ting caps a d Stage Si 10:45 PM	ool; re-se loped hyd tage resu Perfs 12, and RIH. I even perf 04/12/20	① 12,748'; 12,693 t Frac Plug #4 @ draulic leak on ble lted in switching t 528', 12,473', 12, Perforated Stage s @ 12,308'; 12,2	Bill I '; 12,638'; 12,780' nder. o flush 418' 6 perfs	Pierce

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves Reeves	STATE:	Tx	DATE:	April 13, 2014	Days	13
PERATION:	Lateral Stimulation Operations						FORMATION:		mp "A"
AILY COST:	\$412,439	CUMMULAT	IVE COST:	\$2,052	2.474		SUPERVISOR:		Hollada
							Seeded that have been the		Pierce
								D 1	10100
	h" select fire perforating guns and composite f			2,110'; perforated	Stage e	ight perfs (@ 12,088'; 12,033	'; 11,978';	
	rac stage #8 perfs as per Schlumberger propos								
	ing gun & composite frac plug. Set Frac Plug	#8 @ 11,880'.	Perforated Stage	Nine Perfs 11,86	8', 11,81	3', 11,758'	and 11,703'. Fra	aced Stage	
	as per Schlumberger proposal successfully.		- n						
	h" select fire perforating guns and composite f Fraced Stage #10 perfs as per Schlumberger p			,675'; perforated	Stage	i en perts (<u> </u>	; 11,538;	
	h" select fire perforating guns and composite f			11 150' · nerforate	nd Stone	Floven no	orfe @ 11 128'- 11	272'- 11 2	181
	Fraced Stage #11 perfs as per Schlumberger							313, 11,31	0,
	job completed @ 10:50PM 04/13/2014; Shut			snort dde to biene	ici uno n	do panip o	ontroi problems.		
ologo II I I II do	job 0011/ploted @ 10.001 in 0 1/10/2011, Olidi	domin operation	to for riight.						
(NOTE: All per	rforations are .42" diameter, 60 degree phasin	g and 12 shot o	lusters at each pe	rforated interval. E	ach sta	ge contains	48 holes.)		
	riod covers from 7:00 AM 04-13-14 thru 7:00 A								
	100								

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: April 14, 2014 Days 14

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 14, 2014	Days 14
OPERATION:	Lateral Stimulation Operations					•	FORMATION:	Wolfcamp "A"
DAILY COST:	\$326,879	CUMMULAT	IVE COST:	\$2,37	9,353		SUPERVISOR:	Bobby Holladay
								Bill Pierce
	h" select fire perforating guns and composite fi			11,215'; perforate	ed Stage	Twelve Pe	erfs @ 11,208'; 11	,153'; 11,098';
	rac stage #12 perfs as per Schlumberger propo							
RIH w/perforati	ing gun & composite frac plug. Set Frac Plug	#12 @ 10,995'.	Perforated Stag	ge Thirteen Perfs	10,988',	10,933', 10	,873' and 10,823	'. Fraced
Stage #13 perf	forations as per Schlumberger proposal but due	e to high treatin	g pressures, had	to cut Hi-Way sta	ges short	and go to	flush. Flushed su	iccessfully.
	h" select fire perforating guns and composite fi							
	While pulling out of hole w/perforating gun, gur							
	depth of 9,208'. Repeated attempts to free gui							
	1,000' of wireline. RD part of frac pumps and							
	bbl./min rate @ 1,500# CP. Recovered Hi-Wa		flowback approxi	mately 50#. At re	port time	RU CTU a	and related equipn	nent.
Will run in hole	w/fishing tools on CT and fish out perforating	gun.						
	rforations are .42" diameter, 60 degree phasing		lusters at each pe	rforated interval.	Each stag	ge contains	s 48 holes.)	
Operations pe	riod covers from 7:00 AM 04-14-14 thru 7:00 A	M 04-15-14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 15, 2014	Days 15
OPERATION:	Lateral Fishing Operations						FORMATION:	Wolfcamp "A"
DAILY COST:	\$63,180	CUMMULAT	IVE COST:	\$2,44	2,533		SUPERVISOR:	Bobby Holladay
								, ,
Finish RU CTU	and related equipment. RIH w/fishing oversl	hot and related t	ools on 2" CT and	could not get into	top of lin	er w/overs	shot. Repeated a	tempts
to enter liner top	were unsuccessful. While POOH w/CT, fou	ind pin hole leak	k in CT at depth of	5,203'. Successi	fully pulled	d out of ho	le w/remainder of	CT.
RD CTU and roa	ad same to yard. Installed new roll of 2" coil t	tubing on truck.	CTU currently en	route back to local	tion to res	sume fishii	ng operations.	
Operations peri	od covers from 7:00 AM 04-15-14 thru 7:00	AM 04-16-14.						
	4							
						_		

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: April 16, 2014 Days 16

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 16, 2014	Days	16
OPERATION:	Lateral Fishing Operations						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$46,980	CUMMULAT	IVE COST:	\$2,48	9,513		SUPERVISOR:	Bobby I	Holladay
Wait for CTU to	arrive location. RU same and Viking Coil Tu	ibing Service sa	fety personnel pre	essure tested and	certified i	new coil tu	bing, approved us	e of same.	
Pressure tested	BOP and lubricator stack to 9,000# success	fully. Install 3.7	50" tri-cone bit an	d related tools on	2" CT &	RIH w/sam	e; successfully er	ntered	
liner top and slo	wly washed down to top of stuck perforating	gun @ 9,216. 7	Tag same and spo	nt 5 bbl. pill contain	ning caus	tic, close i	n well and pump 3	bbls. to	
move pill across	stuck perforating gun. POOH w/2" CT and	LD tri-cone bit.	PU CT overshot a	nd related tools a	nd start F	RIH w/same	e. Enter liner top		
successfully and	d at report time are currently washing down (@ depth of 9,000	o' to engage stuck	perforating gun w	//oversho	t and atten	npt to pull gun out	of hole.	
Operations per	iod covers from 7:00 AM 04-16-14 thru 7:00	AM 04-17-14.							

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: April 17, 2014 Days 17

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx D	ATE:	April 17, 2014	Days	17
OPERATION:	Lateral Fishing Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$63,180	CUMMULAT	IVE COST:	\$2,55	2,693		SUPERVISOR:	Bobby	Holladay
	erforating gun @ 9,216'. Engage fishing nec								
	gun and setting tool intact; release pressure							notor,	
RIH w/same on	2" coil tubing and run bit to frac plug #13 @	depth of 10,765	'. Pump 30 bbl. vi	scous sweep aro	und and circui	late up	same. POOH		
	otor and 3.75" tri-cone bit. RD CTU and rela								
At report time, F	RU frac pumps that were moved during fishin	g operation and	RU perforators. I	Prepare to resum	e frac operatio	ins.			
Operations nor	riod covers from 7:00 AM 04-17-14 thru 7:00	AM 04 19 14				-			
Operations per	100 COVERS ITOM 7.00 AM 04-17-14 III/0 7.00	AIVI U4-10-14.							
			_						
						-			

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: April 18, 2014 Days 18

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 18, 2014	Days	18
OPERATION:	Lateral Stimulation Operations	000/11/	Neeves	OTATE.	1.4	DATE.	FORMATION:		amp "A"
PAILY COST:	\$595,603	CUMMULAT	IVE COST:	\$3,14	8 206		SUPERVISOR:		Holladay
AILT COST.	\$030,000	COMMOLAT	102 0037.	\$5,14	0,230		SOFERVISOR.		
								Bill	Pierce
Finish setting h	ack in frac pumps, pressure test injection line	and frac stack	Had look on frac	stack renaired s	ame Re	nraceura a	nd had leak on fra	ic numn	
	rac Stage 14 suscessfully.	and nac stack.	riau leak oir irac	stack, repaired st	allie. No	ulessule a	no nau leak on me	c pump,	
	h" select fire perforating guns and composite fi	rac plug. Set I	rac Plug #14 @ 1	0.550': perforate	d Stage	Fifteen Pe	rfs @ 10.548': 10.	493': 10.43	8':
& 10.383'. Fr	ac stage #15 perfs successfully.	oo piagi oor i		ojeco i pomorano	o orage	,	(6 10)010 10)	100 10 10	
RIH w/perforati	ng gun & composite frac plug. Set Frac Plug	#15 @ 10,330	Perforated Stag	e Sixteen Perfs 1	0.328', 1	0,273', 10,	218' and 10,163'.	Fraced	
Stage 16 perfs		•							
RIH w/perforati	ng gun & composite frac plug. Set Frac Plug	#16 @ 10,110'	Perforated Stag	e Seventeen Per	fs 10,106	6', 10,046',	9,986' and 9,926	Fraced	
Stage 17 perfs									
	ng gun & composite frac plug. Set Frac Plug								
Stage 18 perfs	successfully. 18th stage frac treatment complete	leted 1:42 AM	CSDST 04/19/201	4. Will commence	e rig dow	n operatior	ns for frac equipme	ent	
after daylight.	Shut well in and secure same.								
•									
Operations per	riod covers from 7:00 AM 04-18-14 thru 7:00 A	M 04-19-14.							
					_				

VELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	19
PERATION:	Lateral Completion Operations						FORMATION:	Wolfcan	np "A'
AILY COST:	\$9,180	CUMMULATI	IVE COST:	\$3,15	7,476		SUPERVISOR:	Bobby H	lollada
RD Schlumber	ger frac equipment. RD wireline perforating tru	ick and crane tr	ruck.						
et in sand sep	perator for liner clean-out and flowback operation	ons.							
hut down ope	perator for liner clean-out and flowback operation rations for Easter weekend. Will RU CTU on N	fonday and com	mence drilling ou	composite frac	olugs.				
Operations pe	riod covers from 7:00 AM 04-19-14 thru 7:00 A	M 04-20-14.							
									_
									_
									_

VVELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	20
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfcar	np "A
DAILY COST:	\$7,020	CUMMULATI	VE COST:	\$3,16	4,496		SUPERVISOR:		
Shut down ope	erations for Easter weekend. Will RU CTU or	n Monday and con	nmence drilling ou	it composite frac	plugs.				
Operations pe	riod covers from 7:00 AM 04-20-14 thru 7:00) AM 04-21-14.							
									_

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: April 21, 2014 Days 21

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 21, 2014	Days	21
OPERATION:	Lateral Completion Operations						FORMATION:	Wolf	camp "A"
DAILY COST:	\$41,580	CUMMULAT	IVE COST:	\$3,20	6,076		SUPERVISOR:	Bobb	y Holladay
While spotting	CTU, unit became stuck in soft spot on location	where frac ble	ender had softene	ed location w/water	r. Wait o	n bulldoze	r to pull CTU out.		
	tack and frac valves would not close properly.							е	
from casing, pl	ug holding. ND frac stack and both frac valves	; install replace	ement frac valve o	n wellhead and p	ressure t	est succes	sfully. RD wirelein	те	
truck and RU C	CTU and associated equipment. Pressure test	CT BOP stack	successfully. PU	3.750" tri-cone bi	t and dov	vn-hole mo	tor, RIH w/same.	Establish	
	rill out safety composite bridge plug @ 8,802' s								
	ll out frac plug #15 @ 10,330'; drill out frac plu			and circulate bott	oms up.	At report ti	me making short t	rip	
up out of liner t	o ensure no composite frac plug remnants are	above bit and i	mud motor.						
Operations no	riod covers from 7:00 AM 04-21-14 thru 7:00 A	M 04 22 44							
Operations per	1100 COVERS 110111 7.00 AIVI 04-21-14 (1110 7:00 A	IVI U4-22-14.				_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	April 22, 2014	Days	22
DPERATION:	Lateral Completion Operations						FORMATION:	_	fcamp "A"
DAILY COST:	\$58,860	CUMMULAT	IVE COST:	\$3,26	4,936		SUPERVISOR:	Bobb	y Holladay
									,
Make successi	ful short trip out of liner, RIH and resume drilling	g out composite	e frac plugs.						
RIH to compos	site frac plug #13 @ 10,675' and drill out same	; start drilling ou	ut frac plug #12 an	d started sliding	downhole	, push dov	whole to composit	е	
frac plug #11.	Composite frac plugs #12 through #6 all move	d downhole wh	en drilling weight d	of 20K was applie	ed. Drill o	ut remaind	ler of composite f	rac plugs	
	h of 13,560'; pump sweeps around and POOH								
	U and commence flowing back well @ 9:00 PM								
	ort time 04/23/2014; FCP 450#, 12/64" choke								d
also in 10th no	ur. Continue flowback operations. Total load i	in formation from	n stimulation and	arili out operatior	1S IS 124,	380 bbis. I	LIR this AM 123,	/ 8U DDIS.	
Operations	riad anyon from 7:00 AM 04 22 14 thm: 6:00 A	14042244							
Operations pe	riod covers from 7:00 AM 04-22-14 thru 6:00 A	IVI U4-23-14.							
								_	

VELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	23
PERATION:	TARGET STATE OF THE STATE OF TH						FORMATION:	Wolfcan	np "A"
AILY COST:	\$9,126	CUMMULAT	VE COST:	\$3,27	4,062		SUPERVISOR:	Bobby Ho	ollada
Continue flowing	ng back well. From 7:00 AM to 5:00 PM, FCF	increased from	400# -600#. At 6:	00 PM, FCP sta	rted decli	ning to 140	#. Increase choke	9	
setting from 12	1/64" to 18/64" setting and FCP increased to 1	60# by 7:00 PM.	Hourly water rec	overy on current	choke se	etting varies	from 60 - 74 bb/s	ly .	
:00 AM FCP 1	60# on 18/64" choke setting. Fluid recovery	past 24 hrs. 1,45	1 bbls. LTR is 122	,329 bbls. Well	making e	nough form	ation gas to dum	test	
	ipment but is TSTM through test meter run. I	No show of forma	tion oil. Continue	to see intermitte	ent traces	of proppar	t during flowback		
	ack operations.								
Operations pe	riod covers from 7:00 AM 04-23-14 thru 6:00	AM 04-24-14.							
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77666	Armstrong State 39		COUNTY.	Veenez	STATE.	1X	DATE.	April 24, 2014	Days	24
DPERATION:	Lateral Flowback Ope	erations						FORMATION:	Wolfcam	p "A"
AILY COST:	\$9,126		CUMMULAT	IVE COST:	\$3,28	3,188		SUPERVISOR:	Bobby Ho	llada
										-
Continue flowing	ng back well. From 7:00 AM to 6	:00 PM. choke s	ettina 18/64".	FCP varied from	110# - 160#. W	ater recov	verv per ho	ur varied from 38	- 72 bb/s.	
Increase settin	ig from 18/64" to 24/64" setting @	0 6:00 PM. From	n 6:00 PM to	7:00 AM: FCP var	ied from 115# - 1	120#. Ho	ourly water	recovery on curre	nt	
hoke setting 2	6 - 59 bbls. Fluid recovery past	24 hrs. 1.229 bb	ls. LTR is 12	1.100 bbls. Gas v	olume metered 2	8 mcfd.	Continue to	see intermittent i	proppant	
during flowbac	k. Chloride check on flowback w	vater @ 9:00 PM	52.679 ppm.	No show of form	ation oil. Contin	ue flowba	ck operati	ons.		
<u> </u>										
Operations pe	eriod covers from 7:00 AM 04-24-	14 thru 6:00 AM	04-25-14.							
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VVELL.	Armstrong State 59-3 #2F	COUNTY.	Reeves	STATE.	IX	DATE:			20
OPERATION:	Lateral Flowback Operations						FORMATION:	Wolfcamp '	"A"
DAILY COST:	\$9,126	CUMMULATI	IVE COST:	\$3,29	2,314		SUPERVISOR:	Bobby Holla	aday
	ng back well. From 7:00 AM to 6:00 AM, chok							- 76 bbls.	
Fluid recovery p	past 24 hrs. 1,121 bbls. LTR is 119,979 bbls.	Average gas vol	ume metered 41	mcfd. Continue t	o see inte	rmittent pr	oppant		
during flowback	k. Chloride check on flowback water @ 6:00 F	PM 52,600 ppm.	No show of form	ation oil. Contin	ue flowba	ck operation	ons.		
Occuptions	and a superferent 7:00 AM 04 25 44 the 6:00	111012611							
Operations per	riod covers from 7:00 AM 04-25-14 thru 6:00 A	4101 04-20-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	26	
OPERATION:							FORMATION:		Ifcamp "A"	
AILY COST:	\$10,044	CUMMULATI	VE COST:	\$3,30	2,358		SUPERVISOR:	Bobby F	Hollada	
Continue flowing	ng back well. From 7:00 AM to 6:00 AM, chok	e setting 24/64",	FCP varied from	130# - 360#. Wa	ater recov	ery per ho	ur varied from 26	- 80 bb/s.		
Fluid recovery p	past 24 hrs. 1,350 bbls. LTR is 118,629 bbls.	Average gas vol	ume metered 94 n	ncfd. Continue to	see inte	rmittent pr	oppant			
during flowback	k. Chloride check on flowback water @ 6:00	PM 52,613 ppm.	No show of forma	ation oil. Continu	ue flowba	ck operation	ons.			
0 "	700 1110100 1111 0000									
Operations per	riod covers from 7:00 AM 04-26-14 thru 6:00	AM 04-27-14.								
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	27
OPERATION:	Lateral Flowback Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$9,126	CUMMULATI	VE COST:	\$3,31	1,484		SUPERVISOR:	Bobby	Holladay
		'							
Continue flowing	ng back well. From 7:00 AM to 6:00 AM, chok	e setting 24/64",	FCP varied from	260# - 270#. Wa	ater recov	ery per ho	ur varied from 43	- 61 bbls.	
Fluid recovery p	past 24 hrs. 1,286 bbls. LTR is 117,343 bbls.	Average gas volu	ume metered 112	mcfd. Continue	to see in	termittent p	roppant		
during flowback	k. Chloride check on flowback water @ 6:00 F	PM 60,239 ppm.	No show of form	ation oil. Continu	ue flowba	ck operation	ons.		
Operations no	riod covers from 7:00 AM 04-27-14 thru 6:00 A	111012811							
Operations per	nod covers from 1.00 Ain 04-21-14 tilla 0.00 A	NIVI 04-20-14.							
	Maria de La Caracteria								

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	28
OPERATION:	Lateral Flowback Operations						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$9,126	CUMMULATI	VE COST:	\$3,32	0,610		SUPERVISOR:	Bobby I	Hollada
	ng back well. From 7:00 AM to 6:00 AM, cho							- 59 bb/s.	
Fluid recovery p	past 24 hrs. 1,248 bbls. LTR is 116,095 bbls.	Average gas vol	ume metered 108	mcfd. Continue	to see int	termittent p	roppant		
during flowback	k. Chloride check on flowback water @ 5:00	PM 70,239 ppm.	No show of form	ation oil. Continu	ue flowba	ck operation	ons.		
Operations no	riad aguage from 7:00 ANA 04 29 14 thru 6:00	AM 04 20 44							
Operations per	riod covers from 7:00 AM 04-28-14 thru 6:00	AM 04-29-14.							

WELL;	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	29
OPERATION:	Lateral Flowback Operations						FORMATION:		amp "A"
DAILY COST:	\$9,126	CUMMULATI	IVE COST:	\$3,32	9,736		SUPERVISOR:	Bobby	Holladay
	ng back well. From 7:00 AM to 6:00 AM, chok							- 59 bb/s.	
Fluid recovery p	past 24 hrs. 1,249 bbls. LTR is 114,846 bbls.	Average gas vol	lume metered 12	2 mcfd. Trace an	nount of p	roppant pe	riodically		
during flowbac	k. Chloride check on flowback water @ 5:00 F	PM 70,259 ppm.	No show of form	nation oil. Contin	ue flowba	ck operation	ons.		
Operations no	riod covers from 7:00 AM 04-29-14 thru 6:00 /	AM 04 20 44							
Operations pe	HIGG COVERS HOTH 7:00 AIM 04-29-14 (HILL 0:00)	HIVI 04-30-14.							
	At la constant and a second								

	30	Days	April 30, 2014	DATE:	IX	STATE:	Reeves	COUNTY:	Armstrong State 59-3 #2H	WELL.
Continue flowing back well. From 7:00 AM to 6:00 AM, choke setting 24/64*, FCP varied from 230# - 260#. Water recovery per hour varied from 40 - 72 bbls. Fluid recovery past 24 hrs. 1,288 bbls. LTR is 113,558 bbls. Average gas volume metered 121 mcfd. No proppant past 24 hrs. Chloride check on flowback water @ 6:00 AM 66,727 ppm. No show of formation oil. Continue flowback operations. On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.	olfcamp "A"	Wolf	FORMATION:						Lateral Flowback Operations	OPERATION:
Fluid recovery past 24 hrs. 1,288 bbls. LTR is 113,558 bbls. Average gas volume metered 121 mcfd. No proppant past 24 hrs. Chloride check on flowback water @ 6:00 AM 66,727 ppm. No show of formation oil. Continue flowback operations. On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.	bby Hollada	Bobb	SUPERVISOR:		5,920	\$3,34	VE COST:	CUMMULATI	\$16,184	DAILY COST:
Fluid recovery past 24 hrs. 1,288 bbls. LTR is 113,558 bbls. Average gas volume metered 121 mcfd. No proppant past 24 hrs. Chloride check on flowback water @ 6:00 AM 66,727 ppm. No show of formation oil. Continue flowback operations. On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.										
Fluid recovery past 24 hrs. 1,288 bbls. LTR is 113,558 bbls. Average gas volume metered 121 mcfd. No proppant past 24 hrs. Chloride check on flowback water @ 6:00 AM 66,727 ppm. No show of formation oil. Continue flowback operations. On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.										
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Chloride check on flowback water @ 6:00 AM 66,727 ppm. No show of formation oil. Continue flowback operations. On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7 2 0010.	ar variou nom 10							
On 04/28/2014; commenced ditching operations from location to gas sales point in section 4 where WTG gas sales point will be. Will finish ditching operations Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.										
Will finish ditching operations 05/01/2014. Laying out steel gas sales line and wrapping same with protective tape prior to installation in ditch. Commence building tank pad for production water and oil tanks; commence building containment berms.	ions	operation	Vill finish ditching o	will be. W						
Commence building tank pad for production water and oil tanks; commence building containment berms.										
Operations period covers from 7:00 AM 04-30-14 thru 6:00 AM 05-01-14.										
Operations period covers from 7:00 AM 04-30-14 thru 6:00 AM 05-01-14.										
								AM 05-01-14.	iod covers from 7:00 AM 04-30-14 thru 6:00 A	Operations per
									E STATE OF THE STA	

VELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 1, 2014	Days	31
PERATION:	Lateral Flowback Operations						FORMATION:	Wolfcam	p "A
AILY COST:	\$33,442	CUMMULATI	IVE COST:	\$3,37	79,362		SUPERVISOR:	Bobby Ho	llada
Continue flowi	ng back well. From 7:00 AM to 10:00 AM, ch	noke setting 24/64	", FCP varied from	1 240# - 280#. \	Water reco	overy per h	our varied from 52	2 - 55 bbls.	
	creased choke setting to 31/64" setting. FCI								
	115 bbls./hour and then began decreasing.							very	
	egan declining steadily. At 6:00 PM, FCP ha							-1.46	
	5/02/2014, SICP was 80#. Total water recoverstablish flow. Continue building tank pad fo								
	ection 4. Continue laying out gas sales line				onns. rm	isried diter	ing operations to	yas	
area point in e	outon 4. Commune raying out goe saids into	and wrapping san	ne wan protective	tapo.					
operations pe	riod covers from 7:00 AM 05-01-14 thru 6:00	AM 05-02-14.							
The state of the s									
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VELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days :
PERATION:	Lateral Flowback Operations						FORMATION:	Wolfcamp '
AILY COST:	\$33,808	CUMMULATI	VE COST:	\$3,41	3,170		SUPERVISOR:	Bobby Holla
SICP 80#; ope	ened well to frac tank, blew down in 2 mins. L	Propped 50 surfac	tant sticks (soap s	ticks) down 7" p	roduction	casing and	d shut well back in	1.
rom 10:00 AN	M 05/02/14 through 6:00 AM 05/03/2014, SIC	P increased from	0# - 100#. Leave	well shut in for I	ouild-up.			
Finished build	ling tank pad for production water and oil tank	s and three sides	of containment be	erms. Productio	n equipm	ent to be d	elivered Monday.	
Continue layin	g out gas sales line and wrapping same w/pr	otective tape prior	to installation in c	litch.				
Operations as	ariad acuses from 7:00 AM 05 02 14 thr.: 6:00	AM 05 02 11						
operations pe	eriod covers from 7:00 AM 05-02-14 thru 6:00	AM 05-03-14.				_		
					_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days 33
OPERATION:	Lateral Flowback Operations						FORMATION:	
DAILY COST:	\$9,126	CUMMULATI	VE COST:	\$3,42	2,296		SUPERVISOR:	Bobby Holladay
SICP 130#; lea	ve well shut-in to build pressure.							
Shut down prod	fuction equipment installation for weekend.							
Operations no	ried causes from 7:00 AM 05 02 14 thm; 6:00	AM 05 04 44						
Operations per	riod covers from 7:00 AM 05-03-14 thru 6:00 i	AM U3-U4-14,						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	34
OPERATION:	Lateral Flowback Operations						FORMATION:		amp "A"
DAILY COST:	\$9,126	CUMMULATI	VE COST:	\$3,43	1,422		SUPERVISOR:	Bobby	Holladay
SICP remains 1	30#; continue to leave well shut-in to build pr	essure.							
Shut down prod	uction equipment installation for weekend.								
Operations per	iod covers from 7:00 AM 05-04-14 thru 6:00 A	AM 05-05-14							
ороганого рог	04 007010 110111 1.00 71111 00 07 17 11114 0.00 7	100 00 71.							

VVCLL,	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:	May 5, 2014	Days	35
OPERATION:	Lateral Flowback Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$31,734	CUMMULATI	IVE COST:	\$3,46	3,156		SUPERVISOR:	Bobby	Holladay
SICP 130#. Se	et in 4 - 500 bbl. FG production water tanks, 4	- 500 bbl. welde	ed steel oil produc	ction tanks, 8' x 20)' veritcal	heater trea	ater, 10' x 20' horiz	ontal	
FWKO and 3' x	10' low pressure two-phase seperator. Comi	mence hooking t	up production equ	uipment. Continu	e laying d	ut and wra	pping gas sales li	ne.	
At 7:00 PM, op	end well to flow-back tank, blew down in 7 mil	nutes; left well o	pen to flow-back	tank. At 12:00 mi	dnight,				
well kicked off	flowing load water and gas. From 12:00 midn	ight to 6:00 AM,	FCP varied from	65# to 1,050#. F	lourly wa	ter rates va	aried from 10 - 150	bbls.	
	imes varied from 118 - 989 mcf. At 6:00 AM (26/64" positive c	hoke sett	ing; gas ra	te 118 mcf.		
Water recover	y 556 bbls. of LW; load to recover is 12,241 b	obls.; well continu	ues to flow.						
Operations pe	riod covers from 7:00 AM 05-05-14 thru 6:00 A	AM 05-06-14.							
									_

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 6, 2014	Days 36
OPERATION:	Lateral Flowback Operations						FORMATION:	Wolfcamp "A"
DAILY COST:	\$27,451	CUMMULAT	IVE COST:	\$3,49	0,608		SUPERVISOR:	Bobby Holladay
Well continued	to flow. At 12:00 noon, FCP began declining	from 270# to 0#	@ 11:00 PM on	26/64" positive ch	oke setti	ng.		
Hourly water ra	ates varied from 0 - 50 bbls. Hourly gas rates	varied from 0 -	127 mcf. Load wa	ater recovery for d	ay 157 bi	bls.; LTR is	112,084 bb/s.	
Continue hooki	ing up production equipment and laying out an	d wrapping gas	sales line until hi	igh winds and dus	t forced s	hut down f	or day.	
Coil tubing unit	will be on location @ 12:00 noon 05/07/2014	Wednesday to	iet well.					
Operations no	riod covers from 7:00 AM 05-06-14 thru 6:00 A	M 05 07 14						
Operations per	nod covers from 7.00 Alvi 05-00-14 tilla 0.00 A	100 00-07-14.						
						_		

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: May 7, 2014 Days

VVELL.	Armstrong State 59-3 #2H	COUNTY.	Reeves	STATE.	IX	DATE.		Days 37
OPERATION:	Lateral Clean-Out Operations						FORMATION:	Wolfcamp "A"
DAILY COST:	\$67,894	CUMMULAT	IVE COST:	\$3,55	58,502		SUPERVISOR:	Bobby Holladay
Well not flowin	g; MIRU CTU and associtated equipment. Pre	ssure test BOP	stack to 7,000#	successfully. Ins	tall 3.75".	5 blade co	ncave mill on dow	nhole
	t RIH w/CT. Pumping 1 BPM fluid + 1,000 SCI							
	on liner, tagged obstruction. Pull up 100' and s							
	inside liner, tagged obstruction @ 12,440'. Mill							frac plug.
	on to PBTD of 13,563'. Appears that obstructio							
	re-install downhole motor w/3.75" tri-cone bit.							
of 800' from su	irface running in hole to drill up obstruction. (N	lote: all water be	eing pumped co	ntains 1 gal,/1,000	gals. of su	urfactant to	lighten hydrostat	ic pressure.)
Well shut in tw	o hours while cutting off coil tubing and installing	ng new bit; CP i	ncreased from	100# to 230#. Cor	ducting 24	hr. opera	tions.	
Operations pe	eriod covers from 7:00 AM 05-07-14 thru 6:00 A	AM 05-08-14.						

