

Appendix E:
Recompletion Plans and Specifications

- Drilling Plan Prognosis
 - Emergency Contact Sheet
 - Fluids Plan
 - Cement Program
 - Casing Program
- 
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Cambrian
MANAGEMENT, LTD.

P.O. Box 272
Midland, Texas 79702
Off: 432-620-9181
Fax: 432-570-0102

Emergency Sheet

Well: Eunice Gas Plant SWD Well No. 1
Location: 2500' FSL 1200' FWL of Section 27, T22S, R37E,
Lea County, New Mexico
Operator: Targa Midstream Services, LP
TD: 4,950'

Drilling Contractor:

Lat. 32.362642" N / Long 103.155547" W

Sheriff and EMS Lea Co. (575)396-3611

Lea Co. Hospital (Hobbs) (575)396-8521

MedTrans Care Star Helicopter (888) 624-3571

Directions to the Eunice Gas Plant SWD Well No. 1

From Eunice, NM go south on Loop 207 approximately 5 miles. Turn into Targa South Plant. Well is within plant facility.

Cambrian Management (Operations)

		Office	Cell
W. A. Baker	Drig. Oper. Mgr.	(432) 620-9181	(432) 557-0120
Alan Means	Media Spokesman	(432) 620-9181	(432) 664-7052
Joe Goodrich	Wellsite Consultant		(575) 746 7082

Emergency Contact Chart

PRODUCTION	DRILLING AND COMPLETIONS
Mike Anthony O - 432-550-5245 C - 432-631-4398	W.A. Baker O - 432-620-9181 C - 432-557-0120
Joe Crawford O - 432-620-9181 C - 432-634-1063	

Joe Crawford (Production) O - 432-620-9181 C - 432-634-1063	W.A. Baker (Drilling) O - 432-620-9181 C - 432-557-0120
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Alan Means O - 432-620-9181 C - 432-664-7052
Sal Pagano O - 432-620-9181 C - 432-664-7077

Alan Means O - 432-620-9181 C - 432-664-7052
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EMERGENCY CONTACTS	
Ambulance	911
Fire	911
Hospital	911
Poison Control	1-800-212-1222
Life Flight	911
Sheriff (Reagan)	325-884-2424
Sheriff (Winkler)	915-586-6658
Sheriff (Midland)	432-688-4600
Sheriff (Ector)	432-335-3050
Sheriff (Gaines)	432-785-4023
Sheriff (Hockley)	806-894-3126
Sheriff (Martin)	432-756-3336
Sheriff (Glasscock)	432-354-2361
Sheriff (Terry)	806-637-2212
Sheriff (Lea)	575-396-3611
Homeland Security	800-237-3239
Cambrian Mgmt	432-334-4085 or
Emergency Number	432-620-9181 Ext 9

ACCIDENT INVESTIGATION
Dean Rippetoe O - 432-632-6738

TRRC - Austin	512-463-6788
TRRC - Midland	432-684-5581
General Land Office	800-832-8224
University Lands	432-684-4404
Texas DPS	512-424-2000
DPS Midland	432-498-2100
National Response Center	800-424-8802
Dig Tess	800-344-8377
NMOCD	575-393-6161

Tiffany Grant - HR O - 432-620-9181 C - 432-425-5165
Richard Davis - Legal O - 432-684-3713



