

30-015-39428

Aim

Directional Services, LLC

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NMOCD ARTESIA

Horizontal Proposal Package

Nearburg Producing
Morris-Boyd 26, Well No. 2H
Eddy County, New Mexico

Attn: Matt Lee

Quote No.: 091511338

September 15, 2011

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Nearburg Producing Co.

Morris-Boyd 26, Well No. 2H
Eddy County, New Mexico
Sec. 26-19S-25E
Quote No. 091511338

Aim

Directional Services, LLC

SITE DETAILS

Morris-Boyd 26 #2H

Site Centre Northing 591151.20
Easting 463228.30

Ground Level 3470.00
Positional Uncertainty: 0.00
Convergence: -0.14

FIELD DETAILS

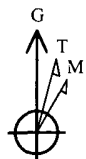
Eddy County, New Mexico

Geodetic System US State Plane Coordinate System 1983
Ellipsoid: GRS 1980
Zone New Mexico, Eastern Zone
Magnetic Model WMM_2010

System Datum Mean Sea Level
Local North: Grid North

ANNOTATIONS

No	TVD	MD	Annotation
1	2186.00	2186.00	KOP, Build 10.00°/100'
2	2758.96	3085.99	Hold 90.00°, 0.08° Azimuth
3	2759.00	7194.64	PBHL - Lateral



Azimuths to Grid North
True North: 0.14°
Magnetic North: 8.20°

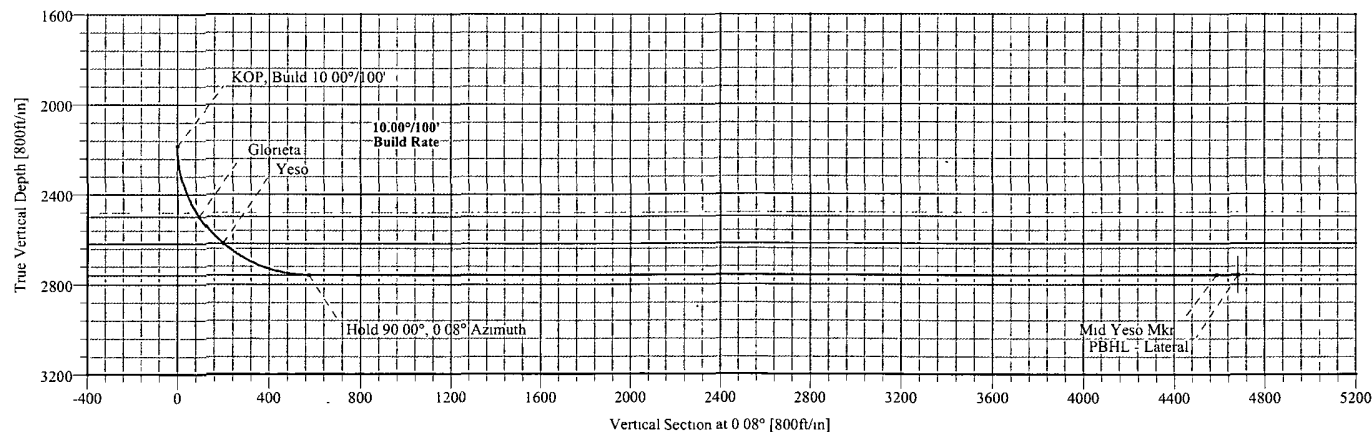
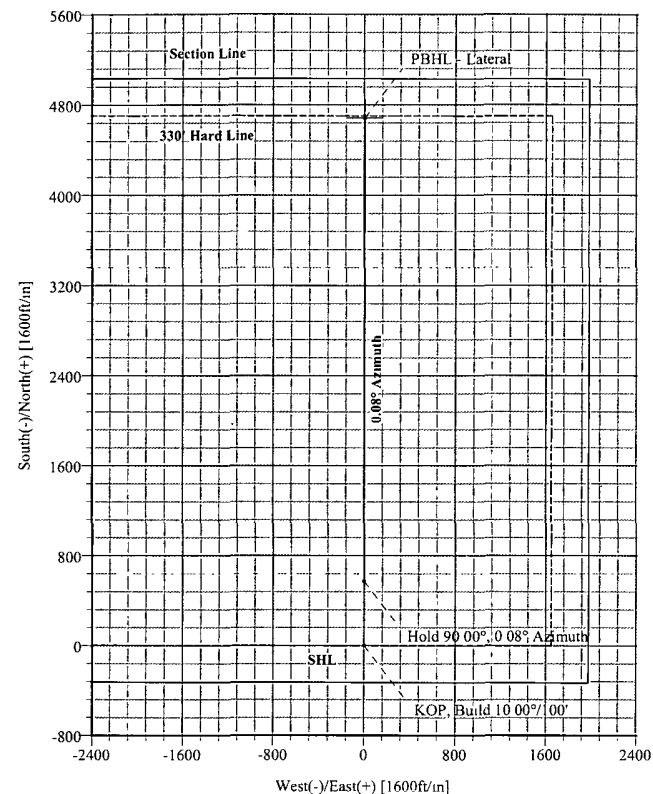
Magnetic Field
Strength: 48741nT
Dip Angle: 60.37°
Date 09/15/2011
Model: WMM_2010