	SA		EL RESO	URCES, LL	С			
WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 8, 2014	Days 38
OPERATION:	Lateral Clean-Out Operations				1370.		FORMATION:	Wolfcamp "A"
DAILY COST:	\$81,744	CUMMULAT	IVE COST:	\$3,640	0.246		SUPERVISOR:	Bobby Holladay
	4 0.,,	- Common of the control of the contr	12 00011	40,01.	,,,,,,,		OUT ETTTOOTE	Dobby Honday
Continue RIH w	v/tri-cone bit. Tagged obstruction @ 9,870' RI	H and started p	ushing to end o	f liner. Push to end	of liner (@ 13,563' 8	& drilled up reman	ts of
	plug. Pump sweep around and recovered pie							
	ing 3,000 scf/min. N2. While POOH at depth							
	ment nitrogen pump. Hook-up replacement N							
	scf/min. N2 inside 4 1/2" production liner and							
	1600# SICP and RD CTU and associated equ							‡ CP
	e setting and started flowing well back recove						j to	
	ter. No show of formation gas to surface. Re				ing back	well.		
Continue with p	roduction equipment installation and installati	on of gas sales	line to WTG sai	les point.				
Operations per	riod covers from 7:00 AM 05-08-14 thru 6:00 A	AM 05-09-14.						

WELL;	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	39
OPERATION:	Lateral Flow-back Operations						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$29,809	CUMMULATI	VE COST:	\$3,67	70,055		SUPERVISOR:	Bobby I	Holladay
Continue flowing	ng back well. From 7:00 AM to 6:00 AM, variou	is choke setting	is from 12 - 24/6	1" FCP varied fro	m 0# - 68	0# Water	recovery per hour	varied	
from 0 - 80 bbls	Fluid recovery past 24 hrs. 1,243 bbls. LTR is	s 110.841 bbls	Average gas vo	lume metered 11	3 mcfd. 1	ight propp	ant past 24 hrs	- Service	
	CP 0#, well not flowing. Shut well in for pressur				a	g. i propp			
	production equipment installation and installation								
		V							
Operations per	riod covers from 7:00 AM 05-09-14 thru 6:00 A	M 05-10-14.							
	7 17 18								

VVELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:	May 10, 2014	Days	40
OPERATION:	Lateral Flow-back Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$24,905	CUMMULAT	IVE COST:	\$3,69	4,960		SUPERVISOR:	Bobby	Holladay
Well shut in fro	om 6:00 AM to 2:00 PM; SICP 10#. Open well	on 10/64" chok	a setting well blev	w down in 30 coo	ands no	flow and n	fluid to surface		
I eft well open	to flow-back tank through 6:00 AM; well dead.	OII 10/04 CHOKE	s setting, well ble	V GOWII III 30 360	onus, no	now and m	Titula to surrace.		
Shut down pro	duction equipment installation for weekend.								
Chai down pro	duction equipment installation for weekend.								
Operations ne	eriod covers from 7:00 AM 05-10-14 thru 6:00 A	M 05-11-14							
aparation po									
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				_					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 11, 2014	Days	41
DPERATION:	Lateral Flow-back Operations						FORMATION:		amp "A"
AILY COST:	\$22,419	CUMMULATI	VE COST:	\$3,71	7,378		SUPERVISOR:		Holladay
Left well open i	to flow-back tank for 24 hours, no flow; well	dead.							
Shut down prod	duction equipment installation for weekend.								
Operations no	riod covers from 7:00 AM 05-11-14 thru 6:0	00 444.05 10 14							
Operations pe	mod covers from 7.00 AM 05-11-14 triru 6.0	10 AIVI 05-12-14.							

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT Armstrong State 59-3 #2H COUNTY: Reeves STATE: Tx DATE: May 12, 2014 Days 42

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 12, 2014	Days	42
OPERATION:	Lateral Flow-back Operations						FORMATION:	Wolfca	
DAILY COST:	\$33,842	CUMMULATI	VE COST:	\$3,75	1.220		SUPERVISOR:	Bobby F	
				\$5,76	,		30. 2.1110011	2000,1	. J aud
									_
Well remained of	open to flow-back tank for 24 hours monitored	no flow							
Resume installa	ation of production equipment; start installation	n of 4" PVC water	er disposal line to	Staley Gas Oper	ating SW	D. Tie gas	sales line into W	TG meter:	
WTG gas line s	till inoperative due to gas plant shutdown. Wi	II RU well service	e unit Tuesdav ar	nd prepare to run	combina	tion 2 3/8"	x 2 7/8" productio	n tubina	
string in well on	Wednesday. Haul water from reserve pit to r	maintain integrity	of pit liner.	- property is			n – n e promone	, , , , , ,	
Operations per	iod covers from 7:00 AM 05-12-14 thru 6:00 A	AM 05-13-14.							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 13, 2014	Days 43
OPERATION:	Lateral Completion Operations					•	FORMATION:	Wolfcamp "A"
DAILY COST:	\$39,119	CUMMULAT	IVE COST:	\$3,79	00,339		SUPERVISOR:	Bobby Holladay
	RU TEC Well Service completion unit, set in pi							and
install 7 1/16th	" 5M BOP on "C" section. Unload 2 7/8" produ	ction tubing on	racks, set 2 3/8	3" tubing on top. Se	et in revers	se unit pun	np w/tank.	
	# brine water. Prepare to run production tubing							nd
pressure tested	d gas sales line to 1,500# for 30 minutes succe	ssfully. Contin	ue installation o	of water disposal lin	e to Stale	y Gas SWI	D well.	
Operations no	priod covers from 6:00 AM 05-13-14 thru 6:00 A	M 05-14-14						
Орегалона ре	nod covers from 0.00 AM 00-10-14 tilla 0.00 A	W 05-14-14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	44
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$38,108	CUMMULATI	VE COST:	\$3,82	8,447		SUPERVISOR:	Bobby	Holladay
Well static. Tu	bing running operations start delayed by waitin	g on tubing test	ting truck. RU tu	bina testina equip	ment and	start RIH	w/production tubin	a	
	pelow the slips to 7,000#. Ran total of 228 joint							*	
	nitor SICP and SITP overnight. From 9:00 PM							ion	
equipment. Fir	nish installation of water disposal line to Staley	Gas SWD well.	Will resume run	ning remainder o	f tubing in	well Thurs	sday AM.		
Will ND BOP, I	NU X-mas tree and commence swabbing opera	ations.							
Operations pe	riod covers from 6:00 AM 05-14-14 thru 6:00 A	M 05-15-14.							
	A A								

A STATE OF THE PARTY OF THE PAR	WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	45
Well static. Finish RIH w/tubing string testing same below the slips to 7,000# successfully. ND BOP and NU X-mas tree. RU and start swabbing w/ IFL 100' from surface. Made 18 swab runs recovering 163 bbls. of water and well kicked off flowing steady @ 7:45 PM. From 7:45 PM through 2:00 AM, FTP varied from 80# - 500# on choke settings ranging from 18 - 48. Water recovery from swabbing and flowing was 535 bbls. direct to frac tank. At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.	OPERATION:								Wolfe	amp "A"
w/ IFL 100' from surface. Made 18 swab runs recovering 163 bbls. of water and well kicked off flowing steady @ 7:45 PM. From 7:45 PM through 2:00 AM, FTP varied from 80# - 500# on choke settings ranging from 18 - 48. Water recovery from swabbing and flowing was 535 bbls. direct to frac tank. At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.	DAILY COST:	\$35,003	CUMMULATI	IVE COST:	\$3,86	3,449		SUPERVISOR:	Bobby	Holladay
w/ IFL 100' from surface. Made 18 swab runs recovering 163 bbls. of water and well kicked off flowing steady @ 7:45 PM. From 7:45 PM through 2:00 AM, FTP varied from 80# - 500# on choke settings ranging from 18 - 48. Water recovery from swabbing and flowing was 535 bbls. direct to frac tank. At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.										
w/ IFL 100' from surface. Made 18 swab runs recovering 163 bbls. of water and well kicked off flowing steady @ 7:45 PM. From 7:45 PM through 2:00 AM, FTP varied from 80# - 500# on choke settings ranging from 18 - 48. Water recovery from swabbing and flowing was 535 bbls. direct to frac tank. At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.										
2:00 AM, FTP varied from 80# - 500# on choke settings ranging from 18 - 48. Water recovery from swabbing and flowing was 535 bbls. direct to frac tank. At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.										
At 2:00 AM TP was 0#, well dead. SICP was 0# until midnight and then began building pressure. From midnight to 6:00 AM, SICP increased from 0# to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.										
to 380#. Will resume swabbing well when well service crew returns to location @ 8:00 AM. Continued with production equpment installation.	2:00 AM, FTP	varied from 80# - 500# on choke settings rangir	ng from 18 - 48	. Water recover	y from swabbing a	and flowing	was 535	bbls. direct to frac	tank.	
									#	
Operations period covers from 6:00 AM 05-15-14 thru 6:00 AM 05-16-14.	to 380#. Will r	esume swabbing well when well service crew re	eturns to location	on @ 8:00 AM.	Continued with pro	duction e	qupment ir	nstallation.		
Operations period covers from 6:00 AM 05-15-14 thru 6:00 AM 05-16-14.										
Operations period covers from 0.00 kin 05-10-14 tillio 0.00 kin 05-10-14.	Operations as	aried covers from 6:00 AM 05 15 14 thru 6:00 A	M 05 16 11							
	Operations pe	mod covers from 6.00 Alvi 05-15-14 tilla 6.00 Al	W 03-10-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	46
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$31,736	CUMMULATI	VE COST:	\$3,89	5,185		SUPERVISOR:	Bobby	Holladay
Well static. Wi	hile RU to commence swabbing opertions; well	kicked off flowi	ng. Flowed from	8:00 AM to noon	and died.	Recovere	ed 67 BW. Start s	wabbing	
w/ IFL 100' from	m surface. Made 8 swab runs recovering 71 bb	bls. of water and	d well kicked off fl	owing steady @	1:00 PM.	From 1:00	PM through		
	varied from 80# - 200# on choke setting of 20.								
	was 0#, well dead. Made 3 swab runs and we							e setting.	
SICP increased	from 380# - 700# in past 24 hrs. Well died @	1:00 AM. Mon	itor well through (6:00 AM, well stat	ic. 24 hr.	water reco	overy 956 bbls.		
Will resume sw	rabbing well when well service crew returns to	location @ 8:00	AM. Continued	with production e	qupment i	nstallation			
Operations no	riod covers from 6:00 AM 05-16-14 thru 6:00 A	M 05 17 14							
Operations pe	nod covers from 6.00 AM 03-16-14 thru 6.00 A	M 03-17-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days 47
OPERATION:	Lateral Completion Operations	di la companya di la					FORMATION:	Wolfcamp "A"
DAILY COST:	\$31,736	CUMMULATI	IVE COST:	\$3,92	6,921		SUPERVISOR:	Bobby Holladay
Well static. Co	mmence swabbing opertions w/IFL 200' from s	surface. Made t	total of 33 swab ru	ins for day recov	ering 287	bbls. of wa	ater. FFL 200' from	m surface.
Drop surfactan	t sticks down tubing and SWI. SICP 770#. Wi	ill leave well shu	it in until Monday	to build pressure	. Monitor	SITP from	5:00 PM	
through 6:00 A	M; SITP increased from 0# - 100#. Continue to	o monitor SITP.	Continued w/pro	duction equpmer	nt installa	tion.		
0 - 11		11.05.40.44						
Operations pe	riod covers from 6:00 AM 05-17-14 thru 6:00 A	IM U5-18-14.						

VVLLL.	Armstrong State 59-5 #211	COUNTY.	Reeves	STATE.	IX	DATE.		Days 4	
OPERATION:	Lateral Completion Operations		HEATTERN !				FORMATION:	Wolfcamp "A	4"
DAILY COST:	\$3,780	CUMMULAT	IVE COST:	\$3,93	0,701		SUPERVISOR:	Bobby Hollad	day
									_
Well shut in for	r pressure build-up. Past 24 hours, SITP has re	emained const	ant @ 100# and S	ICP 780#. Will o	oen up w	ell Monday	morning and atte	mpt	
to re-establish	flow from well. If well does not kick off flowing;	will resume sv	vabbing operation	S.					
Shut down pro	duction equipment installation for Sunday.								
Operations pe	riod covers from 6:00 AM 05-18-14 thru 6:00 A	M 05-19-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	49
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$27,389	CUMMULATI	VE COST:	\$3,95	8,090		SUPERVISOR:	Bobby	Holladay
			1						
SITP 100#, ope	end to flow-back tank and well blew down in 1 i	min. RU and sta	arted swabbing w	/IFL 200' from su	ırface. Ma	de 13 swa	ab runs and well k	cked off	
	d 2.5 hrs. and died. Made 6 additional swab ru								
on 38 choke se	etting. Total water recovery for past 24 hrs. swi	abbing and flow	ing was 319 bbls	LTR is 108,744	bbls. Fro	m 10:00 F	M through 6:00 A	M,	
well dead. Cor	ntinued hooking up production facilities. Will re	sume swabbing	operations Tues	day AM.					
0		11050011							
Operations per	riod covers from 6:00 AM 05-19-14 thru 6:00 A	M U5-2U-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	50
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$28,348	CUMMULATI	VE COST:	\$3,98	6,438		SUPERVISOR:	Bobby	Holladay
Well dead. Sta	arted swabbing w/IFL 200' from surface. Made	10 swab runs a	nd well kicked of	flowing on 12 ch	oke settir	a. FTP va	aried from 10# - 20	00#.	
Flowed 2.5 hrs.	and died. Made 2 additional swab runs and we	ell kicked off flo	wing. Well flowe	d until 8:00 PM a	nd died. I	TP varied	from 20# - 200#		
on 12 choke se	etting. Made 4 swab runs and well kicked off flo	wing. From 9:0	00 PM through 6:	00 AM, FTP 10 -	30# on 23	choke se	tting.		
Total water rec	overy for past 24 hrs. swabbing and flowing wa	s 314 bbls. LT	R is 108,430 bbls						
Continued hoo	king up production facilities. Will attempt to swi	ab well and inci	rease flow rate ar	d TP when well s	service cre	ew arrives	location Wednesd	ay morning	g.
Operations pe	riod covers from 6:00 AM 05-20-14 thru 6:00 Al	M 05-21-14.							
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VELL.	Armstrong State 59-5 #2H	COUNTY.	Reeves	STATE.	IX	DATE:		Days	51
PERATION:	Lateral Completion Operations						FORMATION:	Wolfcam	p "A
AILY COST:	\$26,654	CUMMULAT	IVE COST:	\$4,01	3,092		SUPERVISOR:	Bobby Ho	llada
TP 10#; made	e 3 swab runs and flow from well increased a	and FTP increase	d from 10# to 200#	on 23 choke se	tting.				
	through 6:00 AM (21 hrs.) FTP has varied from					to tank. U	nable to measure	exact	
as volume. W	Vater flow rates have varied from 27 - 50 bbls	s. per hour. SIC	P 1,130# @ 6:00 A	AM.				10100111	
Total water reci	overy for past 24 hrs. swabbing and flowing	was 818 bbls. L'	TR is 107,612 bbls.						
	ing up gas compressor and production facilit								
Operations per	riod covers from 6:00 AM 05-21-14 thru 6:00	AM 05-22-14.							
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/ELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	52
PERATION:	Lateral Completion Operations						FORMATION:	Wolfca	mp "A'
AILY COST:	\$24,867	CUMMULATI	VE COST:	\$4,03	37,959		SUPERVISOR:	Bobby F	Hollada
rom 7:00 AM	through 6:00 AM; FTP has varied from 200# -	500# on constar	nt 23 choke settin	g. At 9:00 AM to	irned well	through flo	w-back metering		
ressel to moni	tor gas volume. Flared gas volume ranges from	m 92 - 129 mcf v	while maintaining	65# of back pres	ssure on v	ressel. Thi	s back pressure		
quates to nor	mal production operating pressures. Water flo	w rates have va	ried from 16 - 52 l	obls. per hour.	SICP 1,2	50#@6:00	AM.		
otal water red	covery for past 24 hrs. flowing was 714 bbls. L	TR is 106,898 b	bls.						
ontinue hook	ing up gas compressor and production facilities	S.							
0 11									
perations pe	eriod covers from 7:00 AM 05-22-14 thru 6:00 A	AM 05-23-14.							
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VELL.	Armstrong State 59-3 #2F	COUNTY.	Reeves	STATE.	IX	DATE.		Days
PERATION:	Lateral Completion Operations						FORMATION:	Wolfcamp "
AILY COST:	\$25,826	CUMMULAT	IVE COST:	\$4,06	3,785		SUPERVISOR:	Bobby Holla
Past 24 hrs; F	TP has varied from 80# - 480# on constant 2	3 choke setting.	Continue flowing th	rough flow-back	metering	7		
ressel to accu	rately measure water and gas volume. Flare	ed gas volume ra	nges from 11 - 174	mcf while maint	taining 65	# of back p	ressure on vesse	l.
	es have varied from 9 - 52 bbls. per hour. S							
otal water red	covery for past 24 hrs. flowing was 585 bbls.	LTR is 106,313	bbls.					
continue hook	ing up gas compressor and production faciliti	es.						
0	· · · · · · · · · · · · · · · · · · ·	*******						
Operations pe	eriod covers from 7:00 AM 05-23-14 thru 6:00	AM 05-24-14.						
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WELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	54
OPERATION:	Lateral Completion Operations	1					FORMATION:	Wolfca	mp "A"
DAILY COST:	\$12,679	CUMMULATI	IVE COST:	\$4,07	6,464		SUPERVISOR:	Bobby	Holladay
									•
Past 24 hrs; F	TP has varied from 100# - 590# on constant 23	choke setting.	Continue flowing	through flow-ba	ck meterir	ig .			
vessel to accur	rately measure water and gas volume. Flared	gas volume rar	iges from 35 - 23	1 mcf while main	taining 60	- 65# of ba	ack pressure on v	essel.	
Water flow rate	es have varied from 10 - 47 bbls. per hour. Sl	CP 1,460#@6	:00 AM.						
Total water red	covery for past 24 hrs. flowing was 575 bbls. L'	TR is 105,738 b	bls. Produced w	ater chloride che	ck @ 2:00	PM, 153,7	700 ppm.		
Shut down inst	tallation of gas compressor and production facil	lities for Memori	ial Day Weekend	(
0 "									
Operations pe	eriod covers from 7:00 AM 05-24-14 thru 6:00 A	M 05-25-14.							
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OPERATION: Lateral Completion Operations FORMATION: Wolfcamp "A"	WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	May 25, 2014	Days	55
Past 24 hrs; FTP has varied from 20# - 470# on constant 23 choke setting. Continue flowing through flow-back metering vessel to accurately measure water and gas volume. Flared gas volume ranges from 0 - 210 mcf while maintaining 60 - 65# of back pressure on vessel. Water flow rates have varied from 5 - 41 bbls. per hour. SICP 1,560# @ 6:00 AM. Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.	OPERATION:									mp "A"
vessel to accurately measure water and gas volume. Flared gas volume ranges from 0 - 210 mcf while maintaining 60 - 65# of back pressure on vessel. Water flow rates have varied from 5 - 41 bbls. per hour. SICP 1,560# @ 6:00 AM. Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.	DAILY COST:	\$12,679	CUMMULAT	IVE COST:	\$4,08	9,144		SUPERVISOR:	Bobby H	lolladay
vessel to accurately measure water and gas volume. Flared gas volume ranges from 0 - 210 mcf while maintaining 60 - 65# of back pressure on vessel. Water flow rates have varied from 5 - 41 bbls. per hour. SICP 1,560# @ 6:00 AM. Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.										
vessel to accurately measure water and gas volume. Flared gas volume ranges from 0 - 210 mcf while maintaining 60 - 65# of back pressure on vessel. Water flow rates have varied from 5 - 41 bbls. per hour. SICP 1,560# @ 6:00 AM. Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.										
Water flow rates have varied from 5 - 41 bbls. per hour. SICP 1,560# @ 6:00 AM. Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.										
Total water recovery for past 24 hrs. flowing was 523 bbls. Produced water chloride check @ 9:00 PM, 147,500 ppm. Shut down installation of gas compressor and production facilities for Memorial Day Weekend.	vessel to accur	rately measure water and gas volume. Flared	gas volume ra	nges from 0 - 21	0 mcf while mainta	ining 60 -	65# of bad	ck pressure on ve	ssel.	
Shut down installation of gas compressor and production facilities for Memorial Day Weekend.	Water flow rate	es have varied from 5 - 41 bbls, per hour. SIC	P 1,560# @ 6:	00 AM.	0.00 014 447 50	0				
						J ppm.				
Operations period covers from 7:00 AM 05-25-14 thru 6:00 AM 05-26-14.	Shat down mst	anation of gas compressor and production raci	illies for Memor	nai Day Weeken	J.					
Operations period covers from 7:00 AM 05-25-14 thru 6:00 AM 05-28-14.										
	Operations pe	riod covers from 7:00 AM 05-25-14 thru 6:00 A	M 05-26-14.							
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VVELL.	Armstrong State 59-3 #2h	COUNTY:	Reeves	STATE	IX	DATE:	May 26, 2014	Days	30
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$12,679	CUMMULAT	IVE COST:	\$4,10	1,823		SUPERVISOR:	Bobby	Holladay
Past 24 hrs; F1	P has varied from 50# - 640# on constant 23 of	choke setting.	Continue flowing t	hrough flow-back	metering				
	rately measure water and gas volume. Flared						ck pressure on ve	ssel.	
Water flow rate	s have varied from 5 - 45 bbls. per hour. SIC	P 1,640# @ 6:	00 AM.						
Total water rec	overy for past 24 hrs. flowing was 585 bbls. P	roduced water	chloride check @	5:00 AM, 153,70) ррт.				
Shut down inst	allation of gas compressor and production facil	lities for Memor	rial Day Weekend.						
- /-									
Operations per	riod covers from 7:00 AM 05-26-14 thru 6:00 A	M 05-27-14.							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	57
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$19,737	CUMMULATI	IVE COST:	\$4,12	1,560		SUPERVISOR:	Bobby I	Holladay
Past 24 hrs; F	TP has varied from 60# - 650# on constant 23 c	hoke setting. (Continue flowing to	hrough flow-back	metering	1			+
vessel to accur	rately measure water and gas volume. Flared	gas volume rar	nges from 0 - 218	mcf while mainta	ining 50 -	65# of bad	ck pressure on ve	ssel.	
Water flow rate	es have varied from 3 - 36 bbls. per hour. SICI	P 1,750# @ 6:0	00 AM.						
Total water rec	covery for past 24 hrs. flowing was 615 bbls. Pr	oduced water o	chloride check @	4:00 AM, 147,90	0 ppm.				
Resume install	lation of gas compressor and production facilitie	S.							
Operations no	eriod covers from 7:00 AM 05-27-14 thru 6:00 AI	M 05 20 44							
Operations pe	eriod covers from 7:00 AM 05-27-14 triru 6:00 AI	VI UD-20-14.							
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						_			

VLLL.	Armstrong State 59-5		COUNTY.	Reeves	STATE.	IX	DATE.	May 28, 2014	Days :
OPERATION:	Lateral Completion Oper	rations						FORMATION:	Wolfcamp '
AILY COST:	\$25,881		CUMMULAT	IVE COST:	\$4,14	7,441		SUPERVISOR:	Bobby Holla
	TP has varied from 90# - 740# on co								
Flared gas vol	ume ranges from 0 - 275 mcf while r	maintaining 5	0 - 65# of ba	ck pressure on ve	ssel @ production	n facilities	S.		
	es have varied from 0 - 68 bbls. per i		1,770#@11	:00 AM.					
Total water red	covery for past 24 hrs. flowing was 5	89 bbls.							
Finish installat	ion of gas compressor and production	on facilities.	Turn producti	on through tank b	attery facilities @	9:00 AM	Currently	monitoring batter	y and
establishing flu	iid levels in seperation vessels. Sta	rt bleeding ca	asing down @	11:00 AM in pre	paration for pullin	g tubing a	and installir	ng submersible pu	тр.
Will bleed off ca	asing and tubing and pull tubing strir	ng on Thursd	ay; run sub p	ump on Friday.					
Operations pe	eriod covers from 7:00 AM 05-28-14	thru 6:00 AM	05-29-14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	59
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$33,355	CUMMULATI	VE COST:	\$4,18	0,796		SUPERVISOR:	Bobby	Holladay
	oen choke wide open and bled tubing down to (
Started up gas	compressor and purged gas sales line to WTC	G master meter.	Pressured line to	500#; WTG syst	em shut-i	n.			
ND wellhead a	nd NU BOP. LD 6 joints of 2 7/8 tubing and T	OOH standing r	emainder of 2 7/8	" tubing in derrick	LD 6 jts	s. Of 2 3/8	" tubing.		
Left well open	to flowback tank overnight and @ 6:00 AM well	I remained dead	d. GE Lift System	s scheduled to be	e on locat	tion @ 8:00	0 AM Friday		
with submersib	ole pump.								
Operations pe	riod covers from 7:00 AM 05-29-14 thru 6:00 A	M 05-30-14.							
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	60
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$22,637	CUMMULATI	VE COST:	\$4,20	3,432		SUPERVISOR:	Bobby	Holladay
									•
Past 24 hrs: W	ait 6 hrs. on cable spooler and cable to arrive l	location PU GE	sub nump and	assemble same	Start RIH	w/sub nun	n		
RIH w/88 stand	ds of tubing, banding ESP cable to individual jo	ints. SD operat	ions for night @	11:00 PM.	010/11/1///	mode pan			
Left well open	to flowback tank & monitor same from 11:00 Pi	M - 6:00 AM wei	Il remained dead	d. Crews to return	to location	n @ 8:00 A	AM Saturday to		
finish RIH with	submersible pump.								
Set in 2 - natura	al gas powered 200 KW generators to run sub l	ритр.							
Operations pe	riod covers from 6:00 AM 05-30-14 thru 6:00 A	M 05-31-14.							
			_						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:	May 31, 2014	Days	61
OPERATION:	Lateral Completion Operations						FORMATION:		amp "A"
DAILY COST:	\$22,064	CUMMULATI	IVE COST:	\$4,22	5,497		SUPERVISOR:	RVISOR: Bobby Holla	
	ontinue RIH w/sub pump. Make splice on down								
	d cable to variable speed drive and hook up sar								
Wait on replace	ement natural gas powered generator and chan	ge out same.	Start generators	on propane and te	est out sui	face equip	oment.		
Start ESP runn	ning @ 9:15 PM through production facilities. Fr	rom 9:15 PM th	rough 6:00 AM;	pumped 263 bbls.	of water.	Casing ha	as slight blow.		
Currently waitin	g on GE sub pump technician. Pump will run a	pproximately 1	- 2 hours and ti	nen go down on s	vstem ove	rload. All	re-set procedures		
in the field hav	e been unsuccessful; waiting on service technic	cian to identify t	the problem.						
Operations ne	riod covers from 6:00 AM 05-31-14 thru 6:00 AI	M 06-01-14							
Орогалого ро	nod dovers from 0.00 Ain 00 01 14 tind 0.00 Ai	77 00 01 14.							