Cambrian
MANAGEMENT, LTD

P.O. Box 272
Midland, Texas 79702
Off: 432-620-9181
Fax: 432-570-0102

**Eunice Gas Plant SWD Well No. 1
Drilling Program Contact List**

Company	Contact	Description	Contact No.
Cambrian Management			
	W.A. Baker	Drilling Operations Manager	(432) 557-0120 Cell
	wbaker@cambrianmgmt.com		(432) 620-9181 Office
			(432) 570-0102 Fax
Targa	Jim Lingnau		(505) 631-2095
EWC	Joe Goodrich	Wellsite Supervisor	(575) 746-7082 Cell
Key Energy Services		Drilling Rig - 115 Pusher Pusher	
Ellison Fluid Calipers		Fluid Caliper	432-634-0500
Closes Loop Specialty		Closed Loop Pit System	432-210-5754
Halliburton		Cementers	800-658-9607 Office
Catalyst		Corrosion Chemicals	432-664-8776
Targa	Jim Lingnau	Casing/Tubing	(505) 631-7095
T3 Energy Services		Wellheads/Supplies	(432)381-2354 Office
NMOCD		Spud/Cementing Notices	(575)393-6161
NOV		Mud	(575)392-4932 Cell
Knight Oil Tools		Rental Tools	(432) 684-8282
Weatherford		Float Equipment	800-658-9607 Office
		Bits	
Halliburton		Packer	
Halliburton		SSSV	

Eunice Gas Plant #1

	Location:
Footage:	2500 FSL & 1200 FWL
Section:	27
Survey:	T22S R37E
County:	Lea
Elevations:	
GRC	3345
TD:	4550
PBTD:	

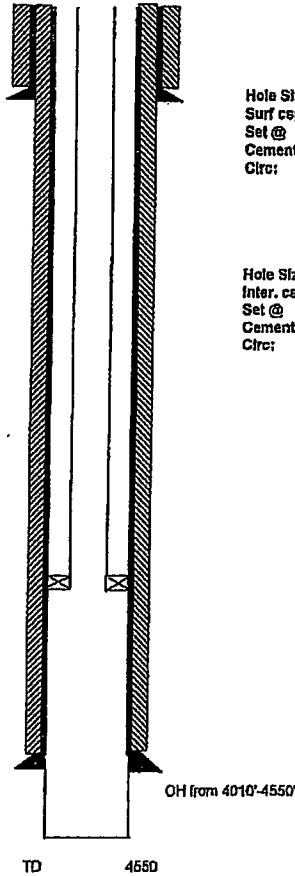
History	
	Spud
	Completion
	Re-completion
1/1/1951	Well drilled and completed
?	Tubing and packer ran into well as disposal string.
	Metal in returns at 3985' to 4005' during workover. Returned to SWD w/ packer at 3885'.
1/1/1978	
	Blew hole in 7" during compliance test. Details sketchy but casing was perforated at 550'.
1/1/1991	Unable to pump in. Perforated at 300'. Unable to pump in. Perforated at 100'. Hallib. crntd.
1/1/1995	Possible Workover. No records.
	Set CIBP @ 3525' & dump 20' cement on it. Dowell squeezed down 7" w/ 400 sxs + ? sxs (2 Jobs). Drilled cement from 291' to 355'. Repaired 10 3/4 & 7" @ 4' from GL. Drilled out cement and CIBP. Unable to c/c below 4430'. Pkr @ 3847'.
4/1/1997	
1/1/99	Pkr found unset during w/o. No records.
1/1/2000	Last time we pulled?

[illegible]

API No:	30-025-21497
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Hole Size:	15
Surf csg	10 3/4
Set @	300
Cement w/	300 sxs
Circ:	Surface

Hole Size:	B 3/4
Inter. csg	7" 20#
Set @	4010
Cement w/	1750 sxs
Circ:	Surface



Eunice Gas Plant #1

	Location:
Footage:	2500 FSL & 1200 FWL
Section:	27
Survey:	T22S R37E
County:	Lea
Elevations:	
GR:	3345
TD:	4550
PBTD:	