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
PBHL - Lateral	2759.00	4681.60	6.47	595832.80	463234.77	32°38'15.841N	104°35'13.423W	Point

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	2186.00	0.00	0.00	2186.00	0.00	0.00	0.00	0.00	0.00	
2	3085.99	90.00	0.08	2758.96	572.95	0.79	10.00	0.08	572.95	
3	7194.64	90.00	0.08	2759.00	4681.60	6.47	0.00	0.00	4681.60	PBHL - Lateral



Formation Tops:

San Andres: 949' KBTVD
Glorieta: 2499' KBTVD
Yeso: 2619' KBTVD
Mid Yeso Marker: 2759' KBTVD

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company Field: Eddy County, New Mexico Site: Morris-Boyd 26 #2H Well: #2H Wellpath: Lateral 1r0		Date: 09/15/2011 Co-ordinate(NE) Reference: Well: #2H, Grid North Vertical (TVD) Reference: SITE 3484 0 Section (VS) Reference: Well (0.00N,0.00E,0.08Azi) Plan: Lateral 1r0		Time: 12:19:10 Page: 1
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Field: Eddy County, New Mexico	
Map System: US State Plane Coordinate System 1983 Geo Datum: GRS 1980 Sys Datum: Mean Sea Level	Map Zone: New Mexico, Eastern Zone Coordinate System: Well Centre Geomagnetic Model: WMM_2010

Site: Morris-Boyd 26 #2H	
Site Position: From: Map Position Uncertainty: 0.00 ft Ground Level: 3470.00 ft	Northing: 591151.20 ft Easting: 463228.30 ft Latitude: 32 37 29.515 N Longitude: 104 35 13.368 W North Reference: Grid Grid Convergence: -0.14 deg

Well: #2H	Slot Name:
Well Position: +N/-S 0.00 ft +E/-W 0.00 ft Position Uncertainty: 0.00 ft	Northing: 591151.20 ft Easting: 463228.30 ft Latitude: 32 37 29.515 N Longitude: 104 35 13.368 W

Wellpath: Lateral 1r0 Current Datum: SITE Magnetic Data: 09/15/2011 Field Strength: 48741 nT Vertical Section: Depth From (TVD) ft	Height: 3484.00 ft +N/-S ft 0.00	Drilled From: Surface Tie-on Depth: 0.00 ft Above System Datum: Mean Sea Level Declination: 8.06 deg Mag Dip Angle: 60.37 deg +E/-W ft 0.00	Direction: deg 0.08
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Plan: Lateral 1r0 Principal: Yes	Date Composed: 09/15/2011 Version: 1 Tied-to: User Defined
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Plan Section Information											
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target	
2186.00	0.00	0.00	2186.00	0.00	0.00	0.00	0.00	0.00	0.00		
3085.99	90.00	0.08	2758.96	572.95	0.79	10.00	10.00	0.01	0.08		
7194.64	90.00	0.08	2759.00	4681.60	6.47	0.00	0.00	0.00	0.00	PBHL - Lateral	

Section 1 : Start DLS 10.00 TFO 0.08

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2186.00	0.00	0.00	2186.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2200.00	1.40	0.08	2200.00	0.17	0.00	0.17	10.00	10.00	0.00	0.00
2250.00	6.40	0.08	2249.87	3.57	0.00	3.57	10.00	10.00	0.00	0.00
2300.00	11.40	0.08	2299.25	11.30	0.02	11.30	10.00	10.00	0.00	0.00
2350.00	16.40	0.08	2347.77	23.31	0.03	23.31	10.00	10.00	0.00	0.00
2400.00	21.40	0.08	2395.06	39.50	0.05	39.50	10.00	10.00	0.00	0.00
2450.00	26.40	0.08	2440.76	59.75	0.08	59.75	10.00	10.00	0.00	0.00
2500.00	31.40	0.08	2484.52	83.91	0.12	83.91	10.00	10.00	0.00	0.00
2517.13	33.11	0.08	2499.00	93.05	0.13	93.05	10.00	10.00	0.00	0.00
2550.00	36.40	0.08	2526.00	111.79	0.15	111.79	10.00	10.00	0.00	0.00
2600.00	41.40	0.08	2564.90	143.18	0.20	143.18	10.00	10.00	0.00	0.00
2650.00	46.40	0.08	2600.92	177.83	0.25	177.83	10.00	10.00	0.00	0.00
2676.89	49.09	0.08	2619.00	197.74	0.27	197.74	10.00	10.00	0.00	0.00
2700.00	51.40	0.08	2633.78	215.50	0.30	215.50	10.00	10.00	0.00	0.00
2750.00	56.40	0.08	2663.23	255.89	0.35	255.89	10.00	10.00	0.00	0.00
2800.00	61.40	0.08	2689.05	298.69	0.41	298.69	10.00	10.00	0.00	0.00
2850.00	66.40	0.08	2711.04	343.57	0.47	343.57	10.00	10.00	0.00	0.00
2900.00	71.40	0.08	2729.03	390.21	0.54	390.21	10.00	10.00	0.00	0.00
2950.00	76.40	0.08	2742.89	438.23	0.61	438.23	10.00	10.00	0.00	0.00
3000.00	81.40	0.08	2752.52	487.28	0.67	487.28	10.00	10.00	0.00	0.00
3050.00	86.40	0.08	2757.83	536.98	0.74	536.98	10.00	10.00	0.00	0.00