	VVELL.	Armstrong State 59-3 #2FI	COUNTY.	Reeves	STATE.	IX	DATE:		Days	02
Past 24 hrs; continued to have ESP shut-down problems. Ran computer scan on ESP, set information to ESP engineer to run systems check on software. Well flowed up casing and tubing w/tbg. Pressure ranging from 50 - 420#. Current TP 50# and declining. Casing pressure ranged from 0 - 740#. Casing pressure currently 0#. Water recovery past 24 hrs. 1,452 bbls. Will attempt to re-start ESP after complete system evalution by GE systems engineers.	OPERATION:	Lateral Completion Operations								
Well flowed up casing and tubing w/tbg. Pressure ranging from 50 - 420#. Current TP 50# and declining. Casing pressure ranged from 0 - 740#. Casing pressure currently 0#. Water recovery past 24 hrs. 1,452 bbls. Will attempt to re-start ESP after complete system evalution by GE systems engineers.	DAILY COST:	\$9,979	CUMMULATI	IVE COST:	\$4,23	5,476		SUPERVISOR:	Bobby	Holladay
Well flowed up casing and tubing w/tbg. Pressure ranging from 50 - 420#. Current TP 50# and declining. Casing pressure ranged from 0 - 740#. Casing pressure currently 0#. Water recovery past 24 hrs. 1,452 bbls. Will attempt to re-start ESP after complete system evalution by GE systems engineers.										
Well flowed up casing and tubing w/tbg. Pressure ranging from 50 - 420#. Current TP 50# and declining. Casing pressure ranged from 0 - 740#. Casing pressure currently 0#. Water recovery past 24 hrs. 1,452 bbls. Will attempt to re-start ESP after complete system evalution by GE systems engineers.			-							
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GE systems engineers.	Well flowed up	casing and tubing w/tbg. Pressure ranging from	m 50 - 420#. C	urrent TP 50# and	d declining. Casi	ng pressu	ire ranged	from 0 - 740#.		
			452 bbls. Will a	attempt to re-start	ESP after compl	ete syster	n evalutior) by		
Operations period covers from 6:00 AM 06-01-14 thru 6:00 AM 06-02-14.	GE systems er	ngineers.								
Operations period covers from 6:00 AM 06-01-14 thru 6:00 AM 06-02-14.										
Operations period covers from 6:00 AM 06-01-14 thru 6:00 AM 06-02-14.										
Operations period covers from 6:00 AM 06-01-14 thru 6:00 AM 06-02-14.										
Operations period covers from 0.00 Aim 00-07-14 tillio 0.00 Aim 00-02-14.	Operations no	aried accord from 6:00 AM 06 01 14 thru 6:00 A	M 06 02 14							
	Operations pe	riod covers from 6.00 AM 06-01-14 tilla 6.00 A	IVI U0-U2-14.							

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: June 2, 2014 Days

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 2, 2014	Days 63
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfcamp "A"
DAILY COST:	\$21,045	CUMMULAT	IVE COST:	\$4,25	6,521		SUPERVISOR:	
Past 24 hrs; Gt	E engineers ran system check on software. Se	ervice tech arriv	ved location and re	e-programmed se	ttings for	sub pump.	Start ESP runnir	g @ 1:45 PM.
	generator went down on coolant malfuction. V				Re-start	ed pump @	g 4:45 PM.	
	running continuously since 4:45 PM through re							
	0#, CP, 580#, ESP pump intake pressure 1,368							
Water production	on past 24 hrs. 1,202 bbls. WTG system down	i; will be back o	on line @ 8:00 AM	06/03/2014; curr	ently flan	ing gas.		
Operations per	riod covers from 6:00 AM 06-02-14 thru 6:00 A	M 06-03-14			_			
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SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: June 3, 2014 Days

VELL.	Affistiong State 59-5 #2H	COUNTY.	reeves	STATE.	IX	DATE.		Days 0
DPERATION:								
AILY COST:	\$23,910	CUMMULAT	IVE COST:	\$4,28	0,431		SUPERVISOR:	Bobby Hollad
Past 24 hrs; E	SP ran continuously past 24 hrs.							
Current TP 250	0#, CP, 70#, ESP pump intake pressure 3,668	psi., intake tem	p. 158 degrees F.	(Note: pump inta	ake press	ure yesterd	lay was 3,685 psi,	not 1,368.)
Water producti	ion past 24 hrs. 2,717 bbls. WTG system back	k up. Started ga	s compressor but	would go down o	on high te	emperature	on discharge cylir	nder.
Waiting on me	chanic to diagnose problem and repair same.							
0		1110001111						
Operations pe	eriod covers from 6:00 AM 06-03-14 thru 6:00 A	AM Ub-U4-14.						
				_				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 4, 2014	Days	65
PERATION:	Lateral Completion Operations						FORMATION:	Wolfcan	
AILY COST:	\$23,910	CUMMULAT	IVE COST:	\$4,30	1.341		SUPERVISOR:	Bobby Ho	
Past 24 hrs: ES	SP ran continuously past 24 hrs.								
Current TP 250	0#, CP, 70#, pump intake pressure 3,696 psi.,	intake temp. 16	3 degrees F.; mot	or temperature 16	0 degree	es F.			
Water producti	on past 24 hrs. 2,207 bbls. Mechanic traced of	ut problem on g	as compressor to	bad thermal coup	ling and	receptor.	Ordered replacen	nent	
	eplace defective equipment Thursday 06-05-2		d start compresso	r running.					
RD well service	e unit and all related equipment; release same.								
Operations pe	riod covers from 6:00 AM 06-04-14 thru 6:00 A	M 06-05-14							
ороганого ро	1100 COVERS ITOM 0.00 AIN 00 04-14 MIN 0.00 A	IW 00-00-14.							

SAN GABRIEL RESOURCES, LLC DAILY COMPLETION REPORT COUNTY: Reeves STATE: Tx DATE: June 5, 2014 Days 66

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 5, 2014	Days 66
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfcamp "A"
DAILY COST:	\$18,293	CUMMULAT	IVE COST:	\$4,32	2,634		SUPERVISOR:	Bobby Holladay
	SP ran continuously past 24 hrs.							
Current TP 130	0#, CP, 70#, pump intake pressure 3,700 psi., i	intake temp. 16	0 degrees F.; mo	tor temperature 16	33 degree	es F.		
Water production	on past 24 hrs. 2,240 bbls. Mechanic changed	out bad therm	al coupling and re	eceptor. Started c	ompress	or and star	ted selling gas to	WTG
@ rate of 260 r	mcfd @ 1:45 PM. WTG personnel witnessed file	rst sales & also	pulled gas samp	le. Took H2S read	ding, had	2,000 ppn	n H2S reading.	
Doorwoo floring	eading 30 mins. later and continued to have 2,	JOU PPM H2S I	n gas stream. M	aximum H2S for W	oted USS	em is 80 P	PM.	etia e
	gas and shut down gas sales to WTG. Install ad 3,000 ppm H2S reading.	ed additional H	23 salety monito	rs on location. Te	sted M2S	from near	er treater at produ	CHON
raciilles and no	au 3,000 ppili 1123 reaulily.							
Operations per	riod covers from 6:00 AM 06-05-14 thru 6:00 A	M 06-06-14						
oporations per	TOO COTOIC HOIL GOOD FINE CO-CO-17 LING C.CO A	00 00-14.						

WELL.	Armstrong State 59-3 #2H	COUNTY,	Reeves	STATE:	IX	DATE:		Days	0/
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$18,468	CUMMULAT	IVE COST:	\$4,34	1,102		SUPERVISOR:	Bobby	Holladay
Past 24 hrs: Ra	an ESP until 5:30 PM and was shut down pum	p due to high H	2S readings at pro	duction facilities.					
	luction equipment hourly taking H2S reading a					M H2S rea	ding had climbed	to	
8,000 ppm . Si	hut down operations due to extremely high cor	ncentrations of	H2S and hazardo	us working condit	ions for o	n-site pers	onnel.		
Prior to shutting	g down ESP; had produced 1,606 bbls. of water	er while flaring	gas.						
Currently, well	being monitored continuously to ensure no lea	ks of raw gas t	o atmosphere.						
Operations per	riod covers from 6:00 AM 06-06-14 thru 6:00 A	M 06-07-14.							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Days	68
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$8,262	CUMMULATI	VE COST:	\$4,34	9,364		SUPERVISOR:	Bobby	Holladay
Past 24 hrs; co.	ntinuous monitoring of well and production fac	ilities with H2S i	monitors taking h	ourly readings for	detection	of gas lea	akage to atmosphe	ere.	
No detection o	f H2S to atmosphere past 24 hrs. Continue to	monitor well an	d facilities. Curre	nt SITP 0#, SICE	0#.				
Operations	riad assume from 6:00 AM 06 07 14 thm. 6:00 A	11.06.00.11							
Operations per	riod covers from 6:00 AM 06-07-14 thru 6:00 A	IM Ub-U8-14.							
									
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WELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX	DATE:		Days	69
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfc	amp "A"
DAILY COST:	\$8,802	CUMMULATI	VE COST:	\$4,35	8,166		SUPERVISOR:	Bobby	Holladay
Past 24 hrs; co	ntinuous monitoring of well and production fac-	ilities with H2S I	monitors taking l	nourly readings for	detection	n of gas lea	akage to atmosphe	ere.	
No detection o	f H2S to atmosphere past 24 hrs. Continue to	monitor well an	d facilities. Curi	ent SITP 0#, SICP	0#.	,	3-1-1-1-1		
	×								
Onesellene	dad as an fam 600 AM 06 00 44 th - 600 A	11.00.00.11							
Operations per	riod covers from 6:00 AM 06-08-14 thru 6:00 A	M 06-09-14.							
					- A				

	Armstrong State 59-3 #2FI	COUNTY.	Reeves	STATE.	IX	DATE:		Days I
PERATION:	Lateral Completion Operations						FORMATION:	Wolfcamp '
AILY COST:	\$10,679	CUMMULAT	IVE COST:	\$4,36	8,845		SUPERVISOR:	Bobby Holla
Past 24 hrs: co	ontinuous monitoring of well and production fa	acilities with H2S	monitors taking he	ourly readings for	detection	n of nas lea	akage to atmosph	ore.
No detection of	of H2S to atmosphere past 24 hrs. Continue	to monitor well a	nd facilities Curre	nt SITP 0# SICE	0#	i or gas rot	mage to atmospin	370.
RU air compre	ssors and purge H2S from production facility	storage tanks. In	nstalling additional	safety equipme	nt on stor	age tanks t	for on-site personi	nel and
ervice compa	iny personnel that are required to perform per	riodic tasks on-sit	e.	outer) equipmen	11 011 0101	ago tarmo	or one percent	
	7							
Operations pe	eriod covers from 6:00 AM 06-09-14 thru 6:00	AM 06-10-14.						
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VVLLL.	Armstrong State 39-3 #2H	COONTY.	Keeves	STATE.	IX	DATE.	June 10, 2014	Days	- /1
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$10,679	CUMMULAT	IVE COST:	\$4,37	9,524		SUPERVISOR:	Bobby I	Holladay
								Y-	
Past 24 hrs; co	ntinuous monitoring of well and production fa	cilities with H2S	monitors taking he	ourly readings for	detection	n of gas lea	akage to atmosph	ere.	
No detection of	of H2S to atmosphere past 24 hrs. Continue to	o monitor well ar	nd facilities. Curre	nt SITP 0#, SICE	0#.				
Continue purgi	ng H2S from production facility storage tanks.	Continue insta	llation of additiona	l safety equipme	nt on sto	rage tanks	and production ve	ssels.	
Operations no	riod covers from 6:00 AM 06-10-14 thru 6:00	AM 06 11 14							
Operations pe	nod covers from 0.00 Ain 00-10-14 thra 0.00 i	ANI 00-11-14.							

VVLLL.	Armstrong State 39-3 #2H	COUNTY.	Reeves	STATE.	IX	DATE.	June 11, 2014	Days	12
OPERATION:	Lateral Completion Operations						FORMATION:	Wolfcar	mp "A"
DAILY COST:	\$18,925	CUMMULAT	TIVE COST:	\$4,39	8,449		SUPERVISOR:	Bobby F	
Past 24 hrs; co	entinuous monitoring of well and production fac-	ilities with H2S	monitors taking h	ourly readings for	detectio	n of gas lea	akage to atmosph	ere.	
No detection of	of H2S to atmosphere past 24 hrs. Continue to	monitor well a	nd facilities. Curre	ent SITP 0#, SICF	0#.	-	7	10.00	
	ng H2S from production facility storage tanks.					storage tan	ks and production	vessels.	
	bbl. water storage tanks and filled same w/brin-								
Operations pe	riod covers from 6:00 AM 06-11-14 thru 6:00 A	M 06-12-14.							
					- 0				
	Accessed to the second								

	5A	N GABRII DAILY CO	OMPLETION F		•				
VELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 12, 2014	Days	73
PERATION:	Lateral Completion Operations		10-14				FORMATION:	Wolfcam	пр "А"
AILY COST:	\$31,142	CUMMULATI	IVE COST:	\$4,429	9,591		SUPERVISOR:	Bobby Ho	olladay
Past 24 hrs; co	ntinuous monitoring of well and production fac	cilities with H2S	monitors taking ho	ourly readings for	detectio	n of gas lea	akage to atmosph	ere.	
	f H2S to atmosphere past 24 hrs. Continue to						-		
	al safety equipment to conduct well service ope								
	H2S command center on edge of location for a								
	eting with all personnel on location and discus							rsonnel.	
	ding on annulus, 0 ppm. Check reading on tu								
	same water down tubing. Casing on vacuum					for day @	8:00 PM.		
Monitor well du	ring night, well static. Will commence operat	tions to POOH v	Wsub pump Friday	morning 06/13/2	014.				
Operations ne	riod covers from 6:00 AM 06-12-14 thru 6:00 A	M 06-13-14							
operations per	100 00 00 1011 0.00 ANI 00-12-14 (110 0.00 A	in 00-10-14.							
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DESCRIPTION	AFE CODE	1-Apr	2-Apr	3-Apr	4-Apr	5-Apr	6-Apr	7-Apr	8-Apr	9-Apr	10-Apr
NTANGIBLES		Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
TITLE / CURATIVE / PERMIT	301	Duj 1	Duy L	50) 0	Day 1	20, 0	Day v	20)	Duy U	50,0	au, ie
NSURANCE	302										
DAMAGES / RIGHT OF WAY	303										
SURVEY / STAKE LOCATION	304										
LOCATION / PITS / ROAD EXPENSE	305		\$12,658								
DRILLING - DAYWORK	309	\$97,875	\$12,000								
FUEL AND POWER	311	\$9,450									
FUEL AND FOWER	311	\$9,450									
WATER	312							\$1,080			
MUD & CHEMICALS	314	\$23,676						\$1,000			
MIOD & CHEMICALS	314	\$23,010									
CEMENT PRODUCTION CASING / LINER	319	677 400									_
CEMENT PRODUCTION CASING / LINER	319	\$77,400									_
TUBULAR SERVICES	204										
	321										
FLOAT EQUIPMENT	322										
COMPLETION TESTING	323	*****									
CASING CREWS & PU/LD EQUIPMENT	324	\$6,300									
FISHING TOOLS & SERVICES	325										
GEOLOGIC / ENGINEERING	326										
CONTRACT LABOR	327		\$850								
COMPANY SUPERVISION	328						***	-			
CONTRACT SUPERVISION	329	\$6,048	\$1,050	\$1,400	\$1,400	\$1,400	\$950	\$950	\$950	\$950	\$3,500
NU / ND BOP'S & TEST	330	\$8,100									
OPEN-HOLE LOGGING	332										
WIRELINE SERVICES / PERFORATING	335										
STIMULATION / TREATING	336										\$72,222
COMPLETION UNIT / COIL TUBING UNIT	337		\$5,300	\$25,000	\$25,000	\$28,301			\$15,000	\$15,000	\$15,000
SWABBING UNIT	338										
RENTALS - SURFACE EQUIPMENT	339	\$14,490	\$425	\$425	\$425	\$425	\$2,350	\$6,500	\$6,500	\$6,500	\$6,500
RENTALS - SUBSURFACE EQUIPMENT	340	\$8,116									
OVERHEAD	341										
TRUCKING / FORKLIFT / RIG MOVING / HOT	-SHOT 342	\$2,370									
WELDING SERVICES	343										
WATER DISPOSAL	344										
PLUG TO ABANDON	345										
SEISMIC, LOG AND CORE ANALYSIS	346										
ENVIROMENTAL, SAFETY & CLOSED LOOF	SYSTEMS 347										
PLUG AND PERF COMPLETION	348					\$14,650				\$8,650	\$17,000
COILED TUBING SERVICES	349		\$3,500	\$10,000	\$10,000	\$15,890		\$36,493			
MISCELLANEOUS / POTABLE WATER / SEF	TIC SERVICE 360										
Contingency 8%	361	\$20,306	\$1,903	\$2,946	\$2,946	\$4,853	\$264	\$3,602	\$1,796	\$2,488	\$9,138
	TOTAL INTANGIBLES	\$274,131	\$25,686	\$39,771	\$39,771	\$65,519	\$3,564	\$48,625	\$24,246	\$33,588	\$123,360
TANGIBLES		421111111	420,000	400,000	400,000	4.00,010		7.0,020	4-11-11	4.00,1-0	4.00,000
	101										
SURFACE CASING	401										
SHALLOW INTERMEDIATE CASING	402										
DEEP INTERMEDIATE CASING	403										
WELLHEAD AND ACCESSORIES	406										
			21.700								
LINER HANGER / PACKERS / ANCHORS	414	\$109,000	\$1,750								
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES	414 415	\$109,000	\$1,750 \$1,250								
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING	414 415 503	\$109,000									
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING	414 415 503 504										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER	414 415 503 504 505	\$109,000									
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT	414 415 503 504 505 506										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT	414 415 503 504 505 506 507										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS	414 415 503 504 505 506 507										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP	414 415 503 504 505 506 507 508 509										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS	414 415 503 504 505 506 507 508 509 510										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES	414 415 503 504 505 506 507 508 509 510 511										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO	414 415 503 504 505 506 507 508 509 510 511 512										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER / SEPERATOR / FWKO ELECTRICAL SYSTEM	414 415 503 504 505 506 507 508 509 510 511 512 513										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS	414 415 503 504 505 506 507 508 509 510 511 512										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER / SEPERATOR / FWKO ELECTRICAL SYSTEM	414 415 503 504 505 506 507 508 509 510 511 512 513										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS	414 415 503 504 505 506 507 508 509 510 511 512 513 514										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS COUPLINGS / FITTINGS / VALVES GAS COMPRESSORS / METER RUNS DEHYRADTOR	414 415 503 504 505 506 507 508 509 510 511 512 513 514 515										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS COUPLINGS / FITTINGS / VALVES GAS COMPRESSORS / METER RUNS	414 415 503 504 505 506 507 508 509 510 511 512 513 514 515 516										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS COUPLINGS / FITTINGS / VALVES GAS COMPRESSORS / METER RUNS DEHYRADTOR	414 415 503 504 505 506 507 508 509 510 511 512 513 514 515 516										
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS COUPLINGS / FITTINGS / VALVES GAS COMPRESSORS / METER RUNS DEHYRADTOR INJECTION PLANT / CO2-H2S EQUIPMENT	414 415 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LINER HANGER / PACKERS / ANCHORS COUPLINGS / FITTINGS / VALVES SECONDARY INTERMEDIATE CASING TUBING PRODUCTION LINER PRODUCTION WELLHEAD EQUIPMENT PUMPING UNIT RODS SUBMERSIBLE PUMP TANKS FLOWLINES / GASLINES HEATER TREATER / SEPERATOR / FWKO ELECTRICAL SYSTEM PACKERS - ANCHORS - HANGERS COUPLINGS / FITTINGS / VALVES GAS COMPRESSORS / METER RUNS DEHYRADTOR INJECTION PLANT / CO2-H2S EQUIPMENT MISCELLANEOUS	414 415 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518	\$87,930	\$1,250	\$0 \$0	\$0 \$0	\$0	\$0	\$0 \$0	\$0	\$0	\$0

101
File No. MF 110095
Daily Completion Reports
4/1/4/00/6/12/14
Date Filed: SS (e 12/14
Jerry E. Patterson, Commissioner
Ry SSN

June 11-20

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 11, 2014	Day#	1
OPERATION:	Remedial Opertions						FORMATION:	Wolfca	mp "A"
DAILY COST:	\$18,925	CUMMULAT	IVE COST:		\$18,925		SUPERVISOR:		Holladay
Past 24 hrs; co.	ntinuous monitoring of well and production fa	acilities w/H2S n	nonitors taking	hourly read	dings for de	tection of	gas leakage to a	tmosphere.	
Not detection o	f H2S to atmosphere past 24 hrs. Continue	to monitor well a	and facilities.	Current SIT	PO#, SICP	0#.			
Finished purgin	g H2S from production facilities storage tank	ks. Continue w/	installation of	additional sa	afety equipr	nent on s	torage tanks & pr	oduction ves	sels.
Set in 2 - 500 b	bl. water storage tanks and filled same w/bri	ne water. Mix h	12S scavenge	r chemical ii	n water.				
0	()	00 414 00 40 00	4.4						
Operations peri	od covers from 6:00 AM 06-11-2014 thru 6:0	JU AM 06-12-20	14.						
						b.			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 12, 2014	Day#	2
OPERATION:	Remedial Operations						FORMATION:	Wolf	camp "A"
DAILY COST:	\$32,114	CUMMULAT	IVE COST:		\$51,039		SUPERVISOR:	Bobb	y Holladay
Past 24 hrs; co	ontinuous monitoring of well and production t	facilities w/H2S n	nonitors taking	g hourly read	dings for det	ection of	f gas leakage to a	tmosphere	
Not detection of	of H2S to atmosphere past 24 hrs. Continue	to monitor well a	and facilities.	Current SIT	P 0#, SICP	0#.			
	al safety equipment to conduct well service o								
MI and set up	H2S command center on edge of location for	r evacuation pur	poses. RU aii	r safety lines	to well sen	rice unit	floor and to derric	k.	
	eeting with all personnel on location and disc								
	eck H2S readings on annulus, 0 ppm. Chec								
	0 bbls. of brine water down tubing. Casing o						perations for day	@ 8:00 PN	1.
Monitor well at	uring night, well static. Will commence opera	ations to POOH v	v/sub pump F	riday momin	g 06/13/201	4.			
Operations no	riod covers from 6:00 AM 06-12-2014 thru 6:	00 11 06 12 20	11						
Operations per	nod covers from 0.00 Alvi 00-12-2014 tilla 6.	00 AW 00-13-20	14.						

OPERATION: Remedial Operations DAILY COST: \$37,541 CUMMULATIVE COST: \$88,579 SUBSTRUCT Past 24 hrs; Hold safety meeting with all personnel on location & again discuss evacuation routes and evacuation plans. Safety EMT/Param SITP 0#, SICP 0#. ND wellhead and NU BOP. RU GE spooling truck and start POOH w/sub pump. Had to shut down w/82 st severe thunderstorm w/lightning. Waited 1.5 hrs. for storm to pass. Continued POOH w/sub pump, pulled additional 25 stands operations a second time due to severe thunderstorm w/lightning and high wind gusts. Wait additional 1 hour for storm to pass approaching; shut down operations for day @ 9:00 PM. Secured well for night and monitor same. Will finish POOH w/sub pump	ands pulled and had to . Radar sh	due to shut down owed third storm
Past 24 hrs; Hold safety meeting with all personnel on location & again discuss evacuation routes and evacuation plans. Safety EMT/Param SITP 0#, SICP 0#. ND wellhead and NU BOP. RU GE spooling truck and start POOH w/sub pump. Had to shut down w/82 st severe thunderstorm w/lightning. Waited 1.5 hrs. for storm to pass. Continued POOH w/sub pump, pulled additional 25 stands operations a second time due to severe thunderstorm w/lightning and high wind gusts. Wait additional 1 hour for storm to pass approaching; shut down operations for day @ 9:00 PM. Secured well for night and monitor same. Will finish POOH w/sub pum	nedic/RN on ands pulled and had to Radar she	e-site if needed. due to shut down owed third storm
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operations a second time due to severe thunderstorm w/lightning and high wind gusts. Wait additional 1 hour for storm to pass approaching; shut down operations for day @ 9:00 PM. Secured well for night and monitor same. Will finish POOH w/sub pun	. Radar sh	owed third storm
	np on Sature	day
06/14/2014 and set composite bridge plug in 4 1/2" liner.		
Operations period covers from 6:00 AM 06-13-2014 thru 6:00 AM 06-14-2014.		

VELL.	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	IX DAT		Day# 4
PERATION:	Remedial Operations					FORMATION:	Wolfcamp "A"
AILY COST:	\$63,634	CUMMULAT	IVE COST:	\$	152,213	SUPERVISOR:	Bobby Holladay
Past 24 hrs;							
	eting with all personnel on location & review						
	0#. Resume POOH w/sub pump. Break						
	forators wireline truck and full lubricator. F						
whing string to	nposite bridge plug and set same @ 9,600 depth of 9,588'. Displace liner and 7" cas	ing w/400 bblo of	bring water a	vireline equil	oment. TiH W/sea	ting nippie on botto	m or
Jiahaet H2S re	eading at surface on bottoms up was 10 p	om for loss than 1	min : roading	bofore and a	for bottoms up u	oro O nom	Cal.
	of tubing, SWI and secure same; shut dov					еге о рргп.	
	00 AM Monday to run USIT cement bond /			uniberger sc	meduled to be on		
cation to 10.0	on All Monday to rain oon cement bond	tubulai evaluatioi	riog.				
perations per	iod covers from 6:00 AM 06-14-2014 thru	6:00 AM 06-15-20	114.				