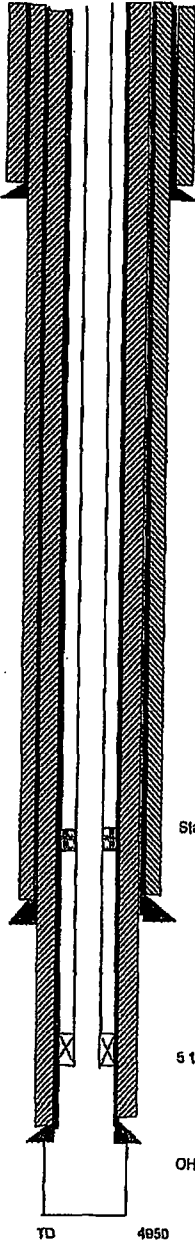
History	
	Spud
	Completion
	Re-completion
1/1/1961	Well drilled and completed
?	Tubing and packer ran into well as disposal string.
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1/1/1991	Blow hole in 7" during compliance test. Details sketchy but casing was perforated at 550'. Unable to pump in. Perforated at 300'. Unable to pump in. Perforated at 100'. Hallib. cmid.
1/1/1995	Possible Workover. No records.
4/1/1997	Set CIBP @ 3925' & dump 20' cement on it. Dowell squeezed down 7" w/ 400 syx + ? syx (2 jobs). Drilled cement from 291' to 355'. Repaired to 3 3/4" & 7" @ 4' from GL. Drilled out cement and CIBP. Unable to c/c below 4430'. Pkr @ 3847'.
1/1/99	Pkr found unset during w/o. No records.
1/1/2000	Last time we pulled?

[illegible]

API No:	30-025-21497
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Hole Size:	15
Surf csg	10 3/4
Get @	300
Cement w/	300 sxs
Circ:	Surface

Hole Size:	8 3/4
Inter. csg	7" 2011
Sst @	4010
Cement w/	1760 syx
Circ:	Surface



Stage 100 @ 3950'

Hole Size:	8 1/4
Prod. Csg	5 1/2" 174 J-55
Set @	4250
Cement w/	220 sxc
Circ:	Surface
Stage tool @	3950'

5 1/2" alloy csg @ 4187'-4207'

OH from 4250-4850



Cambrian
MANAGEMENT, LTD.

P.O. Box 272
Midland, Texas 79702
Off: 432-620-9181
Fax: 432-570-0102

Well: Eunice Gas Plant SWD Well No. 1
Location: 2500' FSL & 1200' FWL, Section 27, T22S, R37E, Lea County, New Mexico
Elevation: 3345' GL
AFE No.:
Permit No.:
API No.: 30-025-21497
Operator: Targa Midstream Services, LP
TD: 4950'

Drilling Contractor: Key Energy Services Rig No. 115 KB:

Directions to the Eunice Gas Plant SWD Well No. 1: From Eunice, New Mexico go south on Loop 207 approximately 5 miles. Turn into Targa South Plant. Well is within plant facility.

RE-ENTRY & DRILLING PROGNOSIS **(Steps 1-8 have been completed)**

1. MI&RU Pulling unit.
2. NU BOP, set pipe racks and catwalk.
3. Unseat Halliburton R-4 packer and POH LD 3 1/2" tbg. Move tubing to edge of location.
4. RU wireline company. Run GR and junk basket to 3800'. Set CIBP @ 3800'.
5. Load hole with clean water.
6. ND BOP's. RDMO pulling unit.
7. Remove old wellhead. Prep to install new wellhead equipment.
8. Install new T3 Energy wellhead equipment. Test same.
9. NU and test BOP's with 250/3000 psi test.
10. Install cellar. Repair location for Key 24 hr rig.

11. MI & RU Key Rig No. 115 & closed loop pit system.

- Notify OCD of intent to spud well.

12. PU 6 1/4" bit, 4 3/4" DC's on 2 7/8" DP. TIH to CIBP @ 3800'.

13. Drill out CIBP.

14. TIH with bit to 4250'.

- Mud up as necessary.
- Circulate clean.
- Run fluid caliper to determine cement volumes.

15. TIH to original TD of 4550'

- Watch for junk on bottom.

