

HOBBS OCD

AUG 13 2013

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30-025-41329

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



August 12, 2013

Endurance Resources, LLC
203 West Wall, Suite 1000
Midland, TX 79701

Dear Operator:

Rule 19.15.5.9 NMAC provides that the listing of a well on the Oil Conservation Division's (OCD's) inactive well list as a well inactive for more than one year plus 90 days creates a rebuttable presumption that the well is out of compliance with 19.15.25.8 NMAC (the inactive well rule).

An operator may rebut that presumption by providing evidence that the well is in compliance with 19.15.25.8 NMAC.

Endurance Resources, LLC (Endurance) currently has multiple wells appearing on the OCD's inactive well list as wells inactive for more than one year plus 90 days. However, Endurance recently has working with the BLM and the OCD to bring these wells back into compliance.

OCD is in the process of entering into an Agreed Compliance Order (ACOI) with Endurance and will be coding the extension expiration dates for these wells into the system so that the wells will not appear on the inactive well list for purposes of Rule 19.15.5.9 NMAC.

Endurance has rebutted the presumption created by Rule 19.15.5.9 as to some of the wells on the current list. Attached to this letter is a current inactive well list for Endurance, copies of sundries already submitted to the BLM requesting approval for five (5) of those wells to be brought back onto production, an e-mail response from Jim Amos of the BLM indicating approval to plug two other wells on the IWL and the processing of a third well to be put back on production, and a list of the nine wells that Endurance has submitted Sundry Notices. If all the sundries are approved, Endurance's IWL will be reduced to ten (10) wells.

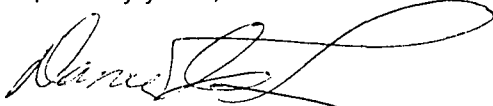
Although these wells still appear on the inactive well list, the OCD should not consider them as out of compliance with 19.15.25.8 NMAC or include them in calculating Endurances' compliance with Rule 19.15.5.9 until the approved ACOI has been entered into and expires.

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Respectfully yours,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a large, sweeping flourish extending from the end of the signature.

Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: E.L. Gonzales, OCD District 1 Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Ed Martin, OCD District 4 Supervisor
Donna Mull, Line Manager, OCD District 1
Gabriel Wade, OCD Assistant General Counsel-Santa Fe
Theresa Duran-Saenz, OCD Legal Assistant-Santa Fe

Inactive Well List

Total Well Count: 196 Inactive Well Count: 19

Printed On: Monday, August 12 2013

| District | API | Well | ULSTR | OCD Unit | OGRID | Operator | Lease Type | Well Type | Last Production | Formation/Notes | Status | TA Exp Date |
|----------|--------------|-------------------------------|--------------|----------|--------|-------------------------|------------|-----------|-----------------|--------------------------------------|--------|-------------|
| 2 | 30-015-24864 | AMOCO FEDERAL #001 | E-21-19S-31E | E | 270329 | ENDURANCE RESOURCES LLC | F | O | 10/2011 | | | |
| 2 | 30-015-24985 | AMOCO FEDERAL #002 | F-21-19S-31E | F | 270329 | ENDURANCE RESOURCES LLC | F | O | 10/2011 | | | |
| 2 | 30-015-25080 | AMOCO FEDERAL #004 | B-21-19S-31E | B | 270329 | ENDURANCE RESOURCES LLC | F | O | 10/2011 | | | |
| 2 | 30-015-25079 | AMOCO FEDERAL #005 | C-21-19S-31E | C | 270329 | ENDURANCE RESOURCES LLC | F | O | 10/2011 | | | |
| 2 | 30-015-25081 | AMOCO FEDERAL #006 | D-21-19S-31E | | 270329 | ENDURANCE RESOURCES LLC | F | O | 10/2011 | YATES | | |
| 2 | 30-015-24974 | BASEBALL PARK #001 | I-24-22S-26E | I | 270329 | ENDURANCE RESOURCES LLC | P | O | 05/2011 | | | |
| 2 | 30-015-25217 | BASEBALL PARK #002 | P-24-22S-26E | P | 270329 | ENDURANCE RESOURCES LLC | P | O | 05/2011 | | | |
| 2 | 30-015-25584 | BASEBALL PARK #004 | H-24-22S-26E | H | 270329 | ENDURANCE RESOURCES LLC | P | O | 10/2009 | | | |
| 2 | 30-015-20608 | FEDERAL N #001 | N-26-18S-30E | N | 270329 | ENDURANCE RESOURCES LLC | F | O | 04/2012 | | | |
| 2 | 30-015-20689 | FEDERAL N #002 | P-27-18S-30E | P | 270329 | ENDURANCE RESOURCES LLC | F | O | 04/2012 | | | |
| 2 | 30-015-26598 | GATES FEDERAL #006 | P-34-18S-30E | P | 270329 | ENDURANCE RESOURCES LLC | F | O | 07/2011 | Y-7R-QN-GRYBG RET TO PROD 7-26-13 | | |
| 2 | 30-015-25643 | GREEN FEDERAL #001 | F-19-17S-29E | F | 270329 | ENDURANCE RESOURCES LLC | F | O | 01/2011 | INTT O P&FA APVD 7-1-13 / BLM | | |
| 2 | 30-015-24863 | HILL FEDERAL #001 | H-21-19S-31E | H | 270329 | ENDURANCE RESOURCES LLC | F | O | 04/2012 | | | |
| 2 | 30-015-25082 | HILL FEDERAL #002 | A-21-19S-31E | A | 270329 | ENDURANCE RESOURCES LLC | F | O | 04/2012 | | | |
| 1 | 30-025-08358 | MARSHALL #001 | 4-19-23S-33E | M | 270329 | ENDURANCE RESOURCES LLC | F | O | 09/2011 | INT TO P&A APVD 7-1-13 / BLM | | |
| 1 | 30-025-25201 | MARSHALL #007 | C-19-23S-33E | C | 270329 | ENDURANCE RESOURCES LLC | F | O | 09/2011 | INT TO P&A APVD 7-1-13 / BLM | | |
| 2 | 30-015-21036 | MERLAND #001 | J-24-22S-26E | J | 270329 | ENDURANCE RESOURCES LLC | P | O | 03/2010 | | | |
| 2 | 30-015-25219 | PARLSEY FEDERAL #001 | A-20-19S-31E | A | 270329 | ENDURANCE RESOURCES LLC | F | O | 01/2012 | | | |
| 1 | 30-025-27051 | STRATOCASTER 20 FEDERAL #004H | I-20-23S-34E | I | 270329 | ENDURANCE RESOURCES LLC | F | G | 08/2006 | BONE SPRING INT PLGBK 07/25/13 | T | 11/1/2008 |

WHERE Ogrid:270329, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACO1, Excludes Wells in Approved TA Period