

Yeso Energy Morgan Federal #1

12/28/2012

Moved in rigged up and installed BOP. Moved in remaining plugging equipment. Picked up 5 ½" scraper and started in the hole. Ran 75 joints before dark. SION

|  |                |
|--|----------------|
| Rig time: 12.5 hrs @ 300.00                                  | 3750.00        |
| Supervisor   | 500.00         |
| Haul trucks to move equipment and work string 8 hrs @ 105.00 | 840.00         |
| Cement Pump Travel 62 miles @ 3.50/mile                      | 217.00         |
| Rental pipe 9203' @ 0.15/foot                                | 1380.45        |
| 5 ½"scraper  | 550.00         |
| BOP  | 1376.35        |
| Backhoe 5 hrs @ 95.00  | 475.00         |
| Steel pit  | 150.00         |
| Subtotal   | 9238.80        |
| Tax 5.5%   | 508.13         |
| Daily Total  | <u>9746.93</u> |

Yeso Energy Morgan Federal #1

12/29/2012

Finished picking up work string. Ran scrapper to 9207'. POH with tubing and stood back. Laid down scrapper and SION.

|                               |         |
|-------------------------------|---------|
| Rig time: 13 hrs @ 300.00     | 3900.00 |
| Supervisor                    | 500.00  |
| Rental pipe 9203' @ 0.15/foot | 1380.45 |
| Steel pit                     | 150.00  |
| Subtotal                      | 5930.45 |
| Tax 5.5%                      | 326.17  |
| Daily Total                   | 6256.62 |

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Yeso Energy Morgan Federal #1

12/29/2012

Finished picking up work string. Ran scrapper to 9207'. POH with tubing and stood back. Laid down scrapper and SION.

|   |         |
|---|---------|
| Rig time: 13 hrs @ 300.00                         | 3900.00 |
| Supervisor  | 500.00  |
| Rental pipe 9203' @ 0.15/foot                     | 1380.45 |
| Steel pit   | 150.00  |
| Trucking for brine & fresh water 7.5 hrs @ 105.00 | 787.50  |
| Brine 130 bbls @ 2.00/bbl                         | 260.00  |
| Fresh water 130 bbl @ 1.00/bbl                    | 130.00  |
| Subtotal  | 7107.95 |
| Tax 5.5%  | 390.94  |
| Daily Total                                       | 7498.89 |

Yeso Energy Morgan Federal #1

12/31/2012

RIH with CIBP and set at 9203'. Circulated hole with brine and mud. Spotted 35 sx class H cement on top of CIBP. WOC and tagged at 8885'. POH with tubing and laid down CIBP setting tool. SION

|   |          |
|---|----------|
| Rig time: 13 hrs @ 300.00                                   | 3900.00  |
| Supervisor  | 500.00   |
| Rental pipe 9203' @ 0.15/foot                               | 1380.45  |
| Steel pit   | 150.00   |
| Trucking for brine & pit water to disposal 9.0 hrs @ 105.00 | 945.00   |
| Brine 130 bbls @ 2.00/bbl                                   | 260.00   |
| Pit water to disposal 130 bbl @ .80/bbl                     | 104.00   |
| Cement Pump   | 2500.00  |
| 35 sx Class H cement @ 17.5/sk                              | 612.50   |
| 46 sx mud @ 15.00/sk  | 690.00   |
| Subtotal  | 11041.95 |
| Tax 5.5%  | 607.31   |
| Daily Total   | 11649.25 |

Yeso Energy Morgan Federal #1

1/1/2013

RIH to 7614' and spotted 25 sx class H cement. WOC and tagged at 7407'. POH to 5126' and spotted 25 sx class H cement. POH & SION.

|                                |         |
|--------------------------------|---------|
| Rig time: 11.5 hrs @ 300.00    | 3450.00 |
| Supervisor                     | 500.00  |
| Rental pipe 9203' @ 0.15/foot  | 1380.45 |
| Steel pit                      | 150.00  |
| 50 sx Class H cement @ 17.5/sk | 875.00  |
| CaCl 100# @ 2.00/lbs           | 200.00  |
| Subtotal                       | 6555.45 |
| Tax 5.5%                       | 360.55  |
| Daily Total                    | 6916.00 |

Yeso Energy Morgan Federal #1

1/2/2013

RIH and tagged at 4930'. POH to 2812' and pumped 25 sx class C cement with CaCl. WOC and tagged at 2536'. POH to 1580' and pumped 25 sx class C cement. POH & SION.

|   |          |
|---|----------|
| Rig time: 11.5 hrs @ 300.00                                 | 3450.00  |
| Supervisor  | 500.00   |
| Rental pipe 9203' @ 0.15/foot                               | 1380.45  |
| Steel pit   | 150.00   |
| Trucking for brine & pit water to disposal 9.0 hrs @ 105.00 | 630.00   |
| Brine 40 bbls @ 2.00/bbl                                    | 80.00    |
| Pit water to disposal 120 bbl @ .80/bbl                     | 96.00    |
| Cement Pump: Changed to Class C Cement                      | 2500.00  |
| 50 sx Class C cement @ 17.5/sk                              | 875.00   |
| CaCl 50# @ 2.00/lbs   | 100.00   |
| Subtotal  | 9761.45  |
| Tax 5.5%  | 536.88   |
| Daily Total   | 10298.33 |

Yeso Energy Morgan Federal #1

1/3/2013

RIH and tagged cement at 1293'. POH to 160' and circulated class C cement to surface. Rigged down and cut off wellhead. 5 1/2" X 8 5/8" annulus had water to surface after cutting off the wellhead. The water was bubbling gas and running over. Called Hobbs OCD and it was decided to "one inch" the annulus to 60' and pump cement to surface. Ran 1" tubing to 60' and circulated cement to surface. Monitored annulus after pumping cement and it remained stable...stopped running over. Installed dry hole marker, cut off anchors, and covered cellar.

|  |          |
|--|----------|
| CIBP used 12/31/2012   | 1650.00  |
| Rig time: 12.5 hrs @ 300.00  | 3750.00  |
| Supervisor   | 500.00   |
| Rental pipe 9203' @ 0.15/foot                                      | 1380.45  |
| Steel pit  | 150.00   |
| Trucking for fresh water & pit water to disposal 10.0 hrs @ 105.00 | 1050.00  |
| Fresh water 50 bbls @ 1.00/bbl                                     | 50.00    |
| Pit fluids to Gandy Marley 120 bbl @ 5.00/bbl                      | 104.00   |
| 20 sx Class C cement @ 17.5/sk                                     | 350.00   |
| Dry hole marker  | 250.00   |
| Welder 6 hrs @ 85.00/hr  | 510.00   |
| Backhoe 5 hrs @ 95.00/hr   | 457.00   |
| Subtotal   | 10201.45 |
| Tax 5.5%   | 561.08   |
| Daily Total  | 10762.53 |

Yeso Energy Morgan Federal #1

1/4/2013

Moved rig and equipment off location to Lovington yard. Moved work string to yard in Crossroads.

|  |         |
|--|---------|
| Rig time: 6.0 hrs @ 300.00                                 | 1800.00 |
| Supervisor   | 500.00  |
| Haul trucks to move workstring and equipment 8hrs @ 105.00 | 840.00  |
| Subtotal   | 3140.00 |
| Tax 5.5%   | 172.70  |
| Daily Total  | 3312.70 |

Total

60,184.63

60,184.63