16. Drill new 6 1/4" hole to 4950' utilizing closed loop system.

17. Circulate hole clean. Spot clean water from TD back to bottom of 7" casing.

18. TOH with bit. LDDC's.

19. TIH open ended with DP to bottom of casing.

20. Spot sand on bottom to PB to 4250'.

21. PUH to 3500' & wait for sand to settle out.

22. TIH & tag sand. Respot as necessary.

23. POH. LD DP.

24. Change BOP rams to 5 1/2".

25. Run casing as below.

- Notify OCD of upcoming cement job.

1.5'	Float Shoe
40'	1 jt. 5 1/2" 17# J-55 SJ-2 casing
1.5'	Float collar
20'	5 1/2" 17# alloy SJ-2 casing
237'	5 1/2" 17# J-55 SJ-2 casing
1.5'	5 1/2" LTC x 5 1/2" SJ-2 crossover
5'	5 1/2" Weatherford stage tool
3945'	5 1/2" 17# J-55 LTC (turned down couplings) casing.

Install centralizers at 10' above shoe, middle of alloy casing, 5 on the steel casing above alloy in open hole, and 2 on casing just inside of 7" casing.

- **Limit running speed to 1200 fph. Use cementing swedge to fill casing. KEEP PIPE MOVING IN THE OPEN HOLE – EVEN WHILE FILLING UP CASING.**
- **Make sure cementing company has proper swedge for casing. (Need 5 ½” LTC and 5 ½” SJ-2 swedges)**
- **Limit pipe tension at surface to 75,000 lbs. (Pipe Tension = Weight Indicator – Traveling block/hook weight). Air weight of casing = 72,250 lbs. Do not exceed without discussing with engineer.**
- **Use thread lock on casing shoe and on pin end of 2nd and 3rd joints.**
- **Use Best-O-Life 2000 pipe dope**

26. Circulate 1.5 casing volumes. Mix and pump cement per attached 2 stage cementing proposal. **Do not reciprocate casing.** Catch wet and dry surface samples of both lead and tail slurries. Drop wiper plug. Flush cement lines.
27. Monitor returns throughout the job. **Note estimated percentage of returns on the morning reports.** Reduce displacement rate to 2 bpm for the last 10 bbls. Calculate exact displacement volume on location. Verify floats are holding. If floats do not hold, rock floats in an attempt to get them to hold. If floats still do not hold, shut-in casing for 6 hours while WOC to prevent U-tubing. Check surface samples prior to releasing pressure. Calculate U-tube pressure and apply to casing if float does not hold.

Note the number of sacks of cement used, slurry recipe, slurry yield, slurry density, and number of centralizers on the morning report. If there is problem on cement job discuss running a temperature survey with operations coordinator.

28. Verify annulus is static. PU BOP. Set slips on 5 ½” casing. Hang off full string weight on slips. Record hanging weight on the morning report.
29. Cut off 5 1/2” casing. Install and test head.
30. RD&MO Key 115.
31. MI&RU completion unit.
- WOC at least 72 hours prior to commencing completion work
32. NU BOP's with 2 7/8” and blind rams. Test with 1500 psi.
33. PU 4 3/4” bit and 3 1/8” DC's on 2 7/8” work string and TIH.
34. Tag cement on stage tool. Test casing with 1500 psi. Drill out cement and stage tool.
35. Circ clean and TIH to cement on float collar. Test casing with 1500 psi.
36. Drill out cement and float equipment. Continue in hole washing circulating out sand from open hole.
37. Circ hole clean. PUH into 5 ½” casing. Trip back to TD to check for fill.
38. Circ hole clean. Spot 10% acetic acid cross open hole interval.
39. TOH LD workstring & DC's.
40. RU Halliburton wireline truck. Run GR/CCL/CBL from bottom of 5 ½” casing to surface.
41. Run and set Halliburton packer approximately 5' from bottom of alloy casing.
- Notify OCD of intent to set packer and run tubing.