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company Field: Eddy County, New Mexico Site: Morris-Boyd.26 #2H Well: #2H Wellpath: Lateral 1r0	Date: 09/15/2011 Time: 12:19:10 Page: 2 Co-ordinate(NE) Reference: Well: #2H, Grid North Vertical (TVD) Reference: SITE 3484 0 Section (VS) Reference: Well (0.00N,0.00E,0.08Azi) Plan: Lateral 1r0
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Section 1 : Start DLS 10.00 TFO 0.08

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3085.99	90.00	0.08	2758.96	572.95	0.79	572.95	10.00	10.00	0.00	0.00

Section 2 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3100.00	90.00	0.08	2758.96	586.96	0.81	586.96	0.00	0.00	0.00	0.00
3200.00	90.00	0.08	2758.96	686.96	0.95	686.96	0.00	0.00	0.00	0.00
3300.00	90.00	0.08	2758.96	786.96	1.09	786.96	0.00	0.00	0.00	0.00
3400.00	90.00	0.08	2758.96	886.96	1.23	886.96	0.00	0.00	0.00	0.00
3500.00	90.00	0.08	2758.96	986.96	1.36	986.96	0.00	0.00	0.00	0.00
3600.00	90.00	0.08	2758.96	1086.96	1.50	1086.96	0.00	0.00	0.00	0.00
3700.00	90.00	0.08	2758.96	1186.96	1.64	1186.96	0.00	0.00	0.00	0.00
3800.00	90.00	0.08	2758.97	1286.96	1.78	1286.96	0.00	0.00	0.00	0.00
3900.00	90.00	0.08	2758.97	1386.96	1.92	1386.96	0.00	0.00	0.00	0.00
4000.00	90.00	0.08	2758.97	1486.96	2.06	1486.96	0.00	0.00	0.00	0.00
4100.00	90.00	0.08	2758.97	1586.96	2.19	1586.96	0.00	0.00	0.00	0.00
4200.00	90.00	0.08	2758.97	1686.96	2.33	1686.96	0.00	0.00	0.00	0.00
4300.00	90.00	0.08	2758.97	1786.96	2.47	1786.96	0.00	0.00	0.00	0.00
4400.00	90.00	0.08	2758.97	1886.96	2.61	1886.96	0.00	0.00	0.00	0.00
4500.00	90.00	0.08	2758.97	1986.96	2.75	1986.96	0.00	0.00	0.00	0.00
4600.00	90.00	0.08	2758.97	2086.96	2.89	2086.96	0.00	0.00	0.00	0.00
4700.00	90.00	0.08	2758.97	2186.96	3.02	2186.96	0.00	0.00	0.00	0.00
4800.00	90.00	0.08	2758.98	2286.96	3.16	2286.96	0.00	0.00	0.00	0.00
4900.00	90.00	0.08	2758.98	2386.96	3.30	2386.96	0.00	0.00	0.00	0.00
5000.00	90.00	0.08	2758.98	2486.96	3.44	2486.96	0.00	0.00	0.00	0.00
5100.00	90.00	0.08	2758.98	2586.96	3.58	2586.96	0.00	0.00	0.00	0.00
5200.00	90.00	0.08	2758.98	2686.96	3.71	2686.96	0.00	0.00	0.00	0.00
5300.00	90.00	0.08	2758.98	2786.96	3.85	2786.96	0.00	0.00	0.00	0.00
5400.00	90.00	0.08	2758.98	2886.96	3.99	2886.96	0.00	0.00	0.00	0.00
5500.00	90.00	0.08	2758.98	2986.95	4.13	2986.96	0.00	0.00	0.00	0.00
5600.00	90.00	0.08	2758.98	3086.95	4.27	3086.96	0.00	0.00	0.00	0.00
5700.00	90.00	0.08	2758.98	3186.95	4.41	3186.96	0.00	0.00	0.00	0.00
5800.00	90.00	0.08	2758.99	3286.95	4.54	3286.96	0.00	0.00	0.00	0.00
5900.00	90.00	0.08	2758.99	3386.95	4.68	3386.96	0.00	0.00	0.00	0.00
6000.00	90.00	0.08	2758.99	3486.95	4.82	3486.96	0.00	0.00	0.00	0.00
6100.00	90.00	0.08	2758.99	3586.95	4.96	3586.96	0.00	0.00	0.00	0.00
6200.00	90.00	0.08	2758.99	3686.95	5.10	3686.96	0.00	0.00	0.00	0.00
6300.00	90.00	0.08	2758.99	3786.95	5.24	3786.96	0.00	0.00	0.00	0.00
6400.00	90.00	0.08	2758.99	3886.95	5.37	3886.96	0.00	0.00	0.00	0.00
6500.00	90.00	0.08	2758.99	3986.95	5.51	3986.96	0.00	0.00	0.00	0.00
6600.00	90.00	0.08	2758.99	4086.95	5.65	4086.96	0.00	0.00	0.00	0.00
6700.00	90.00	0.08	2758.99	4186.95	5.79	4186.96	0.00	0.00	0.00	0.00
6800.00	90.00	0.08	2759.00	4286.95	5.93	4286.96	0.00	0.00	0.00	0.00
6900.00	90.00	0.08	2759.00	4386.95	6.06	4386.96	0.00	0.00	0.00	0.00
7000.00	90.00	0.08	2759.00	4486.95	6.20	4486.96	0.00	0.00	0.00	0.00
7100.00	90.00	0.08	2759.00	4586.95	6.34	4586.96	0.00	0.00	0.00	0.00
7194.64	90.00	0.08	2759.00	4681.60	6.47	4681.60	0.00	0.00	0.00	0.00