OPERATION: Remedial Operations FORMATION: Wolfcamp "A"	WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 15, 2014	Day#	5
Past 24 hrs; Shut down for Sunday; monitoring well. SICP 0#, H2S readings at wellhead 0 ppm. Will trip out of hole w/tubing and run Schlumberger USIT log on Monday 06/16/2014.	OPERATION:									camp "A"
Past 24 hrs; Shut down for Sunday; monitoring well. SICP 0#, H2S readings at wellhead 0 ppm. Will trip out of hole w/tubing and run Schlumberger USIT log on Monday 06/16/2014.	DAILY COST:		CUMMULAT	IVE COST:	\$1	157,289				
Shut down for Sunday; monitoring well. SICP 0#, H2S readings at wellhead 0 ppm. Will trip out of hole w/tubing and run Schlumberger USIT log on Monday 06/16/2014.		-								
Shut down for Sunday; monitoring well. SICP 0#, H2S readings at wellhead 0 ppm. Will trip out of hole w/tubing and run Schlumberger USIT log on Monday 06/16/2014.										
Shut down for Sunday; monitoring well. SICP 0#, H2S readings at wellhead 0 ppm. Will trip out of hole w/tubing and run Schlumberger USIT log on Monday 06/16/2014.	Past 24 hrs									
on Monday 06/16/2014.		unday: monitoring well. SICP 0#. H2S read	dings at wellhead	d 0 ppm. Will	trip out of ho	le w/tubin	a and run	Schlumberger US	SIT loa	
	on Monday 06/1	6/2014.	anigo de tromio de	и о ррии или	unp out of the	o m tabiii	g and ran	oomaniberger ee	ni iog	
Operations period covers from 6:00 AM 06-15-2014 thru 6:00 AM 06-16-2014.										
Operations period covers from 6:00 AM 06-15-2014 thru 6:00 AM 06-16-2014.										
Operations period covers from 6:00 AM 06-15-2014 thru 6:00 AM 06-16-2014.										
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Operations period covers from 6:00 AM 06-15-2014 thru 6:00 AM 06-16-2014.										
Operations period covers from 6:00 AM 06-15-2014 thru 6:00 AM 06-16-2014.										
	Operations perio	nd covers from 6:00 AM 06-15-2014 thru 6:	00 AM 06-16-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 16, 2014	Day#	6
OPERATION:	Remedial Operations						FORMATION:	Wolfca	amp "A"
DAILY COST:	\$43,788	CUMMULAT	IVE COST:	\$	201,077		SUPERVISOR:		Holladay
									•
Past 24 hrs;									
	for Sunday; SICP 0#, H2S readings at wellh	ead 0 ppm. Fin	ish TOOH w/t	ubing. RUS	chlumberg	ger and ra	n USIT log from o	depth of 9,05	0'
back to depth of	500'. Ran log w/1,500# of pressure on cas	ing / liner. RD S	Schlumberger	and secure	well for nic	aht @ 10:0	00 PM.		
Data acquired s	ent to Midland Schlumberger for overnight p	processing. Cas	sing integrity 1	00%, no hol	es, no pitti	ng, no spl	its in casing.		
Operations perio	od covers from 6:00 AM 06-16-2014 thru 6:0	00 AM 06-17-20	14						
operations port	a determine the first first of the contract of	7 7 111 00 11 20							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 17, 2014	Day#	7
OPERATION:	Remedial Operations						FORMATION:		amp "A"
DAILY COST:		CUMMULAT	IVE COST:	\$2	16,224		SUPERVISOR:		
Past 24 hrs;									
Monitoring well	for Tuesday; SICP 0#, H2S readings at we	llhead 0 ppm. Re	eceived proce	ssed Schluml	berger U	SIT log and	d evaluate same.		
	COST: \$15,147 CUMMULATIVE COST: \$216,224 SUPERVISOR: Bobby Holladay								
	24 hrs; itoring well for Tuesday; SICP 0#, H2S readings at wellhead 0 ppm. Received processed Schlumberger USIT log and evaluate same.								
Operations perio	od covers from 6:00 AM 06-17-2014 thru 6.	:00 AM 06-18-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Τx	DATE:	June 18, 2014	Day #	8
OPERATION:	Remedial Operations						FORMATION:	Wolfe	camp "A"
DAILY COST:	\$32,980	CUMMULAT	IVE COST:	\$	249,204		SUPERVISOR:	Bobby	Holladay
Past 24 hrs;									
	ll; SICP 0#, H2S readings at wellhead 0 ppm	. RU Apollo Peri	forators, Inc. a	and ran radia	al cement bo	ond log fr	rom depth of 9.55	0' back to	
depth of 4,800). Had good cement bond behind 4 1/2" prod	duction liner acro	ss logged inte	erval from 9.	550' - 9.050	where	Schlumberger US	IT logging	
depth started.	Pressured casing to 1,500# for logging run	to have same pa	rameters as S	Schlumberge	er log. RD A	pollo, se	cure well and shu	rt down.	
	g a system to gg a g					4-11-1			
Operations pe	riod covers from 6:00 AM 06-18-2014 thru 6:	:00 AM 06-19-20	14.						
) /									

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 19, 2014	Day#	9
OPERATION:	Remedial Operations						FORMATION:	Wolfe	camp "A"
DAILY COST:	\$12,987	CUMMULAT	IVE COST:	\$262,191			SUPERVISOR:	is Light	
					_	_			
Past 24 hrs;									
	SICP 0#, H2S readings at wellhead 0 ppm	. RD well contro	l manifold, en	notv water sto	rage tank	s. remove	H2S radius alarr	n system.	
RD light towers	ring well; SICP 0#, H2S readings at wellhead 0 ppm. RD well control manifold, empty water storage tanks, remove H2S radius alarm system. It towers and remove safety gate and H2S alarms from access road. On Friday 06-20-2014, will TiH w/tubing and NU wellhead. Signature of the state of the								
	, ,								
On a rational navia	d acuses from 6:00 AM 06 10 2011 thm: 6	.00 444.06 20 20	4.4						
Operations perio	od covers from 6.00 AM 06-19-2014 thru 6	00 AM 00-20-20	14.						
-									

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	June 20, 2014	Day#	10
OPERATION:	Remedial Operations						FORMATION:	Wolf	camp "A"
DAILY COST:	\$23,285	CUMMULAT	IVE COST:	\$	285,475		SUPERVISOR:		ris Light
Past 24 hrs;									
Monitoring we	ll; SICP 0#, H2S readings at wellhead 0 ppr	n. LD 2 3/8" tubir	g from derrick	. Install sea	ating nipple o	n bottor	m of first stand of	2 7/8"	
tubing and TIF	w/135 stands (270 jts.) of tubing. ND BOF	and NU wellhead	d. SWI and se	ecure same.	RD well ser	vice uni	t and all releated	equipment.	
RD remaining	safety rental equipment from location and r	elease same. Re	lease remaind	ler of rental	equipment.				
FINAL REPO	RT UNTIL FURTHER ACTIVITY RESUMES).							
Operations ne	riod covers from 6:00 AM 06-20-2014 thru	:00 AM 06-21-20	14						
орегалоно ре	100 00 00 10 11 01 01 01 00 11 10 10 20 20 14 01 0	.007110700 27 20	17.						
				_					

DESCRIPTION	AFE CODE	11-Jun	12-Jun	13-Jun	14-Jun	15-Jun	16-Jun	17-Jun	18-Jun	19-Jun	20-Jun
NTANGIBLES		Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
TITLE / CURATIVE / PERMIT	301	Day 1	Duy L	Day o	Duy 4	Day o	Duy 0	Duy 1	Duy 0	Duy 5	Day 10
NSURANCE	302										
DAMAGES / RIGHT OF WAY	303										
SURVEY / STAKE LOCATION	304										
LOCATION / PITS / ROAD EXPENSE	305										
DRILLING - DAYWORK	309										
FUEL AND POWER	311										
FOLL AND FOWER	3.11										
WATER	312	\$3,840		\$4,800	\$4,800						
MUD & CHEMICALS	314			\$4,000							
MIOD & CHEMICALS	314	\$3,795			\$3,795						
CEMENT PRODUCTION CASING / LINER	319										
CEMENT PRODUCTION CASING / LINER	319										
TUBULAR SERVICES	321										
FLOAT EQUIPMENT	322		20.500	80 500	80 500	80.500	80.010	80.505	80 700	00.000	80.00
COMPLETION TESTING	323		\$6,560	\$6,560	\$6,560	\$2,500	\$3,840	\$2,500	\$2,500	\$2,500	\$2,500
CASING CREWS & PU/LD EQUIPMENT	324										
FISHING TOOLS & SERVICES	325										
GEOLOGIC / ENGINEERING	326										
CONTRACT LABOR	327	\$1,238									
COMPANY SUPERVISION	328										
CONTRACT SUPERVISION	329	\$950	\$1,500	\$1,500	\$1,500	\$950	\$1,500	\$950	\$950	\$950	\$950
NU / ND BOP'S & TEST	330										
OPEN-HOLE LOGGING	332										
WIRELINE SERVICES / PERFORATING	335				\$21,265		\$22,502		\$14,385		
STIMULATION / TREATING	336										
COMPLETION UNIT / COIL TUBING UNIT	337		\$9,930	\$9,930	\$9,930		\$7,977	\$5,850	\$7,977	\$5,850	\$9,930
SWABBING UNIT	338										
RENTALS - SURFACE EQUIPMENT	339	\$6,800	\$3,000	\$5,820	\$5,820		\$3,000	\$3,000	\$3,000	\$1,000	\$1,000
RENTALS - SUBSURFACE EQUIPMENT	340	\$900	\$900	\$900							
OVERHEAD	341										
TRUCKING / FORKLIFT / RIG MOVING / HOT-	SHOT 342		\$4,320								\$4,320
WELDING SERVICES	343										
WATER DISPOSAL	344										\$1,135
PLUG TO ABANDON	345										
SEISMIC, LOG AND CORE ANALYSIS	346										
ENVIROMENTAL, SAFETY & CLOSED LOOP	SYSTEMS 347		\$3.525	\$5,250	\$5,250	\$1,250	\$1,725	\$1,725	\$1,725	\$1,725	\$1,725
PLUG AND PERF COMPLETION	348			.00,000			41,120		67,172.0	Cilian	91,120
COILED TUBING SERVICES	349										
MISCELLANEOUS / POTABLE WATER / SEPT											
Contingency 8%	361	\$1,402	\$2,379	\$2,781	\$4,714	\$376	\$3,244	\$1,122	\$2,443	\$962	\$1,725
	OTAL INTANGIBLES	\$18,925	\$32,114	\$37,541	\$63,634	\$5,076	\$43,788			Description of the last of the	\$23,285
	OTAL INTANOIDELEO	\$10,923	\$32,114	\$37,041	\$03,034	\$5,076	\$43,700	\$15,147	\$32,980	\$12,987	\$23,285
TANGIBLES											
SURFACE CASING	401										
SHALLOW INTERMEDIATE CASING	402										
DEEP INTERMEDIATE CASING	403										
WELLHEAD AND ACCESSORIES	406										
LINER HANGER / PACKERS / ANCHORS	414										
COUPLINGS / FITTINGS / VALVES	415										
SECONDARY INTERMEDIATE CASING	503										
TUBING	504										
PRODUCTION LINER	505										
PRODUCTION WELLHEAD EQUIPMENT	506										
PUMPING UNIT	507										
RODS	508										
SUBMERSIBLE PUMP	509										
TANKS	510										
FLOWLINES / GASLINES	511										
HEATER TREATER / SEPERATOR / FWKO	512										
ELECTRICAL SYSTEM	513										
PACKERS - ANCHORS - HANGERS	514										
COUPLINGS / FITTINGS / VALVES	515										
GAS COMPRESSORS / METER RUNS	516										
DEHYRADTOR	517									,	
INJECTION PLANT / CO2-H2S EQUIPMENT	518										
MISCELLANEOUS	460										
	461	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contingency — 8%			90			- 70	70	20	40	40	_
Contingency 8%		sn.	\$0	50	*0	0.2	60	60	en	60	100
DAILY TOTAL	TOTAL TANGIBLES	\$0 \$18,925	\$0 \$32,114	\$0 \$37,541	\$0 \$63,634	\$0 \$5,076	\$0 \$43,788	\$0 \$15,147	\$0 \$32,980	\$0 \$12,987	\$0 \$23,285

File No. MF110095
Daily Completion Rots
Daily Completion Rpts Remedial Operations-June 20
Date Filed: 6/20 14
Jerry E. Patterson, Commissioner
By SSD

July 27 -0019

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx DA	TE:	July 27, 2014	Day Number 1
PERATION:	2nd Bone Spring Completion						ORMATION:	
AILY COST:	\$94,147	CUMMULATI	VE COST:	\$	94,147	SU	JPERVISOR:	Bobby Holladay
						SU	JPERVISOR:	Chris Light
	14 through 07-27-2014, following activities	occurred: Moved	l out all rental	equipment. I	MIRU well sen	ice unit a	and TOOH w	/production tubing,
	own in singles on pipe racks.							
Install frac valv	e on wellhead and installed frac stack on sa	me. Set in 1 - 50	00 bbl. acid ta	nk and 4 - 50	0 bbl. frac tank	s. Starte	ed water well	s pumping into frac
	c pit water with 300 ppm concentration of lic							
	rator. Had to repair access road due to hea					il road re	epairs were c	ompleted.
MI Sweatt Con	struction and made necessary road repairs	to enable access	to location wi	th heavy truc	k traffic.			
	re well service unit to drill out H2S safety plu					0-11-44-		d 6" af along and
	MIRU 2" CTU and commence drilling out Hi nill worn out. Install 5.925" concave mill and			@ aeptn of 8,	/00 W/5.8/5	nat botto	m mill. Mille	a 6" of plug and
TOOH W/IIIII, I	mii worn out, mstaii 5.925 concave miii and	i iin, resume un	illing on plug.					
Operations per	iod covers from 6:00 AM 06-21-2014 thru 6:	:00 AM 07-28-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	July 28, 2014	Day Number 2
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$29,862	CUMMULATI	IVE COST:	\$	124,009		SUPERVISOR:	Bobby Holladay
							SUPERVISOR:	Chris Light
Continue millin	ng on 7" H2S safety plug and made addition	al 6", unable to m	ake additiona	I hole. POO	H w/conca	ive mill an	d RIH w/junk basi	ket. Circulate
hole and load j	iunk basket; POOH w/same. Found large q	uantity of very fine	e composite /	metal shavir	igs in junk	basket in	addition to rubbe	r. Run back in
with flat botton	n 5.875" mill and resumed milling on plug. M	Made 2" and recei	ived call from	well service	company.	Well sen	vice unit unexpect	edly became
available and s	started roading same to location. POOH w/r	mill and RD CT ur	nit. RU 500 s	eries well sei	vice unit,	install BO	P on frac valve.	
MIRU reverse	unit and pressure tested BOP to 5,000# suc	cessfully. SWI a	nd SDFN @ 8	30 PM.				
Operations per	riod covers from 6:00 AM 07-28-2014 thru 6	:00 AM 07-29-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	July 27, 2014	Day Number 1
PERATION:	2nd Bone Spring Completion						FORMATION:	
AILY COST:	\$94,147	CUMMULATI	VE COST:	\$	94,147		SUPERVISOR:	Bobby Holladay
							SUPERVISOR:	Chris Light
From 06-21-20	014 through 07-27-2014, following activities of	ccurred: Moved	l out all rental	equipment.	MIRU wei	ll service ι	ınit and TOOH w	production tubing,
laying same do	own in singles on pipe racks.							
nstall frac valv	e on wellhead and installed frac stack on san	ne. Set in 1 - 50	00 bbl. acid ta	nk and 4 - 5	00 bbl. frad	c tanks. S	tarted water well:	s pumping into frac
	ac pit water with 300 ppm concentration of liqu							
	rator. Had to repair access road due to heav					n until roa	ad repairs were co	ompleted.
	struction and made necessary road repairs to							
	re well service unit to drill out H2S safety plu					075" 8-4 6	attana maill Miller	d C" of alver and
	MIRU 2" CTU and commence drilling out H2- nill worn out. Install 5.925" concave mill and			ш аеріп от с	5,700 W/S.	oro naco	ottom mill. Millet	a o or plug and
OOH W/IIIII, I	mii wom out. Instail 5.925 concave miii and	rim, resume an	iling on plug.					
Inerations no	riod covers from 6:00 AM 06-21-2014 thru 6:0	OO AM O7 28 20	1.1					
peradons per	100 COVERS ITOM 0.00 AIN 00-21-2014 UITU 0.0	70 MW 01-20-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	July 28, 2014	Day Number 2
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$29,862	CUMMULATI	VE COST:	\$	124,009		SUPERVISOR:	Bobby Holladay
							SUPERVISOR:	Chris Light
Continue millir	ng on 7" H2S safety plug and made additiona	al 6", unable to m	ake additiona	hole. POO	H w/concav	e mill an	d RIH w/junk basi	ket. Circulate
hole and load	junk basket; POOH w/same. Found large qu	antity of very fine	e composite /	metal shavii	ngs in junk b	asket in	addition to rubbe	r. Run back in
with flat botton	n 5.875" mill and resumed milling on plug. N	fade 2" and recei	ved call from	well service	company.	Well serv	rice unit unexpect	edly became
MIDI I roverse	started roading same to location. POOH w/r unit and pressure tested BOP to 5,000# suc	and RDCT un	III. RU 500 SE	eries well se	rvice unit, in	istali BOI	on trac valve.	
WIINO TEVEISE	unit and pressure tested BOF to 5,000# suc	cessiully. Svvi al	IU SDI IV W O	.30 FIVI.				
Operations pe	riod covers from 6:00 AM 07-28-2014 thru 6.	00 AM 07-29-20	14.					
						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	July 29, 2014	Day Number	3
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$10,476	CUMMULATI	IVE COST:	\$	134,485		SUPERVISOR:	Chris L	ight
PU 4.75" tri-con	e mill tooth bit + 6 - 4.75" DC's. Move 2 7/	8" tubing on rack:	s and start RI	H w/bit pickii	ng tubing u	ıp in single	es. Tag up on rei	mnant of	
composite safet	y plug and PU power swivel. Break circula	ation and drill up r	remaining por	tion of comp	osite safet	y plug. Pu	ull 4 stands of tub	ing standing	
same back in de	errick. SWI and secure same, SD operation	ns @ 1:00 AM 07	7/30/2014. No	show of an	y H2S duri	ng drill ou	t operations of sa	fety plug.	
Operations perio	od covers from 6:00 AM 07-29-2014 thru 6	:00 AM 07-30-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx DA1		Day Number 4
OPERATION:	Bone Spring Completion					FORMATION.	3rd Bone Spring
DAILY COST:	\$9,752	CUMMULATI	VE COST:	\$	144,237	SUPERVISOR.	Chris Light
Resume TOOH	w/tubing, DC's and bit; LD bit and DC's. F	PU 3.75" tri-cone L	oit + 10 joints	of 2 3/8" tub	oing. TIH and run	bit to depth of 8.983	3' inside
4.5" liner. RU s	wivel and circulate bottoms up; no show of	f H2S or formation	water during	g circulation.	Start TOOH w/tt	g., had to shut dow	n due to early
afternoon thund	derstorm and lightning; resume TOOH after	r 1.5 hr. wait. With	h 82 stands p	ulled, thund	erstorms and ligh	tning again halted o	perations.
Wait additional	2 hrs. for storms to pass, no abatement of	storms. SWI and	SDFN@ 9:0	00 PM 07/30	/2014.	0	
Operations peri	od covers from 6:00 AM 07-30-2014 thru 6	3:00 AM 07-31-20	14.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	July 31, 2014	Day Number 5
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$33,404	CUMMULATI	VE COST:	\$	177,642		SUPERVISOR:	Chris Light
3.7								
•								
	#. Finish TOOH w/tubing and 3.75" tri-cone							
	ction liner to 8,000# for 15 mins. Tested su							
	Junk basket to depth of 9,550', POOH w/sa							
	00' KB measurement. Perforated 3rd Bon tatic before and after perforating. POOH w/							
	ne. Well remained static during the night. A				e truck. Let	t well op	en to nowback ta	nk overnight
Will run packer	Friday AM and swab test 3rd Bone Spring	perfs to recover w	vater samples	for lab anal	vsis.			
	, , , , , , , , , , , , , , , , , , , ,							
Operations per	iod covers from 6:00 AM 07-31-2014 thru 6.	:00 AM 08-01-20	14.					
						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 1, 2014	Day Number	6
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$11,221	CUMMULAT	IVE COST:	\$	188,863		SUPERVISOR:	Chris L	ight
		'							
Well static. PU	7" retrievable packer and TIH w/same. Se	t packer @ 8,695	' w/15M comp	ression. RU	swab valv	e and sta	art swabbing 3rd E	Bone Spring	
perfs 9,280' - 9	,290'. IFL @ surface. Made 10 swab runs s	swabbing well do	wn to seating	nipple @ 8,6	90' recove	ring 50 bi	bls. of fresh water	:	
No show of for	mation water or hydrocarbons from 3rd Bon	e Spring perfs. (Casing was sta	atic during all	swabbing	operation	ns. Shut down sw	rabbing operati	ons
@ 5:00 PM. Fi	rom 5:00 PM through 6:00 AM; no show of	gas to surface an	d no H2S. (No	ote: chloride (check on la	ast swab	run was 85 ppm.)	
Will resume sw	abbing well this AM (Saturday) to try and ob	otain representati	ve 3rd Bone S	Spring water	sample for	analysis.			
						-			
									-
Operations per	iod covers from 6:00 AM 08-01-2014 thru 6	:00 AM 08-02-20	14.			_			
				_					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 2, 2014	Day Number 7
PERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
AILY COST:	\$9,882	CUMMULATI	VE COST:	\$1	98,745		SUPERVISOR:	Chris Light
Well static. Mad	de swab run and hit IFL @ depth of 7,440); had 1,250' of fluid	d entry overni	ight (7.2 bbls.), all water	. No sho	w of oil or gas or	first run.
Swabbed well d	lown to SN (8,690') in 3 swab run recover	ing 7 bbls. of water	in swab tank	. Chloride ch	eck on las	t swab sa	ample was 26,33	9 ppm.
Casing remaind	led static during all swabbing operations.	Shut down swabbi	ing operations	for day and	left well op	en to sw	ab tank to allow f	or additional
entry of formation	on fluid from 3rd Bone Spring formation.	At 6:00 AM 08/03/2	2014, well was	static, no sh	ow of gas	or H2S a	t surface.	
Operations peri	od covers from 6:00 AM 08-02-2014 thru	6:00 AM 08-03-20	14.					
								×

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 3, 2014	Day Number	8
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$5,562	CUMMULAT	IVE COST:	\$	204,307	S	SUPERVISOR:		
Well static. Shu	t down for Sunday. Past 24 hrs. well sta	tic, no gas vapors	to surface and	d all checks i	for H2S we	re negativ	ve.		
Will resume swa	abbing operations Monday morning.					9	1957		
Onerations nari	ad acuses from 6:00 AM 00 02 2014 then	6:00 444 09 04 20	4.4						
Operations pent	od covers from 6:00 AM 08-03-2014 thru	0.00 AIN 00-04-20	14.						
						_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 4, 2014	Day Number 9
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$11,221	CUMMULAT	IVE COST:	\$	215,528		SUPERVISOR:	Chris Light
RU and RIH v	/swab; IFL 7,490' from surface; 1,200' of fi	luid entry in 48 hrs	. (6.9 bbls.) al	l water, no s	show oil or	gas. Mag	le 3 swab runs sv	yabbing well down
to SN. Chloric	le check on last swab sample was 40,366	ppm. Had to reso	hedule acid b	reakdown ic	b until Tue	sdav moi	nina due to mech	anical problems
with acid pumi	o. Made hourly swab runs for 3 hrs. and di	id not recover any	additonal fluid	. SD operat	tions for da	y	.	The state of the s
	•							
Operations pe	riod covers from 6:00 AM 08-04-2014 thru	6:00 AM 08-05-20	14.					
					_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 5, 2014	Day Number 10
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$20,696	CUMMULAT	IVE COST:	\$.	236,224		SUPERVISOR:	Chris Light
RU and RIH w/	swab; IFL again 7,490' from surface; 1,200	of fluid entry in	16 hrs. (6.9 bi	bls.) all water	, no show	oil or gas	. Made 3 swab n	uns swabbing well
down to SN. CI	hloride check on last swab sample prior to a	acidicing was 42,	819 ppm. RL	l acid pump t	ruck, pum	ped 200 g	gallons of 15% HC	CL acid + additives
to breakdown 3	rd Bone Spring perfs 9,280' - 9,290'. Estab	lish pump in rate	of 2.2 bpm @	2,540#; wit	h acid on p	perfs brok	e back to 1,800#	@ 3.0 bpm.
	additional 1,300 gallons of 15% HCL acid +							
ISIP 950#, 5 mil	n. 900#, 10 min. 825#, 15 min. 825#. Total	acid & flush 210	bbls. Job co	mpleted @ 1	2:30 PM.	RD acid p	oump and prepare	e to start swabbing
operations. Op	en well @ 2:00 PM, with SITP of 700#. We	Il flowed back 21	bbls. of load	water and di	ed. RU ar	id started	swabbing with IF	L @ surface.
	runs recovering 77 bbls. of load water; FFL			SD operatio	ns @ 6:30	PM due	to well service en	nployee injury.
Load to recover	is 133 bbls. Chloride check on last swab n	un sample was	14,932 ppm.					
	t Note: While changing swab cups during s							
	w operator released swab lubricator while o							
	tor and swab mandrel causing severe lacer							ousher and
tnen airlifted to	Lubbock hospital for surgery. Shut down o	perations for saf	ety investigati	on by well se	rvice com	pany safe	ety personnel.	
Operations perio	od covers from 6:00 AM 08-05-2014 thru 6:	00 AM 08-06-20	14.					
	100							
						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 6, 2014	Day Number	11
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$5,562	CUMMULAT	IVE COST:	\$	241,786		SUPERVISOR:	Chris L	ight
	it down for well service company safety pe								
	of well service unit and making repairs rec								
	RU and started swabbing w/IFL 2,500' fr								
load water. Ma	de two additional swab runs and on second	d additional swab	run, well sen	ice unit oper	ator misse	ed flags or	n swab line indica	ting being withii	ח
500' of surface a	and pulled into swab lubricator with such fo	rce that the sinke	r bars and sw	ab mandrel v	vere pulle	d into the	swab lubricator a	nd wedged	
	d line out of the rope socket. Swabbing too							ed a	
	ident by OSHA standards and required open acident by well service company personnel							uu mambara	
	ther well service units. A new crew is being							w members	
	very for three swab runs was 22 bbls; LTR							nnany	
	can inspect sandline and determine if sand							inpuriy	
. op. ocomonyo	The second secon					J	7.7.7		
Operations peri	od covers from 6:00 AM 08-06-2014 thru 6	6:00 AM 08-07-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 7, 2014	Day Number 12
OPERATION:	Bone Spring Completion						FORMATION:	
DAILY COST:	\$5,562	CUMMULATI	IVE COST:	\$	247,348		SUPERVISOR:	
Sandline was in	nspected by independent third party wirelin	e representative	and was deer	ned unsafe i	for continue	d operati	ions. Spool off old	d sandline
from well service	e unit. New replacement line will be on loc	ation Friday morr	ning. Will inst	all new sand	lline and re	sume swa	abbing operations	Friday.
Operations perio	od covers from 6:00 AM 08-07-2014 thru 6	-00 444.09 09 20	1.1					
Operations pent	od covers from 0.00 Ain 00-07-2014 tilla 0	.00 ANI 00-00-20	14.					
	4.00							
	4							
	No. of the second							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 8, 2014	Day Number	13
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$8,109	CUMMULATI	VE COST:	\$2	255,457		SUPERVISOR:	PERVISOR: Chris Ligi	
Installed new s	andline on well service unit. Install flags o	n sandline and ins	tall new lubric	cator. Hold s	afety mee	ting regar	ding proper meth	od of	
conducting swa	bbing operations. Commence swabbing of	pertions @ 4:00	PM with IFL 2	,000' from su	ırface; ma	de 8 swal	runs swabbing v	vell down to	
seating nipple.	Recovered 38 bbls. of load water, no show	v of oil or gas duri	ng swabbing	operations.	LTR is 73	bbls. Chl	oride sample on l	ast swab run	
of day was 38,6	631 ppm. Shut down operations for day (8:00 PM leaving	well open to	swab tank o	vernight.				
Operations perio	od covers from 6:00 AM 08-08-2014 thru 6	3:00 AM 08-09-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 9, 2014	Day Number	14
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$8,109	CUMMULAT	VE COST:	\$	263,565		SUPERVISOR:	Chris L	ight
RIH w/swab an	d did not tag any fluid level before setting	down on seating i	ipple. Make	several 500'	mini-swab	runs fron	n SN and were fin	ally able to rec	over
1/2 bbl. of water	r from swabbing operations. No show of o	il or gas with fluid	Chloride cou	unt from reco	overed san	ple was	73,751 ppm;		
weight of fluid w	as 9.1 ppg. Shut down operations to allow	v additional fluid t	o enter wellbo	re. Left we	ll open to s	wab tank			
Operations perio	od covers from 6:00 AM 08-09-2014 thru 6	6:00 AM 08-10-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Day Number 15
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone Spring
DAILY COST:	\$5,562	CUMMULAT	IVE COST:	\$	269,127		SUPERVISOR:	Chris Light
Well open to sw	vab tank over Sunday; no show of gas to si	urface. Well serv	rice unit shut o	down for Sun	day.			
Operations perio	ad acuses from 6:00 AM 00 10 2011 thru 6	.00 444.00 44.20	11					
Operations pend	od covers from 6:00 AM 08-10-2014 thru 6.	.00 ANI 00-11-20	14.					
						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 11, 2014	Day Number	16
OPERATION:	Bone Spring Completion						FORMATION:	3rd Bone	Spring
DAILY COST:	\$14,229	CUMMULATI	VE COST:	\$2	83,356		SUPERVISOR:	Chris L	
RIH w/swab an	nd tagged IFL 6,000' from surface, had 2,69	90' (15.5 bbls.) of	fluid entry fro	m Saturday ti	hrough M	onday mo	ming. Chloride co	ount from first	
swab run was 7	3,691 ppm. Swabbed well down to SN red	overing 15 bbls. o	of water, no s	how of oil or	gas, no H	2S. Chlor	ide count on last :	swab run	
was 75,290 ppr	m. Sent water sample to lab for analysis. I	Pump 50 bbls. of I	FW down tubi	ng, release p	acker and	d TOOH w	/same. Will set C	IBP and perfor	ate
lowest interval of	of 2nd Bone Spring Tuesday morning. SW	I and SD for day (@ 5:00 PM.						
Operations per	od covers from 6:00 AM 08-11-2014 thru 6	-00 AMA 00 12 20	1.1						
Operations pen	od covers from 0.00 AM 00-11-2014 tilla 0	1.00 ANI 00-12-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 12, 2014	Day Number	17
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$26,705	CUMMULAT	IVE COST:	\$	\$310,062		SUPERVISOR:	R: Chris Light	
RU Apollo Perf	orators, Inc.; made 4.5" junk basket & gau	ge ring run to dep	oth of 9,250's	uccessfully.	RIH and s	et 4.5" C	IBP @ depth of 9),245' KB	
measurement.	Set second 4.5" CIBP @ depth of 9,235	'KB measureme	ent. Successf	ully pressure	s tested p	lugs to 4,0	000# for 15 mins.		
Perforated 2nd	Bone Spring formation from 8,971.5' - 8	3,975.5'; 4' x 16 -	.42" perfora	tions ; RD A	pollo. PU	7" Model	"R" packer and Ti	lH w/same; set	
packer @ depth	of 8,688' w/15M compression. RU and st	arted swabbing w	//IFL @ surfac	ce. Made 3 s	wab runs	and had k	kink in sandline. L	Ease back out	
of hole w/sandli	ne. Spool off 3,100' of sandline, poured ne	ew rope socket ar	nd resumed s	wabbing. Ma	ade total o	f / swab r	uns for day w/FFL	_ 6,200'	
no show of oil	bls. of water. Chloride count on last swab Shut down operations @ 8:30 PM; left wel	run was 75,090	opm; weight	9.2 ppg. H	ad siight si	now of for	mation gas on las	t swab run;	
110 STIOW OF OIL.	Shat down operations @ 6.50 Fivi, left well	open to swab tal	in overnight.						
Operations peri	od covers from 6:00 AM 08-12-2014 thru 6	:00 AM 08-13-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 13, 2014	Day Number	18
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$14,091	CUMMULATI	VE COST:	\$3	324,152		SUPERVISOR:	UPERVISOR: Chris Li	
RIH w/swab w/	/IFL 1,200' from surface. Had 5,000' (28.9	bbls.) of fluid entr	y overnight, a	ll water, no s	how of oil	and trace	of formation gas	, no H2S.	
	from first swab run was 89,550' ppm. Sw								
	5 bbls.) of fluid entry; second hour had 1,5								
	formation gas increased from trace to sligh								pg.
	wab runs for day recovering 91 bbls. of wa							bls.	
SWI and SD op	perations for day @ 7:00 PM. From 7:00 I	PM 08-13 thru 6:0	U AM U8-14,	11 hrs.; SIIP	increased	from U#	- 160#.		
Operations per	iod covers from 6:00 AM 08-13-2014 thru 6	6:00 AM 08-14-20	14.						
						_			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 14, 2014	Day Number 19
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$14,091	CUMMULATI	VE COST:	\$:	338,243		SUPERVISOR:	Chris Light
12 hr. SITP 16	0#; opened well to swab tank on wide open	3/4" choke settir	ig, blew down	to 0# in 10 r	nins. No f	luid to sui	face, all formation	n gas, no H2S.
RIH w/swab w	/IFL 3,800' from surface. Had 4,888' (28.3 b	obls.) of fluid entr	y overnight, a	ll water, no s	how of oil	and smal	l amount of forma	tion gas.
Chloride count	from first swab run was 91,330' ppm. Swa	abbed well down	to SN in 9 run	s and starte	d making h	ourly swa	ab runs from SN.	First hour
	bls.) of fluid entry; second hour had 700' (4. ly run which remained on the final two hourl							dark green
	on last swab sample was 89,550 ppm.; we							ion water
	from Second Bone Spring perfs 8,971.5' - 8							Uli Water.
	08-14 thru 6:00 AM 08-15, 11 hrs.; SITP ag			a ob operan	ono ioi da	7 60 7.00	1 141.	
	, , , , , , ,							
Operations per	iod covers from 6:00 AM 08-14-2014 thru 6:	00 AM 08-15-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 15, 2014	Day Number	20
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$12,366	CUMMULATI	IVE COST:	\$3	350,609		SUPERVISOR:	Chris L	ight
								•	
12 hr. SITP 160	0# again; opened well to swab tank on wid	e open 3/4" choke	e setting, blew	down in 10 r	nins. No	fluid to su	rface, all formatio	n gas, no H2S.	
	IFL 5,200' from surface. Had 3,488' (20.1								
bad 500' (2.8 bl	from first swab run was 90,220' ppm. Sw	abbed well down	to SN in 4 rur	ns and started	making h	ourly swa	ab runs from SN.	First hour	
Continue to have	ols.) of fluid entry; second hr. had 300' (1.7 re show of dark green oil on all swab runs t	for day Gas did	not increase a	ny during Eig	s.) Of fluid	bing one	rations (1.75	DDIS.)	
Chloride count of	on all swab samples other than the initial o	ne remained 89 !	550 ppm · we	ight 9.2 ppg	Made to	otal of 8 s	wah runs for day	recovering 42	hhle
of formation wa	ter. Water recovery from Second Bone Sp	rina perfs 8.971.5	5' - 8.975.5' is	+ 213 bbls.	SD operat	ions for d	av @ 5:00 PM an	d left well	0013.
open to swab ta	nk overnight. From 5:00 PM 08-15 thru 6:	00 AM 08-16, 13	hrs.; no fluid	to surface, ve	ry light for	mation ga	as vapor to tank.		
					, ,				
Operations peri	od covers from 6:00 AM 08-15-2014 thru 6	3:00 AM 08-16-20	14.						
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 16, 2014	Day Number 21
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$8,109	CUMMULAT	VE COST:	\$3	358,718		SUPERVISOR:	Chris Light
	T. C. T. C.							
	o swab tank overnight.							
	IFL 7,200' from surface. Had 1,488' (8.6)							
	from first swab run was 90,350' ppm. Sv			s and started	d making l	hourly swa	ab runs from SN.	First hour
	ols.) of fluid entry. Shut well in and SD op							
Continue to have	e show of dark green oil on all swab runs	for day. Gas did i	not increase a	ny during Sa	turday's s	wabbing o	perations.	2 02 000
Chloride count of	on all swab samples other than the initial of	one remained 89,	550 ppm.; we	ight 9.2 ppg	. Made t	otal of 4 s	wab runs for day	recovering 9 bbls.
of formation wat	ter. Water recovery from Second Bone S	pring perts 8,971.5	o' - 8,9/5.5' IS	+ 222 bbls.				
Operations perio	od covers from 6:00 AM 08-16-2014 thru	6:00 AM 08-17-20	14					
ороганого реги	ou covere nom electricities to Lettrand	0.007110700 17 20	7 7.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 17, 2014	Day Number	22
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$1,998	CUMMULAT	IVE COST:	\$	360,716		SUPERVISOR:	Chris L	ight
Well shut-in for	Sunday.								
On Monday wil	I check pressure and FL, TOOH w/packer a	and perforte addi	tional 2nd Boi	ne Spring zo	ne.				
Will perforate a	nd set RBP between 2nd Bone Spring zone	s and swab test	upper zone.						
Operations peri	od covers from 6:00 AM 08-17-2014 thru 6.	OO AM 08-18-20	14						
орегалоно регі	04 004010 110111 0.00 7111 00-11-2014 1114 0.	00 710 00-10-20	17.						
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	August 18, 2014	Day Number 23
OPERATION:	Bone Spring Completion					FORMATION:	2nd Bone Spring
DAILY COST:	\$22,037	CUMMULATI	VE COST:	\$3	82,753	SUPERVISOR:	Chris Light
43 hr. SITP 440	#. Blew well down with no fluid to surface.	RIH and found I	FL 6,288' from	n surface, had	1 2,488' (14.4 bbls.) of fluid entry ove	r part of weekend.
Initial swab run	had 1/4 bbl. of clean formation oil on top of	f swab run, rema	inder formation	on water. Chl	orides 90,106 ppm	. Load tubing w/3	0 bbls. of FW,
	and TOOH w/same. RU Apollo Perforators						
RD Apollo. PU	rental 4.5" RBP (retrievable bridge plug) an	d packer. Set Ri	BP @ 8,860' I	KB measurem	ent. Successfully	pressure tested R	BP to 3,000# for
	acker and set same at depth of 8,760' KB m			erations @ 9:	00 PM.		
Will commence	swab testing 8,792.5' - 8,796.5' perforations	s Tuesday morni	ng.				
Operations peri	od covers from 6:00 AM 08-18-2014 thru 6:	00 ΔM 08-19-20	14				
орегалона реги	00 COVETS HOM 0.00 AM 00-10-2014 and 0.	00 710 00-13-20	14.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 19, 2014	Day Number 24
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$13,902	CUMMULATI	VE COST:	\$.	396,655		SUPERVISOR:	Chris Light
		7						
10 hr. SITP 60	#. Blew well down with no fluid to surface i	in 2 mins. RU swa	b & RIH w/sa	me, found IF	L 2,700' fr	om surfac	e, perfs took 15.6	6 bbls. of fluid
overnight. Init	ial swab run was 100% fresh water. Swab	bed well to SN in	4 runs. Had t	race of forma	ation oil on	second, 1	third & fourth swa	b runs.
Had light blow	of formation gas after second swab run co	ntinuing with all rei	maining swab	runs. Made	hourly sw	ab runs fo	or 4 hours. Did no	ot recover
any additional	fluid as fluid entry was barely detectable wi	ith swab. Had dan	k green forma	tion oil on sv	vab cups a	after each	hourly run. Fluid	recovered for day
	Chloride count on last sample obtained by s		40 ppm. Shu	it down oper	ations @ 4	1:00 pm ai	nd left well open t	o swab tank
overnight with	light steady blow of formation gas from tub	ing constantly.						
Operations per	iod covers from 6:00 AM 08-19-2014 thru	6:00 AM 08-20-20	14.					
	1.3							

