1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

Title: Engineer

Date: 12/21/2015

E-mail Address: tinlee@enduranceresourcesllc.com

Phone: 432-242-4693

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101 Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS OCD

☐AMENDED REPORT

DEC 3 0 2015

RECEIVED

Expiration Date: 12/31/17

| | | E | Operator Name a ENDURANCE RESO 203 West V Suite 10 | OURCES LLC Wall | | | 30-A | 2 OGRID Numb 270329 3 API Number 25 – 42 | | |
|-----------------------------|---------------|------------------|---|--|--|---------------|----------------------------|---|--|--|
| 4. Prop | erty Code | | Midland, TX | 79701 | perty Name | | 100 | | ell No. | |
| *Property Code | | | | Telecaste | er Bass 36 State | | | | IH | |
| | | | | 7. Surfa | ce Location | | | | | |
| UL - Lot D | Section 36 | Township 24 S | Range 34 E | Lot Idn | Feet from 330 | N/S Line N | Feet From 425 | E/W Line W | County LEA | |
| | | | | 8 Proposed E | Bottom Hole | Location | | | | |
| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County | |
| М | 36 | 24 S | 34 E | | 330 | S | 660 | W | LEA | |
| | | | | 9. Pool 1 | Information | 47.7 | | The state of | | |
| | | | | Pool Nam Red Hills: Bone Sp | | DRTH | | | Pool Code 96434 | |
| | | | | Additional V | Well Informs | ntion | | | | |
| 11. Work Type New Well | | | 12. Well Type Oil | | Additional Well Information 13 Cable/Rotary R | | 14. Lease Type State | | 15 Ground Level Elevation | |
| | | | 17. Proposed Depth 13,850' MD | | 18 Formation Bone Spring/Avalon | | 19. Contractor NorAm 23 | | 20. Spud Date 05/01/16 | |
| Depth to Gro | und water: 0 | -400' | Distar | nce from nearest fresh | water well | | Distance t | o nearest surface | water | |
| ₩e will b | e using a | closed-loop | system in lieu of | lined pits | g and Cemer | at Program | | | | |
| Туре | Hole | e Size | Casing Size | Casing Weight | | Setting Depth | Sacks of C | ement | Estimated TOC | |
| Surf | | | 9.625 | 40 | ,,,, | 1000 | 440 | | Surface | |
| Int1 | | .75 | 7 | 29 | | 9900 | 770 | | Surface | |
| Prod | | | 4.5 | 13.5 | 118 | 13850 | | 250 | | |
| | | | Casin | g/Cement Progr | am: Additio | nal Comment | S | | 4050000 | |
| | | | | n 9-5/8", 40#, J-55 cs e. Drill a 6-1/8" hole (| | | | | 9,900' with oil based and cement to 8700'. | |
| | -11 | | 22. | Proposed Blowo | ut Preventio | n Program | | | <u> </u> | |
| Туре | | | V | Working Pressure | | Test Pressure | | Manufacturer | | |
| | Double Ram | | | 5000 | 5000 5000 | | | Cameron | | |
| . Laborate | Cit II | 111 | | | | | | | | |
| best of my ki | nowledge ar | nd belief. | | rue and complete to to | | OIL | CONSERVAT | TON DIVIS | ION | |
| 19.15.14.9 () Signature: | B) NMAC | | | (3) MARC EN AND | Appro | ved By: | and . | 7 | | |
| Printed name | | | | | Title: | Petrol | eum Enginee | e | Lander S. | |

Approved Date:

Conditions of Approval Attached

CONDITIONS OF APPROVAL

| API# | Operator | Well name & Number |
|--------------|-------------------------|-------------------------------|
| 30-025-42990 | ENDURANCE RESOURCES LLC | TTELECASTER BASS STATE # 001H |

Applicable conditions of approval marked with XXXXXX

| Other wells | |
|-------------|--|
| Drilling | |
| XXXXXXX | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |

| XXXXXXX | SURFACE & INTERNEMIATE(1) CASING - Cement must circulate to surface |
|---------|--|
| XXXXXXX | PRODUCTION CASING - Cement must tie back into intermediate casing |
| | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| XXXXXXX | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |

Lost Circulation

| XXXXXXX | Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
|---------|---|
| | |

Stage Tool

| XXXXXXX | Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 |
|---------|---|
| XXXXXXX | If using Stage Tool on Surface casing, Stage Tool must be greater than 350' and a minimum 200 feet above surface shoe. |
| XXXXXXX | When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |

Pits

| XXXXXXX | If using a pit for drilling and completions, must have an approved pit form prior to spudding the well |
|---------|--|
| | |

Completion & Production

| XXXXXXX | Will require a directional survey with the C-104 |
|---------|--|
| | |