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec			<--- Longitude ---> Deg Min Sec		
2186.00	0.00	0.00	2186.00	0.00	0.00	591151.20	463228.30	32	37	29.515 N	104	35	13.368 W
2200.00	1.40	0.08	2200.00	0.17	0.00	591151.37	463228.30	32	37	29.516 N	104	35	13.368 W
2250.00	6.40	0.08	2249.87	3.57	0.00	591154.77	463228.30	32	37	29.550 N	104	35	13.368 W
2300.00	11.40	0.08	2299.25	11.30	0.02	591162.50	463228.32	32	37	29.627 N	104	35	13.368 W
2350.00	16.40	0.08	2347.77	23.31	0.03	591174.51	463228.33	32	37	29.745 N	104	35	13.368 W
2400.00	21.40	0.08	2395.06	39.50	0.05	591190.70	463228.35	32	37	29.906 N	104	35	13.368 W
2450.00	26.40	0.08	2440.76	59.75	0.08	591210.95	463228.38	32	37	30.106 N	104	35	13.368 W
2500.00	31.40	0.08	2484.52	83.91	0.12	591235.11	463228.42	32	37	30.345 N	104	35	13.369 W
2517.13	33.11	0.08	2499.00	93.05	0.13	591244.25	463228.43	32	37	30.435 N	104	35	13.369 W

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company
Field: Eddy County, New Mexico
Site: Morris-Boyd 26 #2H
Well: #2H
Wellpath: Lateral 1r0

Date: 09/15/2011 Time: 12:19:10
Co-ordinate(NE) Reference: Well: #2H, Grid North
Vertical (TVD) Reference: SITE 3484 0
Section (VS) Reference: Well (0.00N,0.00E,0.08Azi)
Plan: Lateral 1r0