42. RU and run packer seal assembly on 2 7/8" fiberglass lined tubing.

- Run SSSV at 250'±

43. Space out seals in packer. Displace with packer fluid.

44. Set in packer. Test packer with 1500#. Remove BOP's and install tree.

45. RD & MO completion rig.

46. Clean and level location.

47. RU pump truck. Pump 200 bbl of water into well.

48. Stimulate additionally if required.

49. Notify OCD and run MIT.

50. Await installation of disposal lines.

PREPARED FOR:

Mr. W.A. Baker
TARGA MIDSTREAM SERVICES
(CAMBRIAN MANAGEMENT)
Midland, Texas

Versado AGI #1 (Re-entry)
Section 27
T-22-S
R-37-E
Lea County, New Mexico

Prepared by:
Gary Brown
April 7, 2010



Fluids Services
415 W. Wall, Suite 530
Midland TX 79701
Phone: 432-684-7446
Fax: 432-684-7473

April 7, 2010

Mr. W.A. Baker
TARGA Midstream Services
c/o Cambrian Management, LTD
303 W. Wall Street, Ste 500
Midland, Texas 79702-0272

Dear Mr. Baker,

Thank you for the opportunity to submit our drilling fluid recommendations for your Versado AGI #1 re-entry, in Lea County, New Mexico. These recommendations are based on information from your office, offset well data, and our knowledge of the area.

Of particular concern in this area is the potential for abnormal pressure, water flows and H₂S in the disposal interval. However, it has been our experience on re-entries that almost anything can happen:

- Plugs can be at the wrong depth, or missing completely
- Casing can be compromised or collapsed
- Pressure can be from water flows or gas
- Pressure can be abnormally high or low
- High pressure can be low volume, or high volume,
- Lost circulation can occur in the most unlikely zones as well as the expected ones

Therefore, we hope for the best but plan for the worst and recommend you have:

- an adequate sized pre-mix pit to mix re-entry fluid and/or kill mud
- a supply of fresh & brine water to kill the well with weights between 8.4 and 10.0ppg
- a supply of sack barite for kill weights above 10.0ppg
- a supply of Star Hib TSW in case there is the presence of H₂S
- a supply of liquid Xanthan Gum and starch on location for viscosity and/or fluid loss control
- a supply of various sized lost circulation material

All support services, including warehousing and trucking for this well, are in Hobbs, New Mexico. Thank you for considering us to be a part of your drilling team, and we look forward to working with you in the future.

Sincerely,

Gary Brown
NOV® Fluids Services
Permian District

DRILLING FLUID SYNOPSIS

TARGA Midstream Services
Versado AGI #1 (Re-entry)
Section 27
T-22-S
R-37-E
Lea County, New Mexico

Recommended Casing

7"	at	4,000'
5 1/2"	at	4,500'

DEPTH	MUD WEIGHT	VISCOSITY	FLUID LOSS	DRILL SOLIDS	COMMENTS
4,000'-5,000'	9.5 to 10.0	28 to 29	No Control	<1%	Cut Brine, Star NP-110, Paper, Lime

ESTIMATED FORMATION TOPS

ANHYDRITE	1,122'
YATES	2,560'
SEVEN RIVERS	2,815'
QUEEN	3,320'
PENROSE	3,430'
GRAYBURG	3,590'
SAN ANDRES	3,816'
7" CASING SET AT 4,000'	
GLORIETA	4,945'
TD	5,000'

RECOMMENDED DRILLING FLUID PROGRAM

<u>DEPTH</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FILTRATE</u>
4,000'-5,000'	9.5-10.0	28-29	No Control