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 20, 2014	Day Number	25
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$12,906	CUMMULAT	IVE COST:	\$	409,561		SUPERVISOR:	Chris L	ight
Light steady gas	s blow of formation gas ceased during nigh	nt. RU swab & RI	H w/same, for	und IFL 8,20	0' from sur	face, had	566' (3.2 bbls.) o	f fluid entry	
overnight. Initia	al swab run had 1/2 bbl. of clean dark gree	n formation oil an	nd remainder	was formatio	n water. S	Swabbed	well to SN in 2 run	7S.	
Made hourly sw	ab runs for 3 hours. Did not tag any fluid e	entry during hourl	y runs. Chlor	ide content f	rom recove	ered wate	r sample was 89,	550 ppm.	
Total Fluid reco	vered for day was 3 bbls. Shut well in and	shut down opera	tions @ 1:00	PM. Will aci	dize perfs	on Thurs	day morning.		
Operations perio	od covers from 6:00 AM 08-20-2014 thru 6	:00 AM 08-21-20	14.						
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 21, 2014	Day Number 26
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$23,320	CUMMULATI	IVE COST:	\$4	32,881		SUPERVISOR:	Chris Light
17 hr. SITP 70	#. Blew well down with no fluid to surface in	2 mins. RU swa	ab & RIH w/sa	me, found IF	L 8,000' fr	om surfac	ce, had 760' (4.4 I	obls.) of entry
overnight. Init	ial swab run recovered 1/2 bbl. of clean form	nation oil, remain	der water. Si	wabbed well	o SN in 2	runs. Mad	de additional swa	b runs hourly for
	on acid equipment. No fluid entry apparent b							
	5% HCL acid + additives & flushed with FW.							
@ 4 bpm. Pun	nped additional 1,500 gallons of 15% HCL a	cid + additives +	35 ball sealer	s. Had good	ball actio	n, balled	out @ 5,200#. St	ırged off
balls and resur	med flush. ISIP 750#, 5 min. 700#, 10 min, 7	700#, 15 min. 70	0#. Total load	to recover 3	10 bbls.	RD acid e	quipment, left we	Il shut in two
	M SITP 580#. Opened well to swab tank on							
	ack 301 bbls. of load and died. No show of o					ride @ 12	2:00 AM midnight	was 54,435 ppm.
	Will commence swabbing operations Friday				ation,	_		
	e Spring interval 8,792.5' - 8,796.5'; 4' x 16 iod covers from 6:00 AM 08-21-2014 thru 6:)				
Operations per	100 COVERS ITOM 0.00 AM 00-21-2014 (IIIU 0.	00 ANI 00-22-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Day Number	27
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$15,352	CUMMULAT	IVE COST:	\$	448,233		SUPERVISOR:	Chris L	ight
RU swab & RIF	w/same, found IFL 50' from surface and s	started swabbing of	on well. Swab	bed well to 3	SN in 7 sw	ab runs, a	all water w/good b	low of	
	as after each run. Made additional swab ru								
last two swab n	uns. Had small steady blow of formation g	as on hourly runs.	Had trace o	f oil on last s	wab run o	f day. Chi	loride content on	first water	
was 57,970 ppr	m and chloride content on last sample was	61,670 ppm. Flu	id recovery fo	r day was 11	2 bbls. wh	nich is load	d + 103 bbls. SW	I and SD	
operations for c	day @ 6:00 PM due to severe lightning and	thunderstorms.							
Operations peri	od covers from 6:00 AM 08-22-2014 thru t	5:00 AM 08-23-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 23, 2014	Day Number	28
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$9,828	CUMMULATI	VE COST:	\$4	158,061		SUPERVISOR:	Chris L	ight
14 hr. STIP 310	0#; blew well down in 3 mins., no fluid to su	urface. RU swab 8	& RIH w/same	, found IFL 2	,000' fron	n surface,	had 6,760' (39.1 i	bbls.) of fluid	
	First swab run had 1/2 bbl. of clean form								
	(4 bbls.) fluid entry per hour; trace of oil a							t swab sample	
	m. Fluid recovery for day was 47 bbls. who				tank and	d SD opera	ations @ noon.		
Will snut down	for Sunday and on Monday will POOH w/F	KBP & packer layin	g tubing dowi	ı in singles.					
Operations per	iod covers from 6:00 AM 08-23-2014 thru	6:00 AM 08-24-20	14.						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 24, 2014	Day Number	29
OPERATION:	Bone Spring Completion						FORMATION:		Spring
DAILY COST:	\$5,076	CUMMULAT	IVE COST:	\$.	463,137		SUPERVISOR:	Chris L	
Well open to sw	ab tank over Sunday; light blow of forma	tion gas ceased@	10:00 AM Su	ınday mornin	g. Well cu	irrently sta	atic.		
Operations peri	od covers from 6:00 AM 08-24-2014 thru	6:00 AM 08-25-20	14.						
			*-						

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	August 25, 2014	Day Number 30
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$16,832	CUMMULATI	VE COST:	\$	479,969		SUPERVISOR:	Chris Light
Well static. RU	swab and RIH w/same; IFL 500' from surfa	ace; had 8,260' (4	7.8 bbls.) of t	luid entry in	32 hrs. Ha	ad 1/2 bbl	of clean formation	n oil on
initial swab run,	remainder water, chloride content 71,615	opm, RD swab. I	Release pack	er and TIH to	RBP, rele	ase same	e and POOH layin	g tubing down
in singles. LD p	acker and RBP. NP BOP and RD well sen	vice unit. SWI un	til further acti	vity.				
DROP FROM F	REPORT UNTIL FURTHER COMPLETION	ACTIVITY.						
^ " ·								
Operations perio	od covers from 6:00 AM 08-25-2014 thru 6	:00 AM 08-26-20	14.					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 10, 2014	Day Number	31
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$71,928	CUMMULAT	IVE COST:	\$	\$551,897 S		SUPERVISOR:	Bobby Ho	lladay
SICP 160#. Mo	ve in Apollo Perforators wireline truck an	d crane. Load frac	tanks w/FW	from frac pit.	ProPetro	Services	arrived location @	3:00 AM	
and commenced	d RU opertions to frac well on Thursday i	morning. At report	time, frac equ	iipment RU (pperation 7	75% com	olete.		
(Note: From 08-	26 through 09/10/2014; periodically rolle	d frac pit biocide to	negate bacte	eria growth a	nd on-site	monitorin	ng of well while sh	ut in.)	
Operations perio	od covers from 6:00 AM 09-10-2014 thru	6:00 AM 09-11-20	114.						
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 11, 2014	Day Number 32
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$248,749	CUMMULATI	IVE COST:	\$	800,646		SUPERVISOR:	Bobby Holladay
Finish RU Prof	Petro Services. Fraced 2nd Bone Spring I	Perfs 8,971.5' - 8	,975.5'; 4' x 1	6 holes and	8,792.5' -	8,796.5	'; 4' x 16 holes v	ia 7" casing with
4,667 bbls. of t	luid containing 144,283# of proppant. Min.	PP 575# @ 21 B	PM, Max. PP	61 BPM @ 2	2,693#, Avg	. PP 58 I	BPM @ 1,762#.	
ISIP 1,097#, 5	min. 823#, 10 min. 741#, 15 min. 690#. RU	J wireline truck ar	nd ran 4.5" ga	uge ring and	junk baske	t to dept	th of 8,275' KB me	asurement
	Set 4.5" composite frac plug @ depth of 8,7							
	551 bbls. of fluid containing 149,329# of pro							
of fluid Loft w	in. 452#, 10 min. 438#, 15 min. 435#. Jobs ell shut-in until 6:00 AM 09/12/2014. SICP	complete @ 2:30	JPM. SWI at	ia KD ProPe " oboko ootti	tro Service	s. I otal	flowing wall book	iges is 9,218 DDIs.
	k is from Bone Spring perfs 8,250' - 8,258' o					mencea	nowing well back	
(Note: nowback	t is from botte opining peris 0,200 - 0,200 to	mily. Lower Bolle	oping pens	Soldied by I	ac plug.			
Operations per	iod covers from 6:00 AM 09-11-2014 thru 6	:00 AM 09-12-20	14.					
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						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 12, 2014	
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$	811,824		SUPERVISOR:	Chris Light
Continue flowing	well back. Past 24 hrs. have recovered 2	235 bbls of load w	ater on choke	settings of 1	10 - 12 64"	setting.	FCP 375# - 300#.	1.
Had trace of form	mation gas beginning @ 4:00 AM, no H2S	in gas. No show	of oil. At 6:0	O AM, FCP 3	00# on 12	/64" chok	e setting.	
Load to recover	from upper set of perforations is 4,316 bb	ols. Continue to h	old flow back	rate at 10 bb	ls per hou	r.		
	Operations period covers fro	m 6:00 AM 09-12	-2014 thru 6:0	00 AM 09-13	-2014.			
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 13, 2014	Day Number	34
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$	823,002		SUPERVISOR:	Chris L	ight
Continue flowing	g well back. Past 24 hrs. have recovered a	225 bbls of load w	ater on choke	setting of 12	7/64". FCF	300# - 2	260#.		
Continue to have	e trace of formation gas with all recovered	fluid, no H2S in g	as. No show	of oil. At 6:0	OO AM, FC	P 260# o	n 12/64" choke se	etting.	
Load to recover	r from upper set of perforations is 4,091 bl	ols. Continue to h	old flow back	rate at 9 -10	bbls per h	our.			
	Operations period covers fro	m 6:00 AM 00-13	-2014 thru 6:0	Ω ΔM ΩΩ-1A.	2014				
	operations period covers in	111 0.00 ANN 00-10	2017 0110 0.0	70 MW 03-14	2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 14, 2014	Day Number 35
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$	834,180		SUPERVISOR:	Chris Light
Continue flowing	well back. Past 24 hrs. have recovered 2	09 bbls of load w	ater on choke	setting of 1	2/64". FCF	260# - 2	210#.	
Continue to have	trace of formation gas with all recovered	fluid, no H2S in g	as. No show	of oil. At 6:	00 AM, FC	P 210# o	n 12/64" choke se	etting.
Load to recover	from upper set of perforations is 3,882 bbl	s. Continue to he	old flow back	rate at 8 -10	bbls per h	our.		
	Operations period covers from	n 6:00 AM 09-14	-2014 thru 6:0	00 AM 09-15	-2014.			
						_		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 15, 2014	Day Number	36
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULATI	IVE COST:	\$8	345,358	9	SUPERVISOR:	Chris L	
					_				
Continue flowing	well back. Past 24 hrs. have recovered 2	18 bbls of load w	ater on choke	setting of 12	764". FC	P 210# - 1	70#.		
Continue to have	e trace of formation gas with all recovered	fluid, no H2S in g	as. No show	of oil. At 6:0	00 AM. FC	P 170# o	n 12/64" choke se	ttina.	
Load to recover	from upper set of perforations is 3,664 bbl	ls. Will increase of	choke setting	to 16/64" set	ting this A	M.		<u> </u>	
			J		9	3341342			
	0 " ' 1	0.00 444.00 45	004441 07	0.414.00.40	0044				
	Operations period covers from	n 6:00 AM 09-15	-2014 thru 6:0	IU AM U9-16-	2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 16, 2014		37
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULATI	VE COST:	\$6	356,536		SUPERVISOR:	Chris Li	ight
							•		
Continue flowing	g well back. Increased choke setting to 16	/64". Past 24 hrs	. have recove	red 256 bbls	of load w	ater. FCF	P 170# - 90#.		
Continue to hav	ve trace of formation gas with all recovered	fluid, no H2S in g	as. No shov	v of oil. At 6:	00 AM, F	CP 90# or	16/64" choke se	tting.	
Load to recover	from upper set of perforations is 3,408 bb	ls.							
	Operations period covers from	m 6:00 AM 09-16	-2014 thru 6:0	00 AM 09-17-	2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 17, 2014	Day Number 38
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$11,178	CUMMULATI	IVE COST:	\$	867,714		SUPERVISOR:	Chris Light
Continue flowin	g well back. Increased choke setting to 20/ re trace of formation gas with all recovered	64". Past 24 hrs	. have recove	red 240 bbls	of load wa	ter. FCF	90# - 40#.	
Continue to have	e trace of formation gas with all recovered	fluid, no H2S in g	as. No show	v of oil. At 6	:00 AM, FC	P 40# or	20/64" choke set	ting.
Load to recover	from upper set of perforations is 3,168 bbl	S.						
	Operations period covers from	n 6:00 AM 09-17-	-2014 thru 6:0	00 AM 09-18	-2014.			

WELL: OPERATION:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 18, 2014	
	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$8	378,892		SUPERVISOR:	Chris Light
Continue flowing	ng well back. Increased choke setting to wi	ide open 3/4" cho	ke. Past 24 h	rs. have reco	overed 24	0 bbls of l	load water. FCP	10# - 5#.
Continue to ha	ive trace of formation gas with all recovered	d fluid, no H2S in	gas. No sho	w of oil. At 6.	:00 AM, F	CP 5# on	wide open 3/4" cl	noke setting.
Load to recove	er from upper set of perforations is 2,928 bb	ols.						
	Operations period covers from	m 6:00 AM 09-18	-2014 thru 6:0	00 AM 09-19-	2014.			
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 19, 2014	Day Number	40
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$6	890,070		SUPERVISOR:	Chris L	ight
Continued flow	ving well back until heavy rains made flowb	ack operations im	possible. He	avy rains on	location w	ashed ou	t west side of drilli	ng pit pushing	
previously dry	drill cuttings on to the location. Water runi	ning 18" deep acro	oss location st	arted washin	g out subg	grade ber	neath well service	unit causing un	it
to become un	stable. Shut well in until conditions on loca	tion are deemed s	afe to approa	ch wellhead	and well s	ervice un	it and resume ope	rations.	
Communication	ns w/personnel on location are very limited	but all flowback p	ersonnel are	currently safe	. Roads t	o location	washed out, una	ble to get	
high water.	r out from location. Could possibly be 2 - 3	ays before road	access to loc	ation is resto	orea. All H	eeves Co	ounty Roads are c	losed due to	
mgn water.									
	Operations period covers fro	m 6:00 AM 09-19	-2014 thru 6:0	0 AM 09-20-	2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 20, 2014	Day Number	41
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$:	901,248		SUPERVISOR:	Chris L	ight
Well shut in. U	Inable to access wellhead due to unstable o	conditions around	d wellhead and	d well service	unit insta	ability.			
Heavy rains co	ntinuing on location, all access roads to loc	ation are impass	able due to hi	gh water, un	able to rei	move per	sonnel from locati	on.	
	Operations period covers from	n 6:00 AM 09-20	-2014 thru 6:0	00 AM 09-21-	2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 21, 2014	Day Number 42
OPERATION:	Bone Spring Completion						FORMATION:	
DAILY COST:	\$11,178	CUMMULATI	VE COST:	\$	912,426		SUPERVISOR:	Chris Light
Well shut in. U	nable to access wellhead due to unstable o	conditions around	wellhead and	d well service	e unit insta	bility.		
Heavy rains cor	ntinuing on location, all access roads to loc	ation are impass	able due to hi	gh water, un	able to ren	nove per	sonnel from location	on.
					_			
	Operations period covers from	n 6:00 AM 09-21-	-2014 thru 6:0	0 AM 09-22	-2014.			
	operation participation in the second		20,7 0,00					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 22, 2014	Day Number	43
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$	923,604		SUPERVISOR:	Chris L	ight
Well shut in. U	nable to access wellhead due to unstable	conditions around	d wellhead an	d well service	e unit insta	bility.			
Heavy rains sto	pped Sunday evening approximately 8:00	PM. Light drizzle	e this AM (Mo	n.). All Ree	ves Count	y Roads	accessing location	remained clos	ed
due to high wate	er. Will attempt to access location later on	this afternoon (M	lon.) with sma	all ATV's and	remove flo	owback c	rew members if po	ossible.	
ė.									
	Operations period covers fro	m 6:00 AM 09-22	-2014 thru 6:1	00 AM 09-23	-2014				
	operations period covers no	V. V / IIV 03-22	2017 11110 0.0		2017.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 23, 2014	Day Number	44
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$11,178	CUMMULAT	IVE COST:	\$	934,782		SUPERVISOR:	Chris L	ight
Well shut in. At	ttempt to access location but unable to ge	t across Cottonwo	ood Draw on I	Reeves Cour	ty Road 2	22. From	t end loader unabl	le to ford	
low water cross	sing due to water depths of 10' - 12'. Utiliz	ed Department of	Homeland S	ecurity helico	pter to ext	ract flowb	back crew from loc	cation.	
Currently rains I	have stopped and fair weather is forcast fo	or remainder of we	eek. Cottonw	ood Draw pr	edicted to	crest toda	ay and water level	should be	
low enough by V	Wednesday or Thursday to allow access to	o location road in	order to surve	ey damage to	location r	oad and l	location itself.		
					_				
	Operations period covers fro	m 6:00 AM 09-23	-2014 thru 6:0	00 AM 09-24	-2014				
	operations period correction	0.00 / 00 20	2017 0110 011	7071111 00 127	2071.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 24, 2014	Day Number	45
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$7,398	CUMMULATI	VE COST:	\$	942,180		SUPERVISOR:	Chris Li	ight
Well shut in. I	Reeves County Road 222 re-opened to pub	olic late Wednesda	y evening. R	eeves Coun	ty allowing	private c	ompanies to comi	mence road rep	airs
on CR 222. T	hursday will be able to access location road	d to determine roa	d loss and da	mages to lo	cation and	equipme	nt.		
	Operations period covers fro	m 6:00 AM 09-24-	2014 thru 6:0	0 AM 09-25	-2014.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 25, 2014	Day Number	46
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$7,398	CUMMULAT	IVE COST:	\$	\$949,578		49,578 SUPERVISOR:		ight
								4	
Well shut in. C	commence blading Reeves County Road 2	22. Start repairs	to Armstrong	location acc	ess road.	While fill	ing in hole in road	, sinkhole	
developed unde	erneath road being repaired and front-end	loader fell into si	nkhole with th	e front whee	ls and buc	ket down	in sinkhole. Safe	ly removed	
operator from fr	ont-end loader. Utilized bulldozer to extra	ct front-end loade	er from sinkho	le and shut o	down opera	ations for	day.		
	Operations period covers from	m 6:00 AM 09-25	-2014 thru 6:0	00 AM 09-26	-2014				
	operations period octors no.	0.00 00 20	2017 0110 011		2011				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 26, 2014	Day Number	47
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$7,398	CUMMULAT	IVE COST:	\$	956,976		SUPERVISOR:	Chris L	ight
Well shut in. D	Prove out location access roads utilizing AT	V extending out 1	00' both direc	tions of road	d centerline	looking	for additional sink	holes. Flagged	1
beginning sink	holes and areas of depression with safety t	flagging tape. Sin	khole that col	lapsed unde	r front-end	loader re	equired 25 cubic y	ards of gravel t	to
fill in. Packed s	ame with dozer and started repairs to rem	ainder of location	access road.						
	Operations period covers from	m 6:00 AM 09-26	-2014 thru 6:0	00 AM 09-27	-2014.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 27, 2014	Day Number	48
WELL: OPERATION:	Bone Spring Completion						FORMATION:		Spring
DAILY COST:	\$7,398	CUMMULATI	VE COST:	\$	\$964,374		SUPERVISOR: C		ight
Well shut in. (Continued repairing location access road.	Found all four 36"	culverts that v	vere wahed	out from ac	cess roa	ad 3/4 of a mile fro	m road.	
Commenced p	oushing in material to build up washed out	portion of road acr	oss Colson D	raw.					
	Operations period covers fro	om 6:00 AM 09-27-	2014 thru 6:0	0 AM 09-28	-2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 28, 2014	Day Number	49
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$8,748	CUMMULAT	IVE COST:	\$	\$973,122		SUPERVISOR:		ight
Well shut in. Co	ontinued repairs location access road. Re	-installed culverts	in lease road	and continu	ied reparin	g remain	der of lease road	to location.	
Found west and	d south sides of frac pit badly washed out	and in danger of o	collapsing. M	oved in two	dozers and	immedia	ately started pushi	ng material to	
rebuild west and	I south walls of frac pit.								
	Operations period covers from	m 6:00 AM 09-28	-2014 thru 6:0	00 AM 09-29	-2014.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 29, 2014	Day Number	50
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring	
DAILY COST:	T: \$8,748 CUMMULATIVE COST: \$981,870			SUPERVISOR:	Chris L	ight			
Well shut in. Fi	nished repairs to location road. Finished	repairs to frac pit	walls. Start c	leaning debr	is from loc	ation and	clearing path to w	vellhead to	
check SICP and	d determine integrity of location under com	npletion unit and a	around wellhe	ad.					
	14								
	Operations period covers from	m 6:00 AM 09-29	-2014 thru 6:0	00 AM 09-30	-2014.				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	September 30, 2014	Day Number	51
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$8,748	CUMMULAT	IVE COST:	\$9	\$990,618		SUPERVISOR:	Chris L	
Well remains	shut in. Continue clearing path to wellhead	utilizing roustabo	ut crews, bac	khoe and skid	d loader.	Silt fill from	m rains and drill c	uttings are still	
extremely wet	making path clearing operations extremely	slow and manpo	wer intensive.						
4									
	Operations period covers from	m 6:00 AM 09-30	-2014 thru 6:0	00 AM 10-01-	2014.				
112									