Page: 3

Survey

MD ft	Incl deg	Azim deg	TVD ft	N-S ft	E-W ft	Map Northing ft	Map Easting ft	Latitude Deg Min Sec	Longitude Deg Min Sec
2550.00	36.40	0.08	2526.00	111.79	0.15	591262.99	463228.45	32 37 30.621 N	104 35 13.369 W
2600.00	41.40	0.08	2564.90	143.18	0.20	591294.38	463228.50	32 37 30.931 N	104 35 13.369 W
2650.00	46.40	0.08	2600.92	177.83	0.25	591329.03	463228.55	32 37 31.274 N	104 35 13.370 W
2676.89	49.09	0.08	2619.00	197.74	0.27	591348.94	463228.57	32 37 31.471 N	104 35 13.370 W
2700.00	51.40	0.08	2633.78	215.50	0.30	591366.70	463228.60	32 37 31.647 N	104 35 13.370 W
2750.00	56.40	0.08	2663.23	255.89	0.35	591407.09	463228.65	32 37 32.047 N	104 35 13.371 W
2800.00	61.40	0.08	2689.05	298.69	0.41	591449.89	463228.71	32 37 32.470 N	104 35 13.371 W
2850.00	66.40	0.08	2711.04	343.57	0.47	591494.77	463228.77	32 37 32.914 N	104 35 13.372 W
2900.00	71.40	0.08	2729.03	390.21	0.54	591541.41	463228.84	32 37 33.376 N	104 35 13.372 W
2950.00	76.40	0.08	2742.89	438.23	0.61	591589.43	463228.91	32 37 33.851 N	104 35 13.373 W
3000.00	81.40	0.08	2752.52	487.28	0.67	591638.48	463228.97	32 37 34.336 N	104 35 13.373 W
3050.00	86.40	0.08	2757.83	536.98	0.74	591688.18	463229.04	32 37 34.828 N	104 35 13.374 W
3085.99	90.00	0.08	2758.96	572.95	0.79	591724.15	463229.09	32 37 35.184 N	104 35 13.374 W
3100.00	90.00	0.08	2758.96	586.96	0.81	591738.16	463229.11	32 37 35.323 N	104 35 13.375 W
3200.00	90.00	0.08	2758.96	686.96	0.95	591838.16	463229.25	32 37 36.312 N	104 35 13.376 W
3300.00	90.00	0.08	2758.96	786.96	1.09	591938.16	463229.39	32 37 37.302 N	104 35 13.377 W
3400.00	90.00	0.08	2758.96	886.96	1.23	592038.16	463229.53	32 37 38.291 N	104 35 13.378 W
3500.00	90.00	0.08	2758.96	986.96	1.36	592138.16	463229.66	32 37 39.281 N	104 35 13.379 W
3600.00	90.00	0.08	2758.96	1086.96	1.50	592238.16	463229.80	32 37 40.270 N	104 35 13.380 W
3700.00	90.00	0.08	2758.96	1186.96	1.64	592338.16	463229.94	32 37 41.260 N	104 35 13.382 W
3800.00	90.00	0.08	2758.97	1286.96	1.78	592438.16	463230.08	32 37 42.250 N	104 35 13.383 W
3900.00	90.00	0.08	2758.97	1386.96	1.92	592538.16	463230.22	32 37 43.239 N	104 35 13.384 W
4000.00	90.00	0.08	2758.97	1486.96	2.06	592638.16	463230.36	32 37 44.229 N	104 35 13.385 W
4100.00	90.00	0.08	2758.97	1586.96	2.19	592738.16	463230.49	32 37 45.218 N	104 35 13.386 W
4200.00	90.00	0.08	2758.97	1686.96	2.33	592838.16	463230.63	32 37 46.208 N	104 35 13.387 W
4300.00	90.00	0.08	2758.97	1786.96	2.47	592938.16	463230.77	32 37 47.197 N	104 35 13.389 W
4400.00	90.00	0.08	2758.97	1886.96	2.61	593038.16	463230.91	32 37 48.187 N	104 35 13.390 W
4500.00	90.00	0.08	2758.97	1986.96	2.75	593138.16	463231.05	32 37 49.176 N	104 35 13.391 W
4600.00	90.00	0.08	2758.97	2086.96	2.89	593238.16	463231.19	32 37 50.166 N	104 35 13.392 W
4700.00	90.00	0.08	2758.97	2186.96	3.02	593338.16	463231.32	32 37 51.155 N	104 35 13.393 W
4800.00	90.00	0.08	2758.98	2286.96	3.16	593438.16	463231.46	32 37 52.145 N	104 35 13.395 W
4900.00	90.00	0.08	2758.98	2386.96	3.30	593538.16	463231.60	32 37 53.134 N	104 35 13.396 W
5000.00	90.00	0.08	2758.98	2486.96	3.44	593638.16	463231.74	32 37 54.124 N	104 35 13.397 W
5100.00	90.00	0.08	2758.98	2586.96	3.58	593738.16	463231.88	32 37 55.113 N	104 35 13.398 W
5200.00	90.00	0.08	2758.98	2686.96	3.71	593838.16	463232.01	32 37 56.103 N	104 35 13.399 W
5300.00	90.00	0.08	2758.98	2786.96	3.85	593938.16	463232.15	32 37 57.093 N	104 35 13.400 W
5400.00	90.00	0.08	2758.98	2886.96	3.99	594038.16	463232.29	32 37 58.082 N	104 35 13.402 W
5500.00	90.00	0.08	2758.98	2986.95	4.13	594138.15	463232.43	32 37 59.072 N	104 35 13.403 W
5600.00	90.00	0.08	2758.98	3086.95	4.27	594238.15	463232.57	32 38 0.061 N	104 35 13.404 W
5700.00	90.00	0.08	2758.98	3186.95	4.41	594338.15	463232.71	32 38 1.051 N	104 35 13.405 W
5800.00	90.00	0.08	2758.99	3286.95	4.54	594438.15	463232.84	32 38 2.040 N	104 35 13.406 W
5900.00	90.00	0.08	2758.99	3386.95	4.68	594538.15	463232.98	32 38 3.030 N	104 35 13.407 W
6000.00	90.00	0.08	2758.99	3486.95	4.82	594638.15	463233.12	32 38 4.019 N	104 35 13.409 W
6100.00	90.00	0.08	2758.99	3586.95	4.96	594738.15	463233.26	32 38 5.009 N	104 35 13.410 W
6200.00	90.00	0.08	2758.99	3686.95	5.10	594838.15	463233.40	32 38 5.998 N	104 35 13.411 W
6300.00	90.00	0.08	2758.99	3786.95	5.24	594938.15	463233.54	32 38 6.988 N	104 35 13.412 W
6400.00	90.00	0.08	2758.99	3886.95	5.37	595038.15	463233.67	32 38 7.977 N	104 35 13.413 W
6500.00	90.00	0.08	2758.99	3986.95	5.51	595138.15	463233.81	32 38 8.967 N	104 35 13.415 W
6600.00	90.00	0.08	2758.99	4086.95	5.65	595238.15	463233.95	32 38 9.956 N	104 35 13.416 W
6700.00	90.00	0.08	2758.99	4186.95	5.79	595338.15	463234.09	32 38 10.946 N	104 35 13.417 W
6800.00	90.00	0.08	2759.00	4286.95	5.93	595438.15	463234.23	32 38 11.936 N	104 35 13.418 W
6900.00	90.00	0.08	2759.00	4386.95	6.06	595538.15	463234.36	32 38 12.925 N	104 35 13.419 W