Drill out from under casing with cut brine, circulating the closed loop. Hopefully, the "rat hole" should be easily cleaned since the well has been used as a disposal well. However, if drilling is required, take care to not "walk out" of the original well bore. Lime should be used to control the pH at 9.0 to 10. Utilize Star NP-110 for hole sweeps and to control solids. Paper should be used to control seepage and for sweeps. If lost circulation is encountered in this interval, please refer to NOV® Fluids Services' Lost Circulation Procedures. There is a potential for H₂S in this interval. If H₂S is encountered, we recommend additions of an H₂S scavenger for personnel safety and a filming amine to protect the drill pipe. We recommend sweeping the hole with a viscous, 50-60 sec/1,000cc's viscosity, Salt Gel pill and then spotting a viscous Salt Gel pill in the open hole prior to evaluation and running pipe. This should be sufficient for logging and casing operations.

John Hendrix Corp., Elliott B-15 #5, Section 15, T-22-S, R-37-E, reported moderate seepage @ 4,209'

John Hendrix Corp., Parks #13, Section 14, T-22-S, R-37-E, reported 60bbbls/hour water flow @ 4,950'



Fluids Services

LOST CIRCULATION PROCEDURES

Loss of circulation is a possibility on this well. Although each well is different, there are some basic procedures and drilling practices that can aid in reducing the severity or, in some cases, prevent lost circulation. Below is a list, which may prove helpful.

1. Maintain viscosities as low as possible and still clean the hole.
2. Maintain mud weights as low as possible without jeopardizing safety.
3. Use slow trip speeds to prevent swabbing and surging.
4. Break circulation in stages with reduced pump strokes while tripping in the hole.
5. Rotate pipe prior to and while tripping in the hole.
6. Use an optimum hydraulics program.

Severe seepage to total loss of circulation may occur even when the above procedures are followed. For severe seepage, we recommend circulating pills (50-100bbls. depending on hole size) containing 10-30 ppb of various (fibrous and flake) lost circulation material. It would be helpful to reduce pump rates until full returns are established. Once full returns are regained, normal pump rates should be returned to in stages. The inclusion of lost circulation material in the entire system is recommended only if the above procedures do not adequately seal off the loss zone.

For total loss of circulation, we recommend pulling enough stands to place the bit above the loss zone. A viscous pill containing the appropriate type of loss circulation material should be spotted. The size of the pill should be determined by hole size and should contain at least 30 ppb lost circulation material. Several attempts should be made before considering other alternatives. After returns are regained, we recommend staging back to bottom using the procedure outlined above.

If returns are not fully re-established, consideration should be given to dry drilling while pumping periodic sweeps to ensure hole cleaning.



Fluids Services

PERMIAN DISTRICT PERSONNEL

MIDLAND OFFICE

800-669-7146

Larry Wadzeck	Regional Manager Permian/MidCon
Gary Brown	District Engineering Manager
Gerald Huff	District Sales & Marketing Manager
Mike Mundy	District Sales & Marketing
Carlton Crownover	Technical Sales

WEST TEXAS ENGINEERING

800-669-7146

Tony Martin	Senior Sales and Service Engineer
Chris Lee	Sales and Service Engineer
Mark Price	Senior Sales and Service Engineer
Tom O'Reilly	Senior Sales and Service Engineer
Steve Wilson	Senior Sales and Service Engineer

NEW MEXICO ENGINEERING

800-669-7146

Fred Flores	Senior Sales and Service Engineer
Josh Jones	Senior Sales and Service Engineer

Weatherford
WEATHERFORD DRILLING AND WELL SERVICES
3000 WEST COUNTY RD
HOBBBS NM 88240
UNITED STATES

QUOTATION

Quote Number: 187114 SQ
Order Date: MAY 03 2010
Customer Reference: VERBAL
Location: 80026 HOBBS
Phone No.: 575.391 9811
Fax No.: 575.393 1244
FDC Number: FDC # 4070 E10023