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 1, 2014	Day Number 52
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$8,748	CUMMULATI	VE COST:	\$999,366		SUPERVISOR:	Chris Light	
Well remains st	nut in. Continued operations clearing path	to wellhead utiliz	ing roustabou	t crews, back	hoe and	skid loade	r. Removal of silt	and drill cuttings
remains slow di	ue to the amount of moisture contained in	the material havir	ng to be remo	ved. Adding	additiona	l roustabo	ut crew Thursday	morning to
help speed up re	emoval of material and gain access to well	lhead and flowbad	k manifold.					
	Operations period covers from	m 6:00 AM 10.01	2014 thru 6:0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2014			
	Operations period covers iro	111 0.00 ANI 10-01	2014 0110 0.0	MINI 10-02-	2014.			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE:	October 2, 2014	Day Number 53
OPERATION:	Bone Spring Completion					FORMATION:	2nd Bone Spring
DAILY COST:	\$13,878	CUMMULATI	VE COST:	\$1	,013,244	SUPERVISOR:	Chris Light
Continued of	perations clearing path to wellhead utilizing ro	ustabout crews,	backhoe and	skid loader.	Successfully reache	ed wellhead & flow	vback manifold.
	pened well up through flowback manifold @ 1						
	e to surface. 100% formation water, no show						
	ke setting to wide open @ 3:00 PM. FCP 40						
Current FTP 1	2# on wide open choke setting, flow rate 5 -	6 bbls per hour.	Chloride che	ck @ 6:00 A	M 10/03/2014; 54,43	35 ppm. Will have	e safety
	ested this AM as per request of well service of					fully, well service	operations
will be allowed	d to resume. Continue flowing back well and	continue clearing	debris from	remainder o	f location.		
	Operations period covers from	6:00 AM 10 02	2011 thru 6:1	00 01110 02	2014		
	Operations period covers from	1 0.00 ANI 10-02-	2014 11114 0.0	10 ANI 10-03	-2014.		
						2	

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 3, 2014	Day Number	54
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$46,140	CUMMULAT	IVE COST:	\$1	,059,384		SUPERVISOR: C		.ight
Continued clea	ring remainder of location of debris from	flooding. Clear ou	t debris from	around com	oletion unit	. Check	stability of matting	boards	
	on unit, boards are stable. Performed pu								
	s passed API pull testing procedure, repla								
and safety anch	ors as being safe to resume well service of	perations. Clean	ed threads or	tubing on ra	ack, PU 3.7	75" mill to	oth bit, 6 - 3.5" DO	C's and	
start RIH w/tubir	ng picking same up in singles from rack.	RIH w/210 joints o	f tubing; SD o	perations for	r night. We	ell dead, l	eave well open to	flowback	
tank overnight, v	vell dead @ 6:00 AM 10/04/2014.								
	Operations period covers fro	m 6:00 AM 10-03	-2014 thru 6:0	00 AM 10-04	-2014.				
				_					

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:		Day Number 55
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone Spring
DAILY COST:	\$24,068	CUMMULAT	IVE COST:	\$1	,083,452	2	SUPERVISOR:	Chris Light
Continue TIH w	//bit, tagged up on sand fill @ 8,665'; 100;	of fill on top of fra	c plug. PU sv	vivel and sta	rt washing	down to	olug. Tagged cor	nposite frac
plug @ 8,765'	and started drilling out same. Drilled portion	on of plug and plu	ig started turn	ing. All atte	mpts to dri	ll up rema	inder of plug wer	e unsuccessful.
TOOH w/tubing	n, DC's and bit. Found bit locked up by con	nposite plug fiber	s. Shut down	operations	for night @	9:00 PM	Left well open to	o flowback tank
overnight. Well	I dead @ 6:00 AM 10/05/2014. Prepare to	run blade mill an	d finish drillin	g out remaid	er of comp	osite frac	plug and any sai	nd fill
over lower perf	s on Sunday.							
	Operations period covers from	n 6:00 AM 10-04	-2014 thru 6:0	00 AM 10-05	-2014.			

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 5, 2014	Day Number	56
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$19,332	CUMMULATI	VE COST:	\$1	1,102,784				ight
PU 3.75" "Plug	Muncher" mill and start TIH w/same. With	18 stands of tubi	ing left to RIH	brake disc a	assist on v	vell service	e unit failed causi	ng operator	
	stop blocks. Blocks hit work floor and tub								
	efore blocks hit the work platform. One flo								
	for treatment. All remaining well service en								
	injury, operations were shut down and will r		d until well se	rvice compai	ny safety p	personnel	and OSHA can in	spect the	
failed equipmei	nt and determine if operations can be safel	y resumed.							
	Operations period covers from	n 6:00 AM 10-05	-2014 thru 6:0	0 AM 10-06-	2014.				
	opolitatione politica devicio il ci.		2011 0110 010	071111 10 00	2011.				
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OPERATION: Bone Spring Completion FORMATION: 2nd Bone Spring	WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx DATE	October 6, 2014	Day Number 57
Inspect well service completion unit w/TEC safety personnel. Inspection of rig revealed that tubing line and blocks need to be changed out as soon as possible. Received clearance from TEC safety personnel to run 18 stands in derrick in hole and change out well service units. Run additional 18 stands from derrick and RD well service unit. Replacement well service unit to be on location Tuesday morning @ 10:00 AM. Shut down operations for day. Left well open to flowback tank and monitor well during the night, @ 6:00 AM 10/07/2014, well dead. NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)	OPERATION:	Bone Spring Completion				-		
Inspect well service completion unit w/TEC safety personnel. Inspection of rig revealed that tubing line and blocks need to be changed out as soon as possible. Received clearance from TEC saftey personnel to run 18 stands in derrick in hole and change out well service units. Run additional 18 stands from derrick and RD well service unit. Replacement well service unit to be on location Tuesday morning @ 10:00 AM. Shut down operations for day. Left well open to flowback tank and monitor well during the night, @ 6:00 AM 10/07/2014, well dead. NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)	DAILY COST:		CUMMULATI	VE COST:	\$1	.120.002		
Received clearance from TEC saftey personnel to run 18 stands in derrick in hole and change out well service units. Run additional 18 stands from derrick and RD well service unit. Replacement well service unit to be on location Tuesday morning @ 10:00 AM. Shut down operations for day. Left well open to flowback tank and monitor well during the night, @ 6:00 AM 10/07/2014, well dead. NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)		S COLUMN TO THE				,,		
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Received clearance from TEC saftey personnel to run 18 stands in derrick in hole and change out well service units. Run additional 18 stands from derrick and RD well service unit. Replacement well service unit to be on location Tuesday morning @ 10:00 AM. Shut down operations for day. Left well open to flowback tank and monitor well during the night, @ 6:00 AM 10/07/2014, well dead. NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)	Inspect well ser	vice completion unit w/TEC safety personne	el Inspection of	ria revealed t	hat tuhing lin	e and blocks need	d to be changed out	as soon as nossible
and RD well service unit. Replacement well service unit to be on location Tuesday morning @ 10:00 AM. Shut down operations for day. Left well open to flowback tank and monitor well during the night, @ 6:00 AM 10/07/2014, well dead. NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)								
NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs. Was scheduled to return to light duty Wednesday.)	and RD well se	rvice unit. Replacement well service unit to	be on location T	uesday morn	ina @ 10:00	AM Shut down	pperations for day	ands nom demek
NOTE: (well service floor hand that twisted his left knee after jumping from work platform refused to be taken to hospital. Employee was taken home at his request and stated his knee would be fine with rest and ice packs Was scheduled to return to light duty Wednesday.)	Left well open to	o flowback tank and monitor well during the	night. @ 6:00 AM	M 10/07/2014	well dead	Tivi. Onat down	perations for day.	
at his request and stated his knee would be fine with rest and ice packs Was scheduled to return to light duty Wednesday.)			mgm, @ oree , m		,			
at his request and stated his knee would be fine with rest and ice packs Was scheduled to return to light duty Wednesday.)								
at his request and stated his knee would be fine with rest and ice packs Was scheduled to return to light duty Wednesday.)	NOTE: (well ser	vice floor hand that twisted his left knee aft	er jumping from v	work platform	refused to b	e taken to hospita	I. Employee was ta	ken home
	at his request a	nd stated his knee would be fine with rest a	nd ice packs Wa	s scheduled	to return to li	ght duty Wednesd	lay.)	
Operations period covers from 6:00 AM 10-06-2014 thru 6:00 AM 10-07-2014.			-					
Operations period covers from 6:00 AM 10-06-2014 thru 6:00 AM 10-07-2014.								
		Operations period covers from	n 6:00 AM 10-06-	-2014 thru 6:0	00 AM 10-07-	-2014.		

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 7, 2014	Day Number	58
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$17,218	CUMMULAT	IVE COST:	\$1	,137,22	1	SUPERVISOR:	Chris L	ight
Replacement v	well service unit arrived on location @ 3:30 F	PM; RU same. V	Vhile preparin	g to resume	drill out op	erations a	and cleaning threa	ads on power	
swivel connec	ction, noticed what appeared to be flaw in cro	ss-over sub. Re	emoved sub a	nd thorough	ly cleaned	same and	d found hairline cr	ack in sub.	
Did not have e	extra cross-over sub on location. Pull 5 stand	ds of tubing, SD	for day. Left v	well open to	flowback t	ank remai	inder of day and n	ight.	
Well static rem	nainder of day and through night. Reverse u	nit operator will i	bring replacen	nent cross-o	ver sub W	ednesday	AM.		
	Operations period covers from	6:00 AM 10-07	-2014 thru 6:0	O ΔM 10-08.	2014				
	operations period covers train	0.00711071007	2017 1110 0.0	071101 10 00	2014.				

WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 8, 2014	Day Number	59
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$21,281	CUMMULATI	VE COST:	\$1	,158,502		SUPERVISOR:	Chris L	ight
Replace cracke	d cross-over sub on power swivel. RIH w	5 stands of tubing	g, PU power s	wivel and st	art milling o	n remna	nts of frac plug @	depth of	
8,760'. Drilled	up remainder of frac plug and cleaned out	frac sand inside	4.5" liner dow	n to depth o	f 9,030'; cir	culate ho	le clean. POOH	w/2 7/8"	
tubing standing	same back in derrick. LD 32 joints of 2 3/	'8" tubing + 6 - 3.5	5" DC's and 3.	75" "Plug Mi	uncher" mi	II. SD op	erations @ 6:30 i	PM.	
Monitor well to	flowback tank overnight; well static remain	der of day and th	rough night. I	Prepare to ru	in producti	on packe	r on Thursday mo	ming.	
	Operations period covers from	m 6:00 AM 10-8-2	2014 thru 6:00	AM 10-09-2	2014.				
	operation portion option in the			10 00 2	× 1 (1)				
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WELL:	Armstrong State 59-3 #2H	COUNTY:	Reeves	STATE:	Tx	DATE:	October 9, 2014	Day Number	60
OPERATION:	Bone Spring Completion						FORMATION:	2nd Bone	Spring
DAILY COST:	\$21,281	CUMMULAT	IVE COST:	\$1	,179,783	3	SUPERVISOR:	Chris L	ight
RIH w/2 7/8" tul	bing string and POOH w/same laving tubin	a down in sinales	on racks. NI	D BOP stack	and instal	I tree. SW	/I and RD well ser	vice unit.	
Will RD flowbac	bing string and POOH w/same laying tubin k equipment and set out same Friday. FI	NAL BONE SPR	ING COMPLE	TION REPO	RT. DRO	FROM	REPORT.	514.0-14.01	
	Operations period covers from	n 6:00 AM 10-9-2	2014 thru 6:00	AM 10-10-2	014.				
	A CONTRACTOR OF THE PROPERTY O								

DESCRIPTION	AFE CODE	27-Jul	28-Jul	29-Jul	30-Jul	31-Jul	1-Aug	2-Aug	3-Aug	4-Aug	5-Aug
INTANGIBLES		Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10
TITLE / CURATIVE / PERMIT	301	DOJ .	Day L	20) 0	50, 1	50, 0	Duj t	20)	Day s	Doj e	50) 10
NSURANCE	302										
DAMAGES / RIGHT OF WAY	303								_		_
SURVEY / STAKE LOCATION	304										
OCATION / PITS / ROAD EXPENSE	305	\$43,000									
DRILLING - DAYWORK	309										
FUEL AND POWER	311										
WATER	312	\$3,840									
MUD & CHEMICALS	314	\$3,795									
CEMENT PRODUCTION CASING / LINER	319										
SEMENT PROBOGRAM ON ON OTHER	0.10										
TUBULAR SERVICES	321	_									
										_	
FLOAT EQUIPMENT	322					40.000		*****			
COMPLETION TESTING	323					\$2,350	\$2,350	\$2,350	\$2,350	\$2,350	\$2,350
CASING CREWS & PU/LD EQUIPMENT	324										
FISHING TOOLS & SERVICES	325										
GEOLOGIC / ENGINEERING	326										
CONTRACT LABOR	327	\$1,238									
COMPANY SUPERVISION	328										
CONTRACT SUPERVISION	329	\$6,500	\$1,500	\$1,500	\$1,500	\$950	\$950	\$950	\$950	\$950	\$950
NU / ND BOP'S & TEST	330	45,000	41,000	0.,000	4,1,000	\$3,650	2300	1200	1,700	2300	2000
OPEN-HOLE LOGGING	332					\$0,000					
WIRELINE SERVICES / PERFORATING	335					\$16,450					
STIMULATION / TREATING	336			_	_	\$10,450		_		_	*0.010
				41.050			****				\$8,613
COMPLETION UNIT / COIL TUBING UNIT	337		\$2,300	\$6,350	\$5,680	\$5,680	\$5,240	\$4,000		\$5,240	\$5,400
SWABBING UNIT	338										
RENTALS - SURFACE EQUIPMENT	339	\$6,800	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850
RENTALS - SUBSURFACE EQUIPMENT	340										
OVERHEAD	341										
TRUCKING / FORKLIFT / RIG MOVING / HOT	SHOT 342										
WELDING SERVICES	343										
WATER DISPOSAL	344										
PLUG TO ABANDON	345										
SEISMIC, LOG AND CORE ANALYSIS	346										
ENVIROMENTAL, SAFETY & CLOSED LOOF											
PLUG AND PERF COMPLETION	348			_							
	349	****	200 000	_							
COILED TUBING SERVICES		\$22,000	\$22,000								
MISCELLANEOUS / POTABLE WATER / SER		200.00		-			78455				
Contingency 8%	361	\$6,974	\$2,212	\$776	\$722	\$2,474	\$831	\$732	\$412	\$831	\$1,533
	TOTAL INTANGIBLES	\$94,147	\$29,862	\$10,476	\$9,752	\$33,404	\$11,221	\$9,882	\$5,562	\$11,221	\$20,696
TANGIBLES											
SURFACE CASING	401										
SHALLOW INTERMEDIATE CASING	402										
				-							
DEEP INTERMEDIATE CASING	403			-							
WELLHEAD AND ACCESSORIES	406			-							
LINER HANGER / PACKERS / ANCHORS	414										
COUPLINGS / FITTINGS / VALVES	415										
SECONDARY INTERMEDIATE CASING	503										
TUBING	504										
PRODUCTION LINER	505										
PRODUCTION WELLHEAD EQUIPMENT	506										
PUMPING UNIT	507										
RODS	508										
						-					
SUBMERSIBLE PUMP	509		_	-							
TANKS	510										
FLOWLINES / GASLINES	511										
HEATER TREATER / SEPERATOR / FWKO	512										
ELECTRICAL SYSTEM	513										
PACKERS - ANCHORS - HANGERS	514										
COUPLINGS / FITTINGS / VALVES	515										
GAS COMPRESSORS / METER RUNS	516										
DEHYRADTOR	517										
INJECTION PLANT / CO2-H2S EQUIPMENT	518										
INDED FOR FUNDING TOUZERZO EQUIPMENT	460			-							
MISCELLANEOUS					-	-			-		
MISCELLANEOUS											\$0
MISCELLANEOUS Contingency 8%	461	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
		\$0 \$0	\$0 \$0	\$0 \$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL TANGIBLES										

Conductor Casing

20", 94#, H-40 set @ 80' GL grouted with 6.5 cubic yards of redi-mix.

Surface Casing

13.375", 54.50#, 8rd STC, K55 set @ 1,123' KB cemented with 3,040 sacks, cement circulated.

First Intermediate Casing

9.625", 40#, L80, 8rd LTC set @ 3,300' KB cemented with 850 sacks, cement circulated.

Deep Intermediate Casing

7", 29#, HCP110, 8rd LTC set @ 8,992' KB cemented with 700 sacks, TOC 5,080'.

Production Liner

4.5", 13.50#, HCP110, CDC set w/Liner Hanger from 8,725' - 13,672' MD, cemented with 300 sacks, circulated.

MF110095
Draily Completion Report
Bone Spring to Oct. 9,14 Date Filed: 10/9/14
Date Filed: 10/9/14
Jerry E. Panerson, Commissioner
SCN

By_

42-389-34073

0d.23-Xlov.13

MF 110095

Well Name:	Hispania - Armstrong St	ate 59-3 #2H	Date:	10/23/14
Field:			Safety Mtg:	Yes
AFE No:	2 V 70 700 W	AFE Amount:	WI %	
Purpose:	Evaluating Well			
Rig Contractor:	Basic Energy Services	Operator:	Pusher:	
Present Operation:	MIRU Equipment			
Comp Days:		Workover Days:	Testing Days:	
Original PBTD:	9050'	New PBTD:	BOPD:	
Orig. Open Perfs:			BWPD:	8
New Perfs:			MCFPD:	
Daily Costs:	\$ 3,900.00	Prior Cum Cost: \$ -	Cum Cost:	\$ 3,900.00
Activity:			Expense Brea	kdown:
	si on tree; NU to pit	and flowback. 2 hours in, well	Bits	
		g in well. MIRU pulling unit, NU	BOP/Rentals	
		5/64 for the night. Have all	Cementing	
		in w/ 7" packer for swab test. Will	Coil Unit	
resume operatio	and the second s	iii w/ / packer for swab test, will	Flowback	
resume operatio	ns in the AM.		Forklift	
			Hot Oilier	
			Kill Truck	
			PKR Service	
			Pumping Unit	
		(a = 10 a a a a a a a a a a a a a a a a a a	Reverse unit	
			Rig	\$ 2,400.00
			Rods	
			Roustabout	
			Stimulation	
			Supervision	\$ 1,500.00
			Tbg Testing	
			Tech. Super.	
			Trucking	
			Tubing	
			Vacuum Trucks	
			Well Equip.	
			Wellhead	
			Wireline Service	1
			WO Fluids	
			Pressure Control	
			Pump Trucks	
			DAILY TOTAL	\$ 3,900.00
Total Load (bbls): Load to Recover:	Indu linthinum	Swab (hrs): Daily Recovery (bbls	DAILY TOTAL	\$ 5,900.00
Rig Supervisor:	Jody Linthicum	Total Recover (bbls) BO:		-

Well Name: Field:	Hispania - Armstrong Sta	nte 35-3 #2FI			Date:	10/24/14
AFE No:		AFE Amount:			Safety Mtg: WI %	Yes
Purpose:	Evaluating Well	Are Amount.			VVI 76	
Rig Contractor:	Basic Energy Services	Operator:	Jose		Pusher:	Chad
Present Operation:	Complete Move-In	Operator.	1036		Pusiler.	Cliad
Comp Days:		Workover Days:			Testing Days:	
Original PBTD:	9050'	New PBTD:			BOPD:	_
Orig. Open Perfs:					BWPD:	_
New Perfs:					MCFPD:	
Daily Costs:	\$ 14,250.00	Prior Cum Cost:	\$	3,900.00	Cum Cost:	\$ 18,150.00
Activity:		-1-11			Expense Bro	eakdown:
	n racks; rack 250 jts 2				Bits	
	nd BOP. Well has ligh			The second secon	BOP/Rentals	\$ 1,000.00
1/16" 10K X 2-9/	16" 5K 3 wing tree w/	flowcross and ch	noke. N	IU 7-1/16"	Cementing	
10K X 7-1/16" 5K	spool and BOP. Tally	tbg, RU hydrote	ster; Pl	J SN/7" 1X	Coil Unit	
Arrowset packer	w/ on-off tool/R & F i	nipple and test in	. Cont	act J&W	Flowback	
Many M. Strangers and Control Strangers	ac valve left on location	MARKET CONTRACTOR OF THE PARTY			Forklift	\$ 1,800.00
	tester's truck broke d				Hot Oilier	
SISDFTWE 4:30pr		own. wiii resum	C 10/2	,,,14.	Kill Truck	
313DF I WE 4:30pi	n.				PKR Service	\$ 1,200.00
					Pumping Unit	
					Reverse unit	\$ 1,200.00
					Rig	\$ 4,200.00
					Rods	
					Roustabout	
					Stimulation	
					Supervision	\$ 1,500.00
					Tbg Testing	
					Tech. Super.	
					Trucking	\$ 2,500.00
					Tubing	
				- /	Vacuum Trucks	\$ 850.00
					Well Equip.	V 030.00
					Wellhead	
					Wireline Service	
					WO Fluids	
					Sfc Equipment	
					Sie Equipment	
					DAILY TOTAL	\$ 14,250.00
Total Load (bbls): Load to Recover:				ecovery (bbls	DAILY TOTAL	\$ 14,250.0
Rig Supervisor:	Jody Linthicum		Total R	ecover (bbls)		

Well Name:	Hispania - Armstrong Sta	te 59-3 #2H		-2	Date:	10/27/14
Field:	-				Safety Mtg:	Yes
AFE No:	w	AFE Amount:			WI %	
Purpose:	Evaluating Well	•	· ·		- 1	
Rig Contractor:	Basic Energy Services	Operator:	Jose		Pusher:	Chad
Present Operation:	Testing Tbg	14/			T	
Comp Days:		Workover Days:			Testing Days:	
Original PBTD:	9050'	New PBTD:			BOPD:	
Orig. Open Perfs:					BWPD:	
New Perfs:	-				MCFPD:	
Daily Costs:	\$ 13,564.00	Prior Cum Cost:	\$	18,150.00	Cum Cost:	\$ 31,714.00
Activity:					Expense Bre	eakdown:
	AOL. Casing/Tubing –	100 psi: bleed d	own. P	ickle the	Bits	
	RU tester and resume				BOP/Rentals	\$ 500.00
					Cementing	7 300.00
	tained light flow on ar				Coil Unit	_
	02'; make-up hanger a				Flowback	
	.000 psi, ND BOP, NU			CALL CONTRACTOR OF THE PROPERTY OF THE PARTY	Forklift	
Rig to swab. Knu	ckle for swab mandre	I missing and wi	ll resum	e in the	Hot Oilier	
AM. SISDFTD 4:0	Opm.				Kill Truck	
						¢ 4 200 00
					PKR Service	\$ 4,200.00
					Pumping Unit	¢ 1 200 00
					Reverse unit	\$ 1,200.00
					Rig	\$ 4,200.00
					Rods	
					Roustabout	
					Stimulation	-
					Supervision	\$ 1,500.00
					Tbg Testing	\$ 1,964.00
					Tech. Super.	
					Trucking	
					Tubing	
					Vacuum Trucks	
					Well Equip.	
					Wellhead	
					Wireline Service	
					WO Fluids	
					Sfc Equipment	
					DAILY TOTAL	\$ 13,564.00
Total Load (bbls): Load to Recover:			Swab (h	ecovery (bbls		
Rig Supervisor:	Jody Linthicum			ecover (bbls)		
			BO:	, , ,		7

Field: AFE No: Purpose: Rig Contractor:						Safety Mtg:	Yes
Purpose:						and the same	163
the result of the second second	Value of the second		AFE Amount:			WI %	
Rig Contractor:	Evaluating						
		ergy Services	Operator:	Jose		Pusher:	Chad
Present Operation	Swabbing						
Comp Days:	-	a a r a l	Workover Days:			Testing Days:	
Original PBTD:		9050'	New PBTD:	_		BOPD:	
Orig. Open Perfs: New Perfs:						BWPD:	0
New Peris:	7					MCFPD:	
Daily Costs:	\$	6,900.00	Prior Cum Cost:	\$	31,714.00	Cum Cost:	\$ 38,614.00
Activity:						Expense Bre	ankdown:
	AOI Tha	Onsi Dila	ush and initial fl	uid lav	al @ 200'	Bits	eakdown:
8:00am – Crew							
First run shows						BOP/Rentals Cementing	
Make a total of						Coil Unit	
@ surface. Reco		7.	vater and will re	sume s	wab test in	Flowback	
the AM. SISDFT	D 5:30pm.					Forklift	
						Hot Oilier	
						Kill Truck	
						PKR Service	_
						Pumping Unit	ć 1 200 O
						Reverse unit	\$ 1,200.00
						Rig	\$ 4,200.00
						Rods	
						Roustabout	
						Stimulation	4
						Supervision	\$ 1,500.00
						Tbg Testing	
					- 1	Tech. Super.	
						Trucking	
						Tubing	_
					N.	Vacuum Trucks	
					- 1	Well Equip.	
						Wellhead	
						Wireline Service	
						WO Fluids	
						Sfc Equipment	
						DAILY TOTAL	\$ 6,900.00
Total Load (bbls): Load to Recover: Rig Supervisor:	Jody Linth	icum			hrs): ecovery (bbls		

valuating Well Basic Energy Services wabbing 9050'	AFE Amount: Operator: Workover Days: New PBTD:	Jose		Safety Mtg: WI % Pusher: Testing Days:	Yes
Basic Energy Services wabbing	Operator: Workover Days:	Jose		Pusher:	Chad
Basic Energy Services wabbing	Workover Days:	Jose		1,00,000 million (1,000 million (1,0	Chad
wabbing	Workover Days:	Jose		1,02,035md(0,044003	Chad
				Testing Days:	
9050'				Testing Days:	
9050'	New PBTD:				
		-		BOPD:	
				BWPD:	
				MCFPD:	
6,900.00	Prior Cum Cost:	\$	38,614.00	Cum Cost:	\$ 45,514.00
		-		Expense Bre	eakdown:
· the - Onsi Resur	ne swahhing In	itial flui	id level @		
			and the same of th		
			A STATE OF THE STA		
as snow. Will resur	ne in the AM. S	ISDFID	5:30pm.		_
			- 1	The state of the s	
				The state of the s	_
				100 March 100 Ma	
				110001 - CONSTRUCTION	
					A 1222.55
					\$ 1,200.00
					\$ 4,200.00
				Committee and the committee of the commi	\$ 1,500.00
				Tbg Testing	
				Tech. Super.	
				Trucking	
				Tubing	
				Vacuum Trucks	
				Well Equip.	
				Wellhead	
				Wireline Service	
				WO Fluids	
				Sfc Equipment	
					_
	s, recover 240 bbls.	s, recover 240 bbls. Ending FL @ 10	s, recover 240 bbls. Ending FL @ 100'. All i	L; tbg – 0 psi. Resume swabbing. Initial fluid level @ s, recover 240 bbls. Ending FL @ 100'. All runs made gas show. Will resume in the AM. SISDFTD 5:30pm.	BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead Wireline Service WO Fluids