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company
Field: Eddy County, New Mexico
Site: Morris-Boyd 26 #2H
Well: #2H
Wellpath: Lateral 1r0

Date: 09/15/2011 **Time:** 12:19:10 **Page:** 4
Co-ordinate(NE) Reference: Well #2H, Grid North.
Vertical (TVD) Reference: SITE 3484 0
Section (VS) Reference: Well (0 00N,0.00E,0.08Azi)
Plan: Lateral 1r0

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec			<--- Longitude ---> Deg Min Sec		
7000.00	90.00	0.08	2759.00	4486.95	6.20	595638.15	463234.50	32	38	13.915 N	104	35	13.420 W
7100.00	90.00	0.08	2759.00	4586.95	6.34	595738.15	463234.64	32	38	14.904 N	104	35	13.422 W
7194.64	90.00	0.08	2759.00	4681.60	6.47	595832.80	463234.77	32	38	15.841 N	104	35	13.423 W

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<--- Latitude ---> Deg Min Sec			<--- Longitude ---> Deg Min Sec		
PBHL - Lateral			2759.00	4681.60	6.47	595832.80	463234.77	32	38	15.841 N	104	35	13.423 W

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
	0.00	San Andres		0.00	0.00
2517.13	2499.00	Glorieta		0.00	0.00
2676.89	2619.00	Yeso		0.00	0.00
7100.00	2759.00	Mid Yeso Mkr		0.00	0.00

Annotation

MD ft	TVD ft	
2186.00	2186.00	KOP, Build 10.00°/100'
3085.99	2758.96	Hold 90.00°, 0.08° Azimuth
7194.64	2759.00	PBHL - Lateral

Directional / MWD Standard Temp Price Quote

Nearburg Producing
Morris-Boyd 26, Well No. 2H
Eddy County, New Mexico
Quote No.: 091511338

Aim
Directional Services, LLC

Date: 09/15/11

Aim Directional / MWD Operating (Standard Temp): **\$8,600.00**

Performance Motor(s), Directional Supervisor (2), Per Diem, Float Sub, Steel Pony Collar
MWD Tools and Equipment, MWD Engineer (1), Per Diem, Non-Mag Collars, UBHO Sub

Standby: **\$4,800.00**

Additional Daily Charges if applicable:

MWD Cabin	\$150.00
Lodging - per man per day (if not provided by customer)	\$150.00
EM-MWD System	\$1,500.00
Evenwall Motors	\$1,500.00
Gamma - includes 2nd MWD Engineer, (2) MD/TVD logs, and (1) CD-ROM	\$900.00
50% LIH Coverage	See Attached Schedule

Misc. Additional Charges if applicable:

Float Valve (sale) if used or not returned	\$795.00
Drill Pipe Screens (sale)	\$750.00
Personnel Round-Trip Mileage (per mile per man)	\$2.25
Transportation of Tools and Equipment to and from location	Billed direct to customer
Well Planning & Engineering (per well)	\$1,000.00
Gamma Memory Log Export (per well)	\$1,000.00
Stabilizers (Nortrak, String or Nearbit), Hole Opener	Thrd Party
EM Gap Sub Service Fee (per well)	\$2,500.00
Inspection & Repairs - Steel (per used connection)	\$150.00
Inspection & Repairs - Non-Mag (per used connection)	\$275.00
Performance Motor Inspection - per used motor	See Attached Schedule
* Reline Charge for Performance Motors - per used motor	See Attached Schedule
Additional MD/TVD Logs	\$50.00
Additional CD-Rom or Color Logs	\$150.00
Shipping and Handling of additional logs (per address)	\$50.00
EM Triple D-Cell Battery (per used battery)	\$1,800.00
MWD Battery 150°C (per used battery)	\$1,200.00
MWD Battery 175°C (per used battery)	\$1,500.00

Estimated Daily Operating Cost: **\$8,600.00**

* Stator reline charges apply when run in Oil Base Mud, Air Drilling or circulating temperature over 260°.