76-0486916

TO: 1588331

LOCATION: 1588331

TARGA RESOURCES INC
1000 LOUISIANA ST SUITE 4300
HOUSTON TX 77002-5050
UNITED STATES

TARGA RESOURCES INC
1000 LOUISIANA ST SUITE 4300
HOUSTON TX 77002-5050
UNITED STATES

76-0486916

TERMS		QUOTE VALIDITY		ENDORSEMENT	
Net 30 days				SHIFFLETT, BILL G	
SHIPPING TERMS		SHIPPING INSTRUCTIONS			
EXW Ex Works		price group 5			
LINE NO.	ITEM NUMBER DESCRIPTION	QTY	QTY SHIPPED	UNIT PRICE	EXTENDED PRICE
1.000	Legacy #: 3030051BHDLP00170 Part #: 573253 SHOE, FLOAT 5-1/2 303 CONC CONCRETE P110 AB HDL BLANK 17.0	EA	1.00	677.1200	677.12
2.000	Legacy #: 4020051BHDLP00170 Part #: 576650 COLLAR, FLOAT 5-1/2 402 P110 STD AB HDL BLANK 17.0	EA	1.00	886.4400	886.44
3.000	Legacy #: 751E051ER00PG00123 Part #: 583095 STAGE TOOL, MECHANICAL 5-1/2 751E P110 LTC 17.0-23.0	EA	1.00	4,716.1800	4,716.18
4.000	Legacy #: 823355 Part #: 823355 Machine charge to cut sj2 thre	EA	3.00	710.0000	2,130.00
5.000	Legacy #: 823355 Part #: 823355 Machine charge to mill dv tool	EA	1.00	250.0000	250.00
6.000	Legacy #: B1102551 Part #: 472228 CENTRALIZER, BOW SPRING 5-1/2STR LO LPWLD B-SERIES 25B CS	EA	10.00	28.7000	287.00
7.000	Legacy #: 6020051 Part #: 582379 COLLAR, STOP 5-1/2 LO STD STSCR 10 GA X 2 CS	EA	8.00	37.0500	296.40
8.000	Legacy #: 7010010 Part #: 472158 THREAD, COMPOUND TUBE-LOK 1/2LB KITS	EA	2.00	37.0500	74.10
9.000	Legacy #: 178173 Part #: 178173 DELIVERY CHARGES	EA	1.00	100.0000	100.00
Weatherford (such term shall include any subsidiary, division or affiliate of Weatherford International, Inc.) will provide the requested equipment, materials or services to its customer. Such provision shall be governed by the terms and conditions of the current applicable master service agreement between the parties. In the event that there is no such master service agreement, Weatherford's standard terms and conditions, a copy of which can be found at www.weatherford.com/t&c shall be applicable to the provision of such equipment, materials or services. [A paper copy of these standard terms and conditions will be provided to you upon your written request.]				TOTAL (4070)	9,417.24

Weatherford (such term shall include any subsidiary, division or affiliate of Weatherford International, Inc.) will provide the requested equipment, materials or services to its customer. Such provision shall be governed by the terms and conditions of the current applicable master service agreement between the parties. In the event that there is no such master service agreement, Weatherford's standard terms and conditions, a copy of which can be found at www.weatherford.com/t&c shall be applicable to the provision of such equipment, materials or services. [A paper copy of these standard terms and conditions will be provided to you upon your written request.]

HALLIBURTON

Cambrian Management Ltd
PO Box 272
Midland, Texas 79702

Eunice Plant AGD Well 1

Lea County, New Mexico
United States of America
API/UWI 3002521497

Cementing Cost Estimate

Prepared for: W. A. Baker
April 9, 2010
Version: 3

Submitted by:
Kyle Baros

Halliburton
4000 N. Big Spring, Ste 200
Midland, Texas 79705
432.202.6581

HALLIBURTON

HALLIBURTON

*Halliburton appreciates the opportunity to present
this proposal and looks forward to being of service to you.*