File No. MF 110095

Desire Filed: Lorenterson, Commissioner

Jerry E. Parierson, Commissioner

Jerry E. Parierson, Commissioner

Well Name:	Hispania - Armstrong Sta	te 59-3 #2H			Date:	-	10/30/14
Field:	P				Safety Mtg:	_	Yes
AFE No:		AFE Amount:			WI %		
Purpose:	Evaluating Well		14100000				
Rig Contractor:	Basic Energy Services	Operator:	Jose		Pusher:	Cha	d
Present Operation:	Swabbing	12107000000					
Comp Days:		Workover Days:	X		Testing Days:	_	
Original PBTD:	9050'	New PBTD:	-		BOPD:		
Orig. Open Perfs: New Perfs:					BWPD:	_	
new Peris:	×				MCFPD:	_	
Daily Costs:	\$ 6,900.00	Prior Cum Cost:	\$	45,514.00	Cum Cost:	\$	52,414.00
Activity:					Expense Br	eakdov	MD:
	OL; tbg – 0 psi. Resur	no swahhing In	itial flui	id level @	Bits	Eakdov	VII.
	The state of the s	Contract to the Contract of th		and the second second	BOP/Rentals	+	
	uns, recover 240 bbls.				Cementing	+	
to 1800'; no oil o	r gas show. Will resur	me in the AM. S	SDFTD	5:30pm.	Coil Unit	_	
					Flowback	_	
					Forklift	-	
					Hot Oilier	+	
					Kill Truck	+	
					PKR Service	_	
					Pumping Unit	_	
					Reverse unit	\$	1,200.00
					and the state of t	\$	
					Rig Rods	- 5	4,200.00
					Roustabout	_	
						+	
					Stimulation	ė	1 500 00
					Supervision	\$	1,500.00
					Tbg Testing	+	
					Tech. Super.	+	
					Trucking	+	
					Tubing	-	
					Vacuum Trucks	_	
					Well Equip.	_	
					Wellhead	_	
					Wireline Service	_	
					WO Fluids	_	
					Sfc Equipment	+	
						\perp	
						+	
					DAILY TOTAL	Ś	6,900.00
Total Load (bbls): Load to Recover: Rig Supervisor:	Jody Linthicum			hrs): lecovery (bbls	DAILY TOTAL	\$	6,900.00

Well Name:	Hispania - Armstrong Sta	te 59-3 #2H			Date:	1	0/31/14
Field:		7752002 2			Safety Mtg:		Yes
AFE No:		AFE Amount:	-		WI %		
Purpose:	Evaluating Well						
Rig Contractor:	Basic Energy Services	Operator:	Jose		Pusher:	Chad	
	Swabbing						
Comp Days:		Workover Days:			Testing Days:		
Original PBTD:	9050'	New PBTD:			BOPD:		
Orig. Open Perfs:					BWPD:		
New Perfs:					MCFPD:		
Daily Costs:	\$ 6,900.00	Prior Cum Cost:	\$	52,414.00	Cum Cost:	\$ 59	,314.00
Activity:					Expense Bre	eakdown	;
8:00am – Crew A	OL; tbg – 0 psi. Resun	ne swabbing. In	itial flu	id level @	Bits		
100'. Make 27 ru	ıns, recover 162 bbls.	Ending FL @ 10	o'. All	runs made	BOP/Rentals		
to 1800'; no oil o	r gas show. Will resur	me 11/03/2014	in the A	AM.	Cementing		
SISDFTWE 3:00pi					Coil Unit		
					Flowback		
					Forklift		
					Hot Oilier		
					Kill Truck		
					PKR Service		
					Pumping Unit		
					Reverse unit	\$ 1	,200.00
					Rig	\$ 4	,200.00
					Rods		
					Roustabout		
					Stimulation		
					Supervision	\$ 1	,500.00
					Tbg Testing		
					Tech. Super.		
					Trucking		
					Tubing		
					Vacuum Trucks		
					Well Equip.	_	
					Wellhead		
					Wireline Service	_	
					WO Fluids		
					Sfc Equipment	_	
					DAILY TOTAL	\$ 6	,900.00
Total Load (bbls); Load to Recover: Rig Supervisor:	Jody Linthicum		Total I	(hrs): Recovery (bbls			
			BO:	1			

Well Name:	Hispania -	Armstrong Sta	te 59-3 #2H			Date:	-	11/3/14
Field:						Safety Mtg:		Yes
AFE No:	7		AFE Amount:			WI %	-	
Purpose:	Evaluating		∠ Armonia New York	4		With the second	et 1	
Rig Contractor:		ergy Services	Operator:	Jose		Pusher:	Chad	
Present Operation:	Rig Down							
Comp Days:		0501	Workover Days:			Testing Days:		
Original PBTD:	9	050'	New PBTD:			BOPD:	-	
Orig. Open Perfs:						BWPD:		
New Perfs:						MCFPD:		
Daily Costs:	\$	900.00	Prior Cum Cost:	\$	59,314.00	Cum Cost:	\$ 60	,214.00
Activity:						Evnonco Br	aakdawa	
12/1	OI Tubin	- 200 mai D	DMO			Expense Bro	Zakuowii	
8:00am – Crew A	OL. Tubir	ig 200 psi. R	DIVIO.			BOP/Rentals	_	
200-2								
Waiting or	1 KU					Cementing Coil Unit	_	
						Flowback		
						Forklift		
						Hot Oilier	_	
						Kill Truck	_	
						PKR Service	-	
						Pumping Unit	_	
						Reverse unit		
						Rig	\$	900.00
						Rods	7	300.00
						Roustabout	+	
						Stimulation		
						Supervision	-	
						Tbg Testing	_	
						Tech. Super.		
						Trucking		
						Tubing		
						Vacuum Trucks		
						Well Equip.		
						Wellhead		
						Wireline Service		
						WO Fluids		
						Sfc Equipment		
							_	
						DAILY TOTAL	\$	900.00
Total Load (bbls): Load to Recover:					(hrs):			
Rig Supervisor:	Jody Linth	icum			Recover (bbls)			
				BO:				

Well Name:	Hispania -	Armstrong Sta	te 59-3 #2H			Date:	_	11/5/14
Field:						Safety Mtg:	_	
AFE No:			AFE Amount:			WI %		
Purpose:	Evaluating	Well - Installir	ng PC Pump					
Rig Contractor:	Basic Ene	ergy Services	Operator:	Jose		Pusher:	Ch	ad
Present Operation:	MIRU							
Comp Days:			Workover Days:			Testing Days:		
Original PBTD:	9	050'	New PBTD:			BOPD:	_	
Orig. Open Perfs:						BWPD:		
New Perfs:						MCFPD:	_	
Daily Costs:	\$	8,550.00	Prior Cum Cost:	\$	60,214.00	Cum Cost:	\$	68,764.00
Activity:				_		Expense Br	eakdo	wn:
10:00am – Crews	AOI Mo	ve in revers	e unit fill w/ hri	ne Ma	ve in	Bits	Lukuo	vv
			AND THE PROPERTY OF THE PARTY O			BOP/Rentals	\$	500.00
racks, set rod str						Cementing	7	500.00
BOP; release pac						Coil Unit	_	
RIH w/ 15 stands		ring and all i	n place to put or	produ	action in	Flowback	-	
the AM. SISDFTI	5:30pm.					Forklift		1 200 00
							\$	1,200.00
						Hot Oilier	_	
						Kill Truck	-	
						PKR Service	_	
						Pumping Unit	+	
						Reverse unit	-	
						Rig	\$	3,600.00
						Rods	-	
						Roustabout	-	
						Stimulation	-	
						Supervision	\$	1,500.00
						Tbg Testing	_	
						Tech. Super.		
						Trucking	\$	1,000.00
						Tubing		
						Vacuum Trucks	\$	750.00
						Well Equip.		
						Wellhead		
					1	Wireline Service		
					- 1	WO Fluids		
						Sfc Equipment		
						DAILY TOTAL	\$	8,550.00
							7	
Total Load (bbls):				Swab (_	
Load to Recover:				Daily R	Recovery (bbls			
Rig Supervisor:	Jody Linthi			-	Recover (bbls)			

Well Name:	Hispania	a - Armstrong Sta	te 59-3 #2H			Date:	_	11/6/14
Field:						Safety Mtg:	_	
AFE No:			AFE Amount:			WI %	_	
Purpose:		ng Well - Installin	g PC Pump					
Rig Contractor:		Energy Services	Operator:	Jose		Pusher:	Cha	id
Present Operation:	Rod Up		Troit (* 1)					
Comp Days:			Workover Days:			Testing Days:	_	
Original PBTD:		9050'	New PBTD:			BOPD:	-	
Orig. Open Perfs:						BWPD:	-	
New Perfs:				_		MCFPD:	_	
Daily Costs:	\$	82,730.00	Prior Cum Cost:	\$	68,764.00	Cum Cost:	\$	151,494.00
Activity:	_					Expense Br	aakdo	wn:
7:30am – Crew A	OI - 5 pc	i on well POC	H w/ kill string	movo	in PC numn	Bits	Edituo	wiii.
The second secon						BOP/Rentals	_	
equipment and 2		a comment of the same of the s				Cementing	+	
on location). PU			And the second second			Coil Unit	+	
18K tension. NU						Flowback	+	
electrician, gen-s	Contract of the second		Contract the William Contract Contract			Forklift	_	
space out, NU dr	ive and	start unit; PC p	oump/transfer p	ump w	orking,	Hot Oilier	+	
sending water to	SWD, a	nd will RD in th	ne AM. SDFTD 5	:30pm		Kill Truck	+	
						PKR Service	_	
6:00pm - Receive	e e-mail	that SWD not	working and go	back t	o SDSI	Pumping Unit	_	
production equip						Reverse unit	\$	1,200.00
•						Rig	\$	4,200.00
						Rods	\$	12,000.00
						Roustabout	7	12,000.00
						Stimulation	+	
						Supervision	\$	1,500.00
						Tbg Testing	-	1,500.00
						Tech. Super.	+	
						Trucking	_	
						Tubing	_	
						Vacuum Trucks	_	
						Well Equip.	\$	62,330.00
						Wellhead	Ś	1,500.00
						Wireline Service	-	2,500.00
						WO Fluids	+	
						Sfc Equipment		
						Sie Equipment		
						DAILY TOTAL	\$	82,730.00
Total Load (bbls): Load to Recover: Rig Supervisor:	Jody Lin	thicum			(hrs): Recovery (bbls			

Field: AFE No: Purpose: Evaluating Well - Installing PC Pump Rig Contractor: Present Operation: Comp Days: Original PBTD: Orig, Open Perfs: New Perfs: Daily Costs: S 900.00 Prior Cum Cost: S: Sits BOP/Rentals Cementing Coil Unit Flot What Flot Will Hot Oiller Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Rods Roustabout Stimulation Supervision Tigg Testing Tech. Super. Trucking Tucks Well Equip. Vacuum Trucks Well Equip. Vacuum Trucks Well Equip. Vacuum Trucks Well Equip. Vacuum Trucks Well Equip. Vireline Service	\$ 152,396 akdown:	94.00
Purpose: Evaluating Well - Installing PC Pump Rig Contractor: Basic Energy Services Operator: Jose Pusher: Present Operation: Comp Days: Workover Days: Testing Days: BOPD: Original PBTD: 9050¹ New PBTD: BWPD: Daily Costs: \$ 900,00 Prior Cum Cost: \$ 151,494.00 Cum Cost: Activity: Biss Bop D: Biss Bits Bop D: Biss Bits Bop D: Biss Bits Bop D: Biss Bop D: Biss Bits Bop D: Biss Bop D: Biss Bop D: Biss Biss Bop D: Biss Bop D: Biss Biss Bop D: Bis	\$ 152,394	94.00
Rig Contractor: Basic Energy Services Operator: Jose Pusher: Present Operation: RDMO Comp Days: Workover Days: Testing Days: BOPD: BWPD: BWPD: BWPD: MCFPD: Orig. Open Perfs: MCFPD: Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Cum Cost: Activity: Service Bits Bopp: MCFPD: M	\$ 152,394	94.00
Present Operation: RDMO Comp Days: Workover Days: BOPD: BOPD: BOPD: BWPP: MCFPD: New Perfs: BWPP: MCFPD: Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Cum Cost: Activity: Expense Brea Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PRK Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	\$ 152,394	94.00
Comp Days:		94.00
Original PBTD: 9050' New PBTD: BOPD: BWPD: MCFPD: New Perfs: MCFPD: Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Cum Cost: Activity: Expense Brea Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		94.00
Orig. Open Perfs: New Perfs: Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Cum Cost: Expense Brea Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		94.00
New Perfs: Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Expense Brea Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		94.00
Daily Costs: \$ 900.00 Prior Cum Cost: \$ 151,494.00 Expense Brea Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubling Vacuum Trucks Well Equip. Wellhead		94.00
Activity: 8:00am – Crews AOL; RDMO. Leave well SI, pending SWD repairs. Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		94.00
8:00am – Crews AOL; RDMO. Leave well SI, pending SWD repairs. Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	akdown:	
8:00am – Crews AOL; RDMO. Leave well SI, pending SWD repairs. Bits BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
BOP/Rentals Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Cementing Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip.		
Coil Unit Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Flowback Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Forklift Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Hot Oilier Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Kill Truck PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	1	
PKR Service Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Pumping Unit Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Reverse unit Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Rig Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Rods Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	\$ 900	00.00
Roustabout Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	7 30	00,00
Stimulation Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Supervision Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Tbg Testing Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead		
Tech. Super. Trucking Tubing Vacuum Trucks Well Equip. Wellhead	1	
Trucking Tubing Vacuum Trucks Well Equip. Wellhead	1	
Tubing Vacuum Trucks Well Equip. Wellhead	-	
Vacuum Trucks Well Equip. Wellhead	1	
Well Equip. Wellhead	+	
Wellhead	+	
	+	
	+	
WO Fluids	1	
Sfc Equipment		
Sie Equipment		
	-	
	-	
	4 00	00.00
DAILY TOTAL	\$ 90	00.00
	7	
Total Load (bbls): Swab (hrs):		
Load to Recover: Daily Recovery (bbls	1	
Rig Supervisor: Jody Linthicum Total Recover (bbls)	-	
BO:	1	

Well Name:	Hispania - Armstrong State	59-3 #2H		Date:	11/10/14
Field:				Safety Mtg:	
AFE No:	5 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	AFE Amount:		WI %	
Purpose: Rig Contractor:	Evaluating Well - Installing F	Operator:	loso	Pusher:	Chad
Present Operation:	Basic Energy Services	- Operator:	Jose	Pusner:	Chad
Comp Days:	-	Workover Days:		Testing Days:	
Original PBTD:	9050'	New PBTD:		BOPD:	
Orig. Open Perfs:	3030	_ New PBID.		BWPD:	-
New Perfs:				MCFPD:	
				11101101	2
Daily Costs:	\$ -	Prior Cum Cost:	\$ 152,394.00	Cum Cost:	\$ 152,394.00
Activity:				Expense B	reakdown:
	g Staley disposal. Begin	pumping w/ PC p	ump, set @ 3200.	Bits	
	0 , , , , , , , , , , , , , , , , , , ,			BOP/Rentals	
				Cementing	
				Coil Unit	
				Flowback	
				Forklift	
				Hot Oilier	
				Kill Truck	
				PKR Service	
				Pumping Unit	
				Reverse unit	
				Rig	
				Rods	
				Roustabout	
				Stimulation	
				Supervision	
			1	Tbg Testing	
				Tech. Super.	
				Trucking	
				Tubing	_
				Vacuum Trucks	+
				Well Equip.	
				Wellhead	-
				Wireline Service	
				WO Fluids	
				Sfc Equipment	
				5.000 7.07.01	<u> </u>
Total Load (bbls): Load to Recover: Rig Supervisor:	Andy Rickard Reporting	-	Swab (hrs): Daily Recovery (bbls Total Recover (bbls)	DAILY TOTAL	\$ -
			BO:		

Well Name:	Hispania -	Armstrong State	59-3 #2H			Date:	11/11/14
Field:	-					Safety Mtg:	
AFE No:			AFE Amount:			WI %	
Purpose:	Evaluating	Well - Installing	PC Pump				
Rig Contractor:	Basic	Energy Services	Operator:	Jose		Pusher:	Chad
Present Operation:							
Comp Days:			Workover Days:			Testing Days:	
Original PBTD:		9050'	New PBTD:			BOPD:	
Orig. Open Perfs:			_			BWPD:	
New Perfs:	-				*	MCFPD:	
Daily Costs:	\$	×	Prior Cum Cost:	\$	152,394.00	Cum Cost:	\$ 152,394.00
Activity:						Expense	Breakdown:
	z. High wa	ater and gas th	rough FG tanks; p	ut thro	ugh	Bits	
separator, begin			,,			BOP/Rentals	
separator, begin	naring.					Cementing	
						Coil Unit	
					1	Flowback	
					- 1	Forklift	
						Hot Oilier	
						Kill Truck	
						PKR Service	
						Pumping Unit	
						Reverse unit	
						Rig	
						Rods	
						Roustabout	
						1000	
						Stimulation	
						Supervision	
						Tbg Testing	
						Tech. Super.	
						Trucking	
						Tubing	
					1	Vacuum Trucks	
					- 1	Well Equip.	
					1	Wellhead	
					1	Wireline Service	
						WO Fluids	
						Sfc Equipment	
					- 1		
					- 1		
					1		
					1		
						DAILY TOTAL	\$ -
Total Load (bbls):			_	Swab			
Load to Recover:					Recovery (bbls		
Rig Supervisor:	Andy Rick	ard Reporting		Total I	Recover (bbls)		
				BO:			

Well Name:	Hispania - Arı	nstrong State 5	9-3 #2H			Date:	11/12/14
Field:						Safety Mtg:	
AFE No:			AFE Amount:			WI %	
Purpose:		ell - Installing Po					
Rig Contractor: Present Operation:	Basic Ene	rgy Services	Operator:	Jose		Pusher:	Chad
Comp Days:			Workover Days:			Testing Days:	
Original PBTD:	90	0501	New PBTD:			BOPD:	
Orig. Open Perfs:						BWPD:	
New Perfs:	_					MCFPD:	
Daily Costs:	\$		Prior Cum Cost:	\$	152,394.00	Cum Cost:	\$ 152,394.00
Activity:				_		Expense B	reakdown:
Pump spinning.	VSD shows d	own Shutin	the flow casing			Bits	reakdown.
r ump spiining.	V3D 3110 W3 G	own. Shacin	tob, now casing	*		BOP/Rentals	
						Cementing	
						Coil Unit	
						Flowback	
						Forklift	
						Hot Oilier	
						Kill Truck	
						PKR Service	
						Pumping Unit	
						Reverse unit	
						Rig	_
						Rods	
						Roustabout	
						Stimulation	
						Supervision	
						Tbg Testing	
						Tech. Super.	
						Trucking	
						Tubing	
						Vacuum Trucks	
						Well Equip.	
						Wellhead	_
						Wireline Service	
						WO Fluids	
						Sfc Equipment	
						Sic Equipment	
1 - 1							
						DAILY TOTAL	\$ -
							7
Total Load (bbls):				Swab			
Load to Recover:					Recovery (bbls		
Rig Supervisor:	Andy Rickard	Reporting		Total F	Recover (bbls)		
				BO:			

Well Name:	Hispania - A	rmstrong State 59	-3 #2H			Date:	-	11/13/14
Field:						Safety Mtg:		
AFE No:			AFE Amount:			WI %		
Purpose:	-	Well - Installing PC						
Rig Contractor:	Basic Er	nergy Services	Operator:	Jose	-	Pusher:	Cha	d
Present Operation: Comp Days:			Markovar Daves			Tosting Dove		
Original PBTD:		9050'	Workover Days: New PBTD:			Testing Days: BOPD:		
Orig. Open Perfs:	-	9030	New PBID.			BWPD:	_	
New Perfs:						MCFPD:	_	-
New Pelis.						WICIPD.	_	
Daily Costs:	\$	1,400.00	Prior Cum Cost:	\$	152,394.00	Cum Cost:	\$:	153,794.00
Activity:			_			Expense Br	eakdov	vn:
Well loaded up, v	will start nu	imp Ready to	send to Faglecia	wgas	line	Bits		
Working on com			The state of the s			BOP/Rentals		
						Cementing		
rate. Attempt to			es dead. Reset I	eveis i	ti.	Coil Unit	1	
separators and n	neet w/ Łag	gieciaw.				Flowback		
						Forklift		
						Hot Oilier		
						Kill Truck	_	
					- 1	PKR Service		
						Pumping Unit		
						Reverse unit		
						Rig		
						Rods		
						Roustabout	_	
						Stimulation	_	
						Supervision		
						Tbg Testing		
						Tech. Super.		
					1	Trucking		
						Tubing		
						Vacuum Trucks		
						Well Equip.		
						Wellhead		
						Wireline Service		
						WO Fluids		
						Sfc Equipment		
					- 1	DWC	\$	1,400.00
						DAILY TOTAL	\$	1,400.00
Total Load (bbls): Load to Recover: Rig Supervisor:	Andy Rickar	rd Reporting		Daily	(hrs): Recovery (bbls Recover (bbls)			

File No. MF 10095 Daily Completion-workover report from dates 10/23 to 11/13/14
Daily Completion-workever report
from dates 10/23 to 11/13/14
Date Filed: 11 13 14
Jerry E. Patterson, Commissioner

By SSD

CRAIG, TERRILL, HALE & GRANTHAM L.L.P.

ROBERT L. (BOB) CRAIG, JR., P.C. H. GRADY TERRILL KENT HALE TERRY L. GRANTHAM (1956-2012) HUGH N. LYLE * LEONARD R. (BUD) GROSSMAN * BENNETT G. COOK, III GARY BELLAIR ANGELIA B. LEE BRAD J. DAVIDSON RYAN J. BIGBEE ANDREW C. CURTIS ° MARCY M. ERWIN ELIZABETH G. HILL ° TRAVIS W. TOLLEY BRENNON D. GAMBLIN

ATTORNEYS AT LAW
A Limited Liability Partnership
Including Professional Corporations
9816 SLIDE RD.
SUITE 201, FIRSTBANK CENTRE
LUBBOCK, TEXAS 79424
Telephone: (806) 744-3232
Telecopier: (806) 744-2211

From the Office of: Angelia B. Lee (ext. 108) e-mail address: angelia@cthglawfirm.com

Direct (806) 686-1237

- Board Certified Personal Injury Trial Law Texas Board of Legal Specialization
- Board Certified Civil Appellate Law Texas Board of Legal Specialization
- Also Licensed in New Mexico

October 30, 2014

Texas General Land Office Attention: Energy Resources 1700 N. Congress Ave Austin Texas 78701 Regul

Austin, Texas 78701 Regular & CMRRR

91 7108 2133 3937 9623 6689

Barbara White 712 Emerald Bay

Laguna Beach, CA 92651 Regular & CMRRR

Bruce E. Bowe and Louise E. Bowe Revocable Trust dtd 11-14-07 Bruce E. Bowe and Louise E. Bowe, Trustees

561 Buckeye Ct

Santa Rosa, CA 95409 Regular & CMRRR

Weldon Scott Armstrong, Jr. et ux Regina Anne Armstrong

715 West 5th Street

Pecos, Texas 79772 Regular & CMRRR

RE:

DEMAND FOR PAYMENT \$31,840.22

Well: Reeves County, Texas

Unpaid invoices totaling, past due and payable to J & W Services and Equipment

Company, Inc. (3152.0032)

Abstract A-2778, Sec. 3, Block 59, Public School Land Survey

MF-103821, MF-114880 and MF-110095

Gentlemen:

This firm represents J & W Services and Equipment Company, Inc. (the Claimant) in the above referenced matter. The Claimant furnished labor and/or materials to San Gabriel Resources LLC, the operator of the Well at the location listed above. Claimant has not been paid the amounts due beginning July 12, 2014 in the aggregate amount of \$31,840.22, as shown by the true and correct copy of the sent invoices, attached to this letter and herein incorporated by reference, as follows:

e 143671 \$25,240.40
<u>\$1,655.16</u>
\$31,840.22

59-ARMSTRONG STATE 59-3 #2 October 30, 2014 page 2

The amount of \$31,840.22 is now unpaid on this account. You are further notified that if this account remains unpaid, you may be liable and your property will be subjected to a lien unless you withhold payments from San Gabriel Resources LLC, in an amount necessary to pay this claim or unless this claim is otherwise paid or settled.

Should you have any questions concerning this claim, please advise the undersigned immediately.

Myllia B. Zee Angelia B. Lee

Enclosure

cc:

Stephen R. Foy San Gabriel Resources LLC 401 Congress Ave, Suite 2900 Austin, Texas 78701 91 7108 2133 3937 9623 6689

Fortitude Energy, LLC c/o Hispania Petroleum S.A. Calle Agustine Millares No. 16 Las Palmas, Spain 35001 91 7108 2133 3937 9623 6658

Pecos Production Company, LLC Steven R. Foy, CEO 401 Congress Ave., Suite 2900 Austin, Texas 78701 91 7108 2133 3937 9623 6641

Ploutos Investments, LLC William M. Kerr, Jr. 301 Congress Ave., Suite 2000 Austin, Texas 78701 91 7108 2133 3937 9623 6634

A. L. S. Oil & Gas Ltd. John Saunder, President P.O. Box 8546 Witchita Falls, Texas 76307-8546 91 7108 2133 3937 9623 6627

via Certified Mail, Return Receipt Requested and First Class Mail via facsimile 512-391-0300

via Certified Mail, Return Receipt Requested and First Class Mail

via Certified Mail, Return Receipt Requested and First Class Mail

via Certified Mail, Return Receipt Requested and First Class Mail

via Certified Mail, Return Receipt Requested and First Class Mail ##:# ·##

File No. MF 110095
Notice of non-payment
Amount St. 593 #24
Date Filed: 11/4 14
Jerry E. Patterson, Commissioner
BySSD

AFFIDAVIT OF CLAIM FOR MINERAL LIEN

STATE OF TEXAS)
COUNTY OF MIDLAND)

BEFORE ME, the undersigned authority, personally appeared SCOTT BLAKELY, known to me, after being sworn by me upon his oath deposed and stated the following:

- (1) My name is SCOTT BLAKELY I am the authorized representative of J&W SERVICES AND EQUIPMENT, INC. (J&W). J&W's mailing address is P. O. Box 11021, Midland, Texas 79701. J&W's physical address is 3510 E. Highway 158, Midland, Texas 79706.
- (2) I am over 18 years of age, have never been convicted of a felony or a crime of moral turpitude and I am competent and authorized to make this Affidavit. The following statements of fact are true and correct and within my personal knowledge.
- (3) The materials and services were provided by J&W to San Gabriel Resources LLC, 401 Congress Ave., Suite 2900, Austin Texas 78701-operator 745987-in the amount of \$31,840.22, as more particularly described by the invoices attached as Exhibit A of this affidavit. The materials and services were provided on or after May 30, 2014, billed for on June 12, 2014, and due and owing 30 days later.
- (4) The land is Well Armstrong State 59-3 #2, located in Reeves County, Texas, Abstract A-2778, Sec. 3, Block 59, Public School Survey–MF-103821, MF-114880 and MF-110095
- (5) The mineral owners' names and mailing addresses are:

Texas General Land Office Attention: Energy Resources 1700 N. Congress Ave Austin, Texas 78701

Barbara White 712 Emerald Bay Laguna Beach, California 92651

Bruce E. Bowe and Louise E. Bowe Revocable Trust dtd 11-14-07 Bruce E. Bowe and Louise E. Bowe, Trustees 561 Buckeye Ct Santa Rosa, California 95409

Weldon Scott Armstrong, Jr. et ux Regina Anne Armstrong 715 West 5th Street Pecos, Texas 79772 San Gabriel Resources, LLC
Steven R. Foy, CEO
401 Congress Ave, Suite 2900
Austin, Texas 78701 leasehold owner
Fortitude Energy, LLC
c/o Hispania Petroleum S.A.
Calle Agustine Millares No. 16
Las Palmas, Spain 35001 leasehold owner

Pecos Production Company, LLC
Steven R. Foy, CEO
401 Congress Ave.
Suite 2900
Austin, Texas 78701 leasehold owner

Ploutos Investments, LLC
William M. Kerr, Jr.
301 Congress Ave., Suite 2000
Austin, Texas 78701 leasehold owner

A. L. S. Oil & Gas Ltd.
John Saunder, President
P.O. Box 8546
Witchita Falls, Texas 76307-8546 leasehold owner

(6) Notice of Claimant's claim against the owner was presented to the owner(s) and operator by certified mail, return receipt requested on date of this affidavit.

Further Affiant sayeth not.