Price quote is valid for 30-days from the date it is submitted to the job starts. If beyond 30-days, the price quote may need to be re-submitted.

Damage to equipment due to fishing operations, corrosives or temperatures greater than 270° circulating for Standard Temp tools or 315° circulating for High-Temp Tools will be billed back to the customer.



Directional Services, LLC

500 N. Water St , Suite 404 Corpus Christi, Texas 78471 · Ph. 361-653-6500 · Fax 361-653-6599

Motor - 50% Lost-In-Hole Coverage

Standard/Performance Motors			
Motor (Sizes)	No LIH Coverage	w/ LIH Coverage	Daily Cost
3 ³ / ₈ " - 3 ¹ / ₂ "	\$70,000.00	\$35,000.00	\$350.00
3 ³ / ₄ "	\$90,000.00	\$45,000.00	\$350.00
4 ³ / ₄ "	\$108,000.00	\$54,000.00	\$400.00
6 ¹ / ₄ "	\$140,000.00	\$70,000.00	\$400.00
6 ³ / ₄ "	\$150,000.00	\$75,000.00	\$400.00
7 ³ / ₄ " - 8"	\$160,000.00	\$80,000.00	\$450.00
9 5/8"	\$220,000.00	\$110,000.00	\$450.00

Evenwall Power Section Motors			
Motor (Sizes)	No LIH Coverage	w/ LIH Coverage	Daily Cost
2 ⁷ / ₈ "	\$120,000.00	\$60,000.00	\$450.00
3 ³ / ₄ "	\$170,000.00	\$85,000.00	\$450.00
4 ³ / ₄ "	\$230,000.00	\$115,000.00	\$500.00
6 ¹ / ₄ "	\$250,000.00	\$125,000.00	\$500.00
6 ³ / ₄ "	\$260,000.00	\$130,000.00	\$500.00
8"	\$280,000.00	\$140,000.00	\$550.00

Accepted : _____ Declined : _____

Please Initial Above whether Accepted or Declined.

MWD - 50% Lost-In-Hole Coverage

Type	No LIH Coverage	w/ LIH Coverage	Daily Cost
Incl./Azimuth	\$250,000.00	\$125,000.00	\$300.00
Directional	\$290,000.00	\$145,000.00	\$400.00
EM-MWD	\$350,000.00	\$175,000.00	\$500.00
Gamma	\$80,000.00	\$40,000.00	\$100.00

MWD Repair Charge applies to tools exposed to temperature over specified ratings below.

320° F or Greater = \$50,000 repair charge

Accepted : _____ Declined : _____

Please Initial Above whether Accepted or Declined.

Company Rep: _____ Dated: _____

Print Name: _____

Additional Terms and Conditions

- 1.) No coverage is offered for any occurrences other than loss or abandonment below the rotary table.
- 2.) Coverage is subject to acceptance only before Motor and/or MWD equipment is lowered below the rotary table.
- 3.) At least (1) thorough attempt must be made for Coverage to take affect.
- 4.) LIH Coverage is for 1st loss only. Any subsequent losses will be at full price

Aim

Directional Services, LLC

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Motor Inspection Schedule

Motor Inspection	
Motor (Sizes)	Fee
3 1/8" to 4 3/4"	\$2,000.00
6 1/4" - 6 3/4"	\$2,300.00
7 3/4" - 8"	\$2,500.00
9 5/8"	\$2,800.00

Motor Reline Schedules

Standard/Performance Motor		
Motor (Sizes)	NBR	HSN or HR
3 1/8" to 3 3/8"	\$3,700.00	N/A
3 1/2" - 3 3/4"	\$3,900.00	N/A
4 3/4"	\$4,600.00	\$5,600.00
6 1/4" - 6 3/4"	\$5,800.00	\$6,800.00
7 3/4" - 8"	\$6,900.00	N/A
9 5/8"	\$7,500.00	N/A

Evenwall Motor	
Motor (Sizes)	Evenwall
3 1/8" to 3 1/2"	N/A
3 3/4"	\$5,500.00
4 3/4"	\$7,900.00
6 1/4" - 6 3/4"	\$8,050.00
7 3/4" - 8"	\$13,800.00

Motor Reline charges apply when run is Oilbase Mud, Air Drilling, and/or temperatures greater than 260° F.

Stator Reline and Rotor Re-Chrome may apply when run in H₂S and or CO₂.

