

District I
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
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 30 2015

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--|---|
| ¹ Operator Name and Address ENDURANCE RESOURCES LLC 203 West Wall Suite 1000 Midland, TX 79701 | | ² OGRID Number 270329 |
| | | ³ API Number 30-025-4298 |
| ⁴ Property Code 314105 | ⁵ Property Name Telecaster Bass 36 State | |
| | | ⁶ Well No. 1H |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| D | 36 | 24 S | 34 E | | 330 | N | 425 | W | LEA |

⁸ Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| M | 36 | 24 S | 34 E | | 330 | S | 660 | W | LEA |

⁹ Pool Information

| Pool Name | Pool Code |
|--|-----------|
| Red Hills: Bone Spring East NORTH | 96434 |

Additional Well Information

| | | | | |
|-------------------------------------|--|---|--------------------------------------|--------------------------------------|
| ¹¹ Work Type New Well | ¹² Well Type Oil | ¹³ Cable/Rotary R | ¹⁴ Lease Type State | ¹⁵ Ground Level Elevation |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 13,850' MD | ¹⁸ Formation Bone Spring/Avalon | ¹⁹ Contractor NorAm 23 | ²⁰ Spud Date 05/01/16 |
| Depth to Ground water: 0-400' | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

²¹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 40 | 1000 | 440 | Surface |
| Intl | 8.75 | 7 | 29 | 9900 | 770 | Surface |
| Prod | 6.125 | 4.5 | 13.5 | 13850 | 250 | 8700 |

Casing/Cement Program: Additional Comments

Plan to drill a 12-1/4" hole to 1000' with Fresh Water. Run 9-5/8", 40#, J-55 csg and cement to surface. Drill 8-3/4" vertical and curve on 10"/100' to 9,900' with oil based mud, and run 7", 29#, HCP-110 csg and cement to surface. Drill a 6-1/8" hole (~3950' lateral) to TD of ~13,850'. Run 4-1/2", 13.5#, HCP-110 csg and cement to 8700'.

²² Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 5000 | 5000 | Cameron |

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.

Signature: *Tinlee Tilton*

Printed name: Ms. Tinlee Tilton

Title: Engineer

E-mail Address: tinlee@enduranceresourcesllc.com

Date: 12/21/2015

Phone: 432-242-4693

OIL CONSERVATION DIVISION

Approved By: *[Signature]*

Title: **Petroleum Engineer**

Approved Date: **12/31/15**

Expiration Date: **12/31/17**

Conditions of Approval Attached

JAN 04 2016 11/5/16

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**

Administrative Orders Required

| | |
|--|--|
| | |
|--|--|

Other wells

| | |
|--|--|
| | |
|--|--|

Drilling

| | |
|---------------|--|
| XXXXXX | 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 |
| | |

Casing

| | |
|---------------|--|
| XXXXXX | SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface -- |
| XXXXXX | 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 |
| XXXXXX | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| | |

Lost Circulation

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

Stage Tool

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

Pits

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

Completion & Production

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