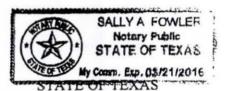
SCOTT BLAKELY

J&W SERVICES AND EQUIPMENT, INC.

P. O. Box 11021

Midland, Texas 79701

SUBSCRIBED AND SWORN TO BEFORE ME under my official hand and seal of office this 24 th. day of October, 2014, by Scott Blakely.



NOTARY PUBLIC, STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me this 29 day of October, 2014, by Scott Blakely, on behalf of J&W SERVICES AND EQUIPMENT, INC.

OTARY PUBLIC, STATE OF TEXAS

SALLY A. FOWLER
Notary Public
STATE OF TEXAS

My Comm. Exp. 03/21/2016



Raider EFT Desert Drilling Products

Invoice

Date	invoice #
6/12/2014	138711

Ship To: ARMSTRONG STATE 59-3 #2H

Bill To:	SAN GABRIEL KESOUKCES LLC
	401 CONGRESS AVE
	SUITE 2900
	AUSTIN TX 78701

	AFE / PO NO.	BHIP DATE	BHIP VIA	TERMS	ORDERD	BY	REFERENCE NO.
		5/30/2014		Net 30			26847
Qty		Descrip	tion		Rate	UM	Amoun
1	ASSEMBLY, PIC	, 7-1/16' 10M X 7-1/16' STAIL, LOWER, #4 FL			2,950.00 1,625.00	EACH	2,950.007 1,625.007
1	SERIAL #219971 ASSEMBLY, PIO SERIAL #217748	STAIL, UPPER, #4 RO	UND, 50°		1,965.00	EACH	1,965.00
1		II, 12-1/4', 5KV 140A,	5000 PSI	1	1,615.00	EACH	1.615.007
1		6, 7-1/16° 5M, 2-7/8°			2,850.00	EACH	2,850.007

PLEASE SHOW OUR INVOICE NUMBER ON REMITTANCES

REMIT TO

P.O. BOX 11021 MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-0515 FAX (432) 687-2077 BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774 SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

Subtotal	\$11,005.00
Sales Tax (6.75%)	\$742.84
Total	\$11,747.84
Payments/Credits	\$0.00
Balance Due	\$11,747.84

SERVICES & EQUIPMENT COMPANY

Full Moon Trucking Raider EFT Lone Star Valve Rantals Desert Drilling Products

BHI TO: SAN GABRIFL RESOURCES LLC 401 CONGRESS AVE SUITE 2900 AUSTIN TX 78701

Invoice

Date	Involce f
6/30/2014	139834

Ship To:	ARMSTRONG STATE 59-3 #2H

-	AFE / PO NO.	SHIP DATE	SHIP VIA	TERMS	ORDERD E	BY	REFERENCE NO.
		6/29/2014		Net 30	BOBBY HOL	IDAY	LS3182
Qty		Descrip	tion		Rate	UM	Amoun
7 270	FELD SERVICE MILEAGE TORQUE WREN				75.00 2.75 250.00		\$25.00° 742.30° 250.00°

PLEASE SHOW OUR INVOICE NUMBER ON REMITTANCES

REMIT TO: P.O. BOX 11021

MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-0515 FAX (432) 687-2077 BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774 SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

\$1,517.50
\$102.43
\$1,619.93
\$0.00
\$1,619.93

SERVICES & EQUIPMENT COMPANY

Invoice Invoice # 159833

BIII TO: SAN GABRIEL RESOURCES LLC 401 CONGRESS AVE SUITE 2900 AUSTIN TX 78701

Ship To: ARMSTRONG STATE 59-3 #2H

Date

	AFE / PO NO.	SHEP DATE	SHIP VIA	TERMS	ORDERD I	SY.	REFERENCE NO.
		6/28/2014		Net 30	BOBBY HOL	DAY	L83181
Qty		Descrip	tion		Rate	UM	Amoun
10 270	FIELD SERVICE MILEAGE	HOURS			75.00 2.75		750,00 742,50

PLEASE SHOW OUR INVOICE NUMBER ON REMITTANCES

REMIT TO:

P.O. BOX 11021 MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-9515 FAX (432) 687-2077 BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774 SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

Subtotal	\$1,492.50
Sales Tax (6.75%)	₩1,492.50
Total	\$1,593.24
Payments/Credits	\$0.00
Balance Due	\$1,593.24

SERVICES & EQUIPMENT COMPANY

Full Moon Trucking Raider EFT
Lone Star Valve Rentals Desert Drilling Products

Invoice. Date

BIII To: SAN GABRIEL RESOURCES LLC 401 CONGRESS AVE SUITE 2900 AUSTIN TX 78701

Ship To: ARMSTRONG STATE 59-3-2H

-	AFE / PO NO.	SHIP DATE	SHIP VIA	TERMS	ORDERD	BY	REFERENCE NO.
		7/16/2014		Net 30	CHRIS LIG	нт	L53201
Qty		Descript	tion		Rate	UM	Amoun
7 308	FIELD SERVICE MILEAGE TORQUE WREN	ICH	INIT		75.00 2.75 250.00		525.00 847.00 250.00
	tabbles'	EXH	1811				

P.O. BOX 11021 MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-0515 FAX (432) 687-2077
BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774
SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

Subtotal	\$1,622.00
Sales Tax (6.75%)	\$109.49
Total	\$1,731.49
Payments/Credits	pc. 20.00
Balance Due	\$1,731.49



Invoice

Date	Invoice #
9/9/2014	143671

Ship To: ARMSTRONG STATE 59-3 2H

Bill To:	SAN GABRIEL RESOURCES LLC 401 CONGRESS AVE SUITE 2900 AUSTIN TX 78701	Ship To:	ARMSTRONG STATE 59-3 2
	ADDIES IN 18161		

()	AFE / PO NO.	SHIP DATE	SHIP VIA	TERMS	ORDERD	BY	REFERENCE NO.
		6/28/2014		Net 30	CHARLE	8	37813
Qty		Descript	tion	***************************************	Rate	UM	Amoun
1	*RENTAL 5 DA' FRAC VALVE ?	1/16" 10M			1,500.00		9,000,007
1	ADDITIONAL R		DMG		300.00		300,007
14	ADDITIONAL R			1	30.00		420,007
1	FRAC VALVE 7	Y MINIMUM 1/16" 10M			3,000.00		3,000.007
19	*JULY & AUGU	ST RENTAL			37.00	EACH	5,700 007
4		BX 136 IRGE - HOT SHOT IRGE - CRANE TRUC	K		1,106.40		1,106.407
1	REPAIRS				1,070.00	EACH	1,070.007

PLEASE SHOW OUR INVOICE NUMBER ON REMITTANCES

REMITTO: P.O. BOX 11021 MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-0515 FAX (432) 687-2077
BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774
SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

Subtotal	\$23,644.40
Sales Tax (6.75%)	\$1,596.00
Total	\$25,240,40
Payments/Credits	\$0.00
Balance Due	\$25,240,40



Invoice

144622

Bill To: SAN GABRIEL RESOURCES LLC 401 CONGRESS AVE SUITE 2900 AUSTIN TX 78701

Ship To: ARMSTRONG STATE 59 -3 #2H

	AFE / PO NO.	SHIP DATE	SHOP VIA	TERMS	ORDERD	BY	REFERÊNCE NO.
		9/9/2014		Not 30	BOBBY HOL	DAY	LS1377
Qty		Descript	tion		Rate	UAM	Amoun
7 282	FIELD SERVICE MILEAGE TORQUE WREN				75.00 2.75 250.00		\$25.00° 775.50 250.00°

PLEASE SHOW OUR INVOICE NUMBER ON REMITTANCES

P.O. BOX 11021

MIDLAND, TEXAS 79702

MIDLAND OFFICE (432) 687-0515 FAX (432) 687-2077 BRIDGEPORT OFFICE (940) 683-1770 FAX (940) 683-1774 SNYDER OFFICE (325) 574-1948 FAX (325) 574-1957

Subtotal	\$1,550.50
Sales Tax (6.75%)	\$104.66
Total	\$1,655.16
Payments/Credits	\$0.00
Balance Due	\$1,655.16

hl

File No. MEHORGE Afficial of Clain for Munocal Loson

Date Filed: MM 14

Jerry E. Patterson, Commissioner
By_SSD

11-11-11

Current Contacts for Working Interest of Lease:

Fortitude Energy 70%
a/k/a Hispania Petroleum
Alejandro Penafiel Minton
832-904-7616
apenafiel@hispaniapetroleum.com

a/k/a Hispania Petroleum Jose Penafiel Minton 713-8580577 jpenafiel@hispaniapetroleum.com

San Gabriel 30% Steve Foy 512-415-4311 sfoy@sangbr.com

San Gabriel has made additional assignments that GLO has not been furnished.

File No. MF 110095 Contact information for WI

Date Filed: 11 21 14

Jerry E. Patterson, Commissioner

By SSD



TEXAS GENERAL LAND OFFICE GEORGE P. BUSH. COMMISSIONER

February 14, 2018

I, George P. Bush, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

This Certificate of Fact is limited, as requested by Barbie Roach/Lynch Chappell & Alsup, and covers Mineral File M-110095 only;

That on March 16, 2009, WELDON SCOTT ARMSTRONG, JR. a/k/a SCOTT ARMSTRONG, JR. AND WIFE RERGINA ANNE ARMSTRONG, individually, and as agent for the State of Texas, executed and delivered a **PAID-UP** State Relinquishment Act Oil & Gas Lease M-110095A, covering "East One-Half (E/2) of Section 3, Block 59, Public School Land Survey," 320.00 acres in Reeves County, to GEORGE G. STALEY, for a primary term of One (1) year, with a cash bonus of \$16,000.00, with like amounts payable each to landowner and State, and a royalty of One-Fourth (1/4), one-half payable each to landowner and State, and a certified copy of said lease was filed in the Texas General Land Office on April 20, 2009, in Mineral File M-110095;

That on March 16, 2009, BARBARA L. WHITE, TRUSTEE OF THE BARBARA L. WHITE REVOCABLE LIVING TRUST, individually, and as agent for the State of Texas, executed and delivered a **PAID-UP** State Relinquishment Act Oil & Gas Lease M-110095B, covering "East One-Half (E/2) of Section 3, Block 59, Public School Land Survey," 320.00 acres in Reeves County, to GEORGE G. STALEY, for a primary term of One (1) year, with a cash bonus of \$8,000.00, with like amounts payable each to landowner and State, and a royalty of One-Fourth (1/4), one-half payable each to landowner and State, and a certified copy of said lease was filed in the Texas General Land Office on April 20, 2009, in Mineral File M-110095;

That on March 16, 2009, BRUCE E. BOWE AND LOUISE E. BOWE, TRUSTEES OF THE BRUCE E. BOWE AND LOUISE E. BOWE REV. TR. DTD 11-14-07, individually, and as agent for the State of Texas, executed and delivered a **PAID-UP** State Relinquishment Act Oil & Gas Lease M-110095C, covering "East One-Half (E/2) of Section 3, Block 59, Public School Land Survey," 320.00 acres in Reeves County, to GEORGE G. STALEY, for a primary term of One (1) year, with a cash bonus of \$8,000.00, with like amounts payable each to landowner and State, and a royalty of One-Fourth (1/4), one-half payable each to landowner and State, and a certified copy of said lease was filed in the Texas General Land Office on April 20, 2009, in Mineral File M-110095;

That the latest rental payment for State Oil & Gas Lease M-110095, for the period March 16, 2010, to March 16, 2012, was received in the Texas General Land Office on March 1, 2010;

That on September 3, 2010, GEORGE G. STALEY, and JERRY E. PATTERSON, Commissioner of the Texas General Land Office, executed Pooling Agreement Unit #4818 which included lease M-110095, insofar as 320.00 acres is concerned, and covering an area designated as Armstrong State Gas Unit #1, and said agreement, having been approved by the School Land Board on August 17, 2010, was filed in the Texas General Land Office on August 17, 2010, in Mineral File M-103821;

That on January 27, 2014, Railroad Commission Form Application For Permit W-1, To Drill, Recomplete of Re-Enter, was filed in the Texas General Land Office in Mineral File M-103821, indicating that Well #2H was spudded on December 17, 2013 and is now drilling at 10,520 feet;

That on February 10, 2015, MARK E. STALEY, executed an shut-in affidavit of "Lack of Market", sworn to according to law, in which he states "the gas purchaser was shut down due to gas plant being down due to

a bad turbine that needed to be replaced," said shut-in affidavit of "Lack of Market" was filed in the Texas General Land Office on February 10, 2015, in File M-103821;

That on December 12, 2013, SAN GABRIEL RESOURCES, LLC, assigned to FORTITUDE ENERGY, LLC, various interests in lease M-110095, and reference to said assignment ID #9238, is herein made for all purposes to the instrument which was filed of record in Volume 1056, Pages 480-491, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on February 21, 2014, in Mineral File M-103820;

That on December 12, 2013, SAN GABRIEL RESOURCES, LLC, assigned to PECOS PRODUCTION COMPANY LLC, various interests in lease M-110095, and reference to said assignment ID #9237, is herein made for all purposes to the instrument which was filed of record in Volume 1056, Pages 553-564, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on March 17, 2014, in Mineral File M-103820;

That on September 1, 2016, SANDRA H. STALEY and ESTATE OF GEORGE G. STALEY, assigned to ICA ENERGY, INC. and SIPES EXPLORATION, INC., various interests in lease M-110095, and reference to said assignment ID #9895, is herein made for all purposes to the instrument which was filed of record in Volume 1318, Pages 56-61, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on November 15, 2016, in Mineral File M-103820;

That on September 1, 2016, SIPES EXPLORATION, INC., assigned to L.D. SIPES, JR., SILVER SAGE INVESTMENTS, INC. and CONVENTIONAL RESERVES LLC, various interests in lease M-110095, and reference to said assignment ID #9896, is herein made for all purposes to the instrument which was filed of record in Volume 1324, Pages 756-761, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on November 15, 2016, in Mineral File M-103820;

That on February 23, 2017, ICA ENERGY, INC., SIPES EXPLORATION, INC., SILVER SAGE INVESTMENTS, INC., CONVENTIONAL RESERVES, LLC, L.D. SIPES, JR., assigned to ATLANTIC RESOURCES HOLDING CO., LLC, various interests in lease M-110095, and reference to said assignment ID #10372, is herein made for all purposes to the instrument which was filed of record in Clerk's File Number 17-03012, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on August 24, 2017, in Mineral File M-103820;

That on March 1, 2017, ATLANTIC RESOURCES HOLDING CO., LLC, assigned to NORTH REEVES DEVELOPMENT LLC, various interests in lease M-110095, and reference to said assignment ID #10469, is herein made for all purposes to the instrument which was filed of record in Clerk's File Number 17-05952, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on November 20, 2017, in Mineral File M-103820;

That the latest royalty payments for lease M-110095 were received in the Texas General Land Office on March 15, 2015, for oil produced during January 2015, and on January 15, 2018, for gas produced during November 2017;

File No

veriten.

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above

GEORGE P. BUSH

COMMISSIONER OF THE GENERAL LAND OFFICE

GPB/wt

Name:

Barbie Roach/LYNCH CHAPPELL & ALSUP

300 N. Marienfeld, Suite 700, Midland, TX 79701

Dicta No.:

2018-13

Fee:

\$100.00 M-110095

COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION A. Signature Complete items 1, 2, and 3. □ Agent Print your name and address on the reverse ☐ Addressee so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery Attach this card to the back of the mailpiece. or on the front if space permits. ☐ Yes Itlantic Resources Companyles 1. Article Addressed to: D. Is delivery address different from item 1? If YES, enter delivery address below: П No 10Box 3750 MF110095 3. Service Type ☐ Priority Mail Express® ☐ Adult Signature ☐ Registered Mail™ □ Adult Signature Restricted Delivery ☐ Registered Mail Restricted Delivery ☐ Certified Mail® 9590 9402 1749 6074 7763 81 ☐ Certified Mail Restricted Delivery ☐ Return Receipt for Merchandise ☐ Collect on Delivery

1242

☐ Collect on Delivery Restricted Delivery

Mail Restricted Delivery

Mail

7011 1150 0001 2420 12
PS Form 3811, July 2015 PSN 7530-02-000-9053

2. Article Number (Transfer from service label)

Domestic Return Receipt

☐ Signature Confirmation™

☐ Signature Confirmation

Restricted Delivery

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com_®

OFFICIAL USE

Postage \$

Certified Fee

Return Receipt Fee (Endorsement Required)

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0007

1,1,50

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees \$

MF103821 MF 110095

110095 Postmark Here

Atlantic Resources Company LLC

Midland, Tx 79702-3759

PS Form 3800, August 2006

See Reverse for Instructions



Texas General Land Office Reconciliation Billing

George P. Bush, Commissioner

PO Box 12873 Austin, TX 78711-2873 (800) 998-4456 8:00 - 5:00 M-F

Atlantic Resources Company, LLC

PO Box 3759

Midland, TX 79702-3759

Billing Date:

2/8/2019

Billing Due Date: 3/10/2019

Customer Number: C000089494

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00229	MF110095	\$4,306.38	\$0.00	\$430.65	\$123.23	\$4,860.26
Total Due		\$4,306.38	\$0.00	\$430.65	\$123.23	\$4,860.26

Penalty and interest have been calculated thru 2/28/2019. Payment remitted after 2/28/2019 will result in additional penalty and interest charges.

Contact Info: Mike Nicklaus (512) 475-1517 or Mike.Nicklaus@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit http://www.glo.texas.gov, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

Atlantic Resources Company, LLC

Customer Number: C000089494

Billing Date: 2/8/2019

Billing Due Date: 3/10/2019

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00229	MF110095	\$4,306.38	\$0.00	\$430.65	\$123.23	\$4,860.26
Total Due		\$4,306.38	\$0.00	\$430.65	\$123.23	\$4,860.26
Amt. Paid						

Auditor/AE: Mnicklau 1 Invoice Number: **GLO Lease:** MF110095 Billing Date: 2/1/2019 P&I Calculation Date: Atlantic Resources Company GLO Review: 2/28/2019 **Review Period:** Sept 2017 - Aug 2018 Royalty Rate: 12.500% (3) (1) (2) (6) (7) (8) (9) (11)(12)(13)(15)(14) Interest Rate From Tract Participation Additional Interest Rate For Number of Penalty Rate From | Additional Month / Year RRC Number Gas/Oil Volume Rate BTU **Gross Value** Royalty Due Royalty Paid Royalty Due Days Late Additional Royalty | Additional Royalty | Royalty2 Revenue Due Feb-18 08-233022 16,350 0.50000000 \$ 3.207800 0.963200 \$25,258.73 \$3,157.34 \$1,908.38 \$1,248.96 5.50% \$124.90 \$48.93 \$1,422.79 Mar-18 08-233022 11,601 0.50000000 \$ 2.244600 0.963200 \$12,540,67 \$1,567,58 \$1,108.88 \$458.70 289 5.50% \$45.87 \$15.90 \$520.47 Арг-18 08-233022 14,520 0.50000000 \$ 2.382200 0.963200 \$16,658.32 \$2,082.29 \$1,420.50 \$661.79 258 5.50% \$66.18 \$19.84 \$747.81 May-18 08-233022 14.023 0.50000000 \$ 2.502600 0.963200 \$16.901.25 \$2,112.66 \$1,433.88 \$678.78 228 5.50% \$67.88 \$17.29 \$763.95 Jun-18 08-233022 12,732 0.50000000 \$ 2.605800 0.963200 \$15,978.07 \$1,997.26 \$1,452.75 \$544.51 197 5.50% \$54.45 \$11.32 \$610.28 11,920 Jul-18 08-233022 0.50000000 \$ 2.588600 \$1,857.54 0.963200 \$14,860.30 \$1,488.75 \$368.79 166 5.50% \$36.88 \$5.95 \$411.62 08-233022 11,307 0.50000000 \$ 2.451000 \$13,346,80 \$1,668.35 \$1,323,50 Aug-18 0.963200 \$344.85 136 5.50% \$34.49 \$4.00 \$383.34

\$14,443.02

Category

Gas

\$10,136.64

\$4,306,38

\$430.65

\$123.23

\$4.860.26

COMMENTS:

TOTALS

| | Customer ID:

COLUMN (3) -- VOLUMES SHOWN REPRESENT TRANSMISSION LINE GAS SALES SHOWN ON RRC REPORTS AND ON YOUR GLO2 REPORTS FILED FOR WELL #08-233022.

\$115,544.15

THESE VOLUMES ARE FOR GLO UNIT #4818 (ARMSTRONG STATE GAS UNIT).

COLUMN (5) ---PRICES SHOWN ARE HOUSTON SHIP CHANNEL PRICES AT 86%. BEGINNING IN FEBRUARY 2018, PRICES SHOWN ON YOUR GLO2 REPORTS WERE SIGNIFICANTLY BELOW (-30% TO -44%) SHIP CHANNEL PRICES.
PRIOR TO FEBRUARY, YOUR PRICES AVERAGED AROUND 86% OF HOUSTON SHIP CHANNEL PRICES. THEREFORE, THIS BILLING IS BASED UPON THE PRICE DIFFERENCE BETWEEN YOUR REPORTED PRICES

AND HOUSTON SHIP CHANNEL PRICES REDUCED BY 14%.

92,453

PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT: http://www.olo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf

ATTENTION:

NETA CORNELISON

C000089494

CERTIFIED MAIL: 70

7016 0600 0000 6595 5783

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 110 095
File No.
County
Recon Billing
Date Filed: 2/19/18
George P. Bush, Commissioner
Ву



Shut-In Affidavit

Texas General Land Office Commissioner Dawn Buckingham, M.D. 1700 North Congress Avenue Austin, Texas 78701-1495

Please respond fully to all applicable questions on this affidavit. Shut-in status may be denied for failure to provide information establishing the validity of this request for shut-in status. For a shut-in lease contained within a unit; separate affidavits must be submitted for each state lease within the unit.

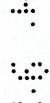
State Lease No. MF 110095			Operator Recovery Operating LP			
Lease Name Armstror	g State		Field Na	me Pamela	(Silurian)	
Area	Tract		Part E	2	Acres 320	
Section 3	Block 59		Survey	PSLS	County Reeves	
State's NRI in Lease: 0.1	250					
Unit Name (if applicable) Unit 4818			State's Unit NRI (if applicable) 0.109375			
Total Shut-In Due:		Explain ho	ow payme	ent was calculate	ed:	
		Requirment of \$ 1,200.00 per SI Well \$600.00 Surface Owners - \$ 600.00				
				f producing in pay Rule 9.36, (e). Affi	ving quantities. TAC, Title 31, Part 1, idavit required.	

Reason for Shut-In — Be Specific—(Add page as needed)

Lack of Market Due to Negative Natural Gas Price.

Explain when and how shut-in is expected to be resolved (Add page as needed)

This Well will be Returned to Production Upon Market Price of Natural Gas Improving.



Add Pages as need for additional wells. WELL INFORMATION Well Name: API: RRC: Dist#-Lease#)OIL (GAS Armstrong State # 1 42-389-32421 Produced in Past: Completion Date: Shut-In Date: Yes 01-22-2007 03-01-2024 No Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data. Basis for production report of average: Monthly Average Well Test **RRC Well Test** GAS 260 WATER mcf/d bbls/d bbls/d Well Name: API: RRC: Dist#-Lease# OIL **GAS** Produced in Past: Completion Date: Shut-In Date: Yes No Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data. Basis for production report of average: Well Test Monthly Average **RRC Well Test** GAS WATER mcf/d bbls/d bbls/d Well Name: API: RRC: Dist#-Lease# OIL **GAS Produced in Past: Completion Date:** Shut-In Date: No Yes Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data. Basis for production report of average: Well Test Monthly Average **RRC Well Test** GAS WATER mcf/d bbls/d bbls/d Well Name: API: RRC: Dist#-Lease# OIL GAS Produced in Past: Completion Date: Shut-In Date: Yes No Provide average daily production rate. Define basis for production report (prior or current) from monthly production report or well test data. Basis for production report of average: Well Test Monthly Average **RRC Well Test** GAS WATER

bbls/d

mcf/d

bbls/d

	in the same Railroad Commission design e wells more than1, 000 feet from the lea				
Operator	Lease Name & Well #	API	RRC: Dist#-Lease#		
RRC Field & Reservoir N	Name:	RRC Field Co	ode:		
Distance	Completion Interval	Status			
Operator	Lease Name & Well #	API	RRC: Dist#-Lease#		
RRC Field & Reservoir N	Name:	RRC Field Co	ode:		
Distance	Completion Interval	Status			
Operator	Lease Name & Well #	API	RRC: Dist#-Lease#		
RRC Field & Reservoir N	Name:	RRC Field Co	RRC Field Code:		
Distance	Completion Interval	Status			
Phone: <u>325-450-3682</u>	Operator's Representative Email: doc.robe Spring Creek Lane San Angelo, Te	ertson@verizon.net exas 76904			
I certify that this state of the Signature: Title: Managing P		S.V. "Doc" F	Robertson		
	to before me, the undersigned authorit	v this 4^{ψ}	day of		
April	20 <u>24</u> .				
Notary Public in and fo	leg Clml	MY COM OCTO	ILEY CLINE MISSION EXPIRES BER 21, 2027		
Tom Green	County, State of Texas	William NUTAR	Y ID: 132221246		

Revised 4/12/2017

FIRST FINANCIAL BANK 855-660-5862 4950

88-112/1113 63 CHECK ANMOR

RECOVERY OPERATING LP 12329 SPRING CREEK LN

12329 SPRING CREEK LN SAN ANGELO, TX 76904

1º0049501º

24706111

4/4/2024

PAY TO THE ORDER OF_

Texas General Land Office

**600.00

Six Hundred Only*****

_____DOLLARS

Texas General Land Office P.O. Box 12873

Austin, Texas 78711

МЕМО

Shut In Royalty MF 110095

History fundamental

RECOVERY OPERATING LP

4950

Texas General Land Office Shut in Royalty 4/4/2024

600.00

24706111

Checking

Shut In Royalty MF 110095

600.00

RECOVERY OPERATING LP

12329 Spring Creek Lane San Angelo, Texas 76904

April 02, 2024

Texas General Land Office P.O. Box 12873 Austin, Texas 78711-2873

Attn: Energy Resources - Susan Draughn

RE: Shut In Affidavit MF 110095 Armstrong State Well # 1 RRC # 08-233022 API # 42-389-32351

Dear Susan,

As per our conversation concerning our Armstrong State # 1 Well gas market conditions, the gas is marketed through the WAHA Hub which is currently experiencing a negative market price.

We are requesting approval to shut the well in to allow market conditions to improve. Please find attached a Shut-In Affidavit and payment with Check # 4950 for \$600.00. If you have any questions or concerns, please feel free to contact me.

Thank you,

S.V. "Doc" Robertson

325-450-3682 - doc.robertson@verizon.net

Cc: Coalson Draw Properties, LP 715 West 5th

Pecos, Texas 79772

Barbara L. White Living Trust 712 Emerald Bay Laguna Beach, CA 92651

Bruce E. & Louise E. Bowe Revocable Trust 1046 E. Palmyra Ave Orange, CA 92866





	•	•	•				
	•		•	•			
•		•		•	•		
		•	• •				
•						•	

File No. MF 110095

Shud-in payment County

+ Affidav H

Date Filed: 5 13 24

Commissioner Dawn Buckingham, M.D.

By: SSD

ve Revocable Trust

19 Beach CV SYPP.

Caguna Beach, C

May 13, 2024

Mr. S. V. "Doc" Robertson Recovery Operating LP 12329 Spring Creek Lane San Angelo, TX 76904

Re: State Lease MF110095 – Relinquishment Act Lease

320 acres, East Half Section 3, Block 59, PSL, A-2778, Reeves County, Texas

Shut-In: Armstrong State #1, API 42-389-32421

State Unit #4818

Dear Mr. Robertson:

This acknowledges receipt of shut-in payment in the total amount of \$600.00 for the subject shut-in well by the Texas General Land Office on April 9, 2024.

The Shut-In Royalty Committee has accepted the shut-in payment on behalf of the GLO and acknowledges the shut-in, which is noted as beginning on March 1, 2024, and will end March 1, 2025.

Please notify us when the well returns to production.

Yours truly,

Susan Draughn, Landman

Ousan Day

Energy Resources/ Mineral Leasing

Direct: 512.463.6521 / Email: susan.draughn@glo.texas.gov

Website: www.glo.texas.gov

	11.
File No. MF 110095	
letter accepting	County
shud-in	
Date Filed: 5 13 24	
Commissioner Dawn Buckingham, N	A.D.
Bv. 55/)	