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Directional Services, LLC

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TERMS AND CONDITIONS

- 1.) Operating Rate begins on the day that Aim Directional provided tools are lowered below the rotary table and continues until the tools are brought above the rotary table.
- 2.) Standby Rate begins on the day "tools and personnel" arrive on location, and applies to all days when Operating Rate is not in effect.
- 3.) The Operating Rates and Standby Rates are billed on a calendar day (mid-night to mid-night). These rates are for a 24-hour day or any part thereof.
- 4.) Standby rate will not apply to any day tools are in the hole, unless agreed upon in writing by an Aim Directional representative.
- 5.) Any and all applicable Sales and User Tax, Vat Tax will be added to the Final Invoice.
- 6.) Lost-in-Hole coverage available for first loss only. Any exceptions to this must be agreed upon by Aim Directional management prior to any further losses.
- 7.) Customer is responsible for downhole tools and surface equipment. Normal wear and tear shall not include damaging downhole environment. This includes but is not limited to, high solids content, oil based muds, foam/air mist drilling, chlorides, H₂S, Acid, CO₂, excessive vibration or circulating temperatures exceeding 270 degrees.
- 8.) Third party charges for services and/or tools are subject to a 15% handling fee, unless otherwise agreed upon between the Customer and Aim Directional management.
- 9.) No credit will be given for the 1st motor failure or 1st MWD failure. No credit will be given on motors failing after 100 circulating hours, whether on one run or multiple runs between repairs.
- 10.) Customer is liable for all tools and equipment from the time it arrives on the rig location or dock until the time that it is shipped back in.
- 11.) All prices are subject to change without notice.
- 12.) Any credits given will be on the Final Invoice. The Field Invoice will be completed without discounts or credits.
- 13.) All amounts due to AIM are payable in Corpus Christi, Nueces County, Texas and shall be due net thirty (30) days from date of invoice unless otherwise stated. Buyer agrees that any past due amount shall bear interest from due date until paid at the lesser amount of 18% per annum or the maximum non-usurious rate of interest permitted by applicable laws in effect from time to time.
- 14.) If the invoice is not paid when due and the Customer's account is placed in the hands of an attorney for collection and/or if suit is filed to collect the account or any part thereof, the Customer shall pay all of Aim Directional's expenses incurred in collecting or attempting to collect the unpaid balance, including, without limitation, all reasonable attorney's fees, expenses of collection and/or litigation, and costs of Court, in addition to the unpaid balance owed.
- 15.) **INDEMNIFICATION AND LIMITATION OF LIABILITY:**
 - a. **INDEMNIFICATION:**

You agree to indemnify AIM Directional Services, LLC (AIM) and hold AIM harmless against any claims, demands or causes of action for property damage or personal injury (including death) caused by the negligent act or omission of any employee, agents or subcontractor of any person firm or company other than AIM and not contributed to by the negligence of AIM, its employees or agents. AIM shall not be responsible for the acts and workmanship of your employees, agents, contractors or subcontractors or any third party, nor for failure or malfunction of any tools, materials, equipment, products, supplies facilities or devices not supplied by AIM. You agree to hold AIM harmless from any and all losses, claims or damages arising from subsurface damage, surface damage caused by subsurface damage, loss of hydrocarbons and from pollution, regardless of whether such damages, losses or claims were caused by the negligence or sole negligence of You or your employees or agents, it being the intent of the parties that this indemnity shall apply to property upon which any representative of AIM may perform services hereunder.
 - b. **LIMITATION OF LIABILITY:**

UNDER NO CIRCUMSTANCES SHALL AIM BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, INCLUDING BUT NOT LIMITED TO LOSS OF ANTICIPATED PROFITS, LOSS OF USE OF EQUIPMENT OR OF ANY INSTALLATION, SYSTEM OR FACILITY INTO WHICH AIM'S EQUIPMENT OR PERSONNEL MAY BE LOCATED OR AT WHICH AIM, ITS AGENT OR SUBCONTRACTOR MAY BE PERFORMING WORK. Aim's total responsibility for any claims, damages, losses or liabilities arising out of or related to its performance of this contract or the products or services covered hereunder shall not exceed the purchase price paid.
- 16.) **ARBITRATION**

You and AIM both agree that any claim or dispute, whether in contract, tort or otherwise (including the interpretation and scope of this clause), between them or their employees, agents, successors or assigns, which arise out of or relate to this contract or any resulting transaction or relationship (including any such relationships with third parties who do not sign this contract) shall be resolved not by a court action but by a neutral binding arbitration governed by the Federal Arbitration Act in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties agree and understand that they choose arbitration instead of litigation to resolve disputes and that this contract evidences a transaction including interstate commerce. Any arbitration brought under the terms of this agreement shall be conducted in the following manner:

 - a. The parties shall agree to appoint one person from Nueces County, Texas as an arbitrator. Said arbitrator shall be an attorney licensed to practice law in the State of Texas and shall further be qualified to act as arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. In the event the parties cannot agree upon an arbitrator, the Presiding Judge of Nueces County, Texas shall appoint the arbitrator. The fees of the arbitrator shall be shared equally by the parties.
 - b. The arbitration hearing shall be held at the office of the arbitrator in Nueces County, Texas and the award of the arbitrator may be entered in the appropriate District Court of the State of Texas.
 - c. The parties agree that the arbitration hearing will be held within ninety (90) calendar days of the commencement of such arbitration proceedings.

Aim

Directional Services, LLC

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