Foreword

Halliburton is pleased to have this opportunity to present this proposal for your consideration. We earnestly request the service work to be performed on this well. These Service Coordinators can be reached in our District, at the following phone numbers:

MIDLAND SALES OFFICE

1-800-844-8451

ODESSA DISTRICT

1-800-417-5096

CEMENTING:

Scott Kerby / Joe Briseno
BJ Wheeler

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING & PERFORATING

Mike Wood / Josh Stumpner

COILED TUBING & NITROGEN

Larry Staples / Jerry Thurman
Gary Pacheco

TOOLS & TESTING, PROD. SVCS., TCP, COMPL. PRODUCTS

Steve Engleman / Kevin Warren

BAROID

Fernando Arizpe

PREPARED BY: Bruce Day

HOBBS DISTRICT

1-800-416-6081

CEMENTING

Jeremy Rey / Jaime Gonzales

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING & PERFORATING

Josh Mount / Vernon Reeve

DRILL BITS

Jeff Trantum

TOOLS & TESTING, PROD. SVCS., TCP, COMPL. PRODUCTS

John Breeden

BAROID

Freddy Redmon

We look forward to working with you to provide the very best quality services available in the Permian Basin.

Kyle Baros, Technical Professional

Cementing Best Practices

1. **Cement quality and weight:** You must choose cement slurry that is designed to solve the problems specific to each string of pipe.
2. **Waiting time:** You must hold the cement slurry in place and under pressure until it hardens. A cement slurry is a time-dependent liquid and must be allowed to undergo a hydration reaction to produce a competent cement sheath. A fresh cement slurry can be worked (thickening or pump time) as long as it is plastic, and the initial set of cement occurs during the rapid reaction stage. If the cement is not allowed to hydrate; it will be subject to changes in density, dilution, settling, water separation, and gas cutting that can lead to lack of zonal isolation with resultant bridging in the annulus.
3. **Pipe movement:** Pipe movement may be one of the single most influential factors in mud removal. Reciprocation and/or rotation mechanically breaks up gelled mud and constantly changes the flow patterns in the annulus for better cement bonding.
4. **Mud properties:** Plastic viscosity (PV) should be less than 15 centipoise (cp), and less than 10 cp, if possible, yield point (YP) should be less than 10 pound/100-square feet (lb/100ft²) decreasing down to about 5 lb/100 ft².
5. **Mud gel strength:** A nonthixotropic mud is desirable for good mud removal. Mud left in the hole prior to running casing should have 10-second/10-minute/30-minute gel strength such that the 10-minute is less than double the 10-second and the 30-minute is less than 20 lb/100 ft². Sufficient shear strength may not be achieved on a primary cement job to remove mud left in the hole should the mud develop more than 25 lb/100 ft².
6. **Mud fluid loss:** Decreasing the filtrate loss into a permeable zone enhances the creation of a thin filter cake. This increases the fluid mud in the hole, which is more easily removed. Generally, an API fluid loss of 7 or 8 milliliter (ml) is sufficient with high-temperature/high-pressure fluid loss (HTHP) no more than double this amount.
7. **Circulation:** Circulate bottoms up twice, or until well conditioned mud is being returned to the surface. There should be no cuttings in the mud returns. An annular velocity of 260 feet per minute is optimum (SPE/IADC 18617), if possible.
8. **Flow rate:** Turbulent flow is more desirable flow regime for mud removal. If turbulence cannot be achieved, better mud removal is found when maximum flow energy is used. The maximum pump rate should be determined to obtain the best flow regime.
9. **Hole size:** The optimum hole size recommended for good mud removal is 1.5 to 2 inches larger than the casing or liner size. Hole sizes larger than 2 inches annular space can be dealt with, but those that are smaller than 1.5 inches present difficult problems.
10. **Pipe Centralization:** This helps to create a uniform flow area perpendicular to flow direction. Cement will take the path of least resistance so that centralization is important in keeping the pipe off the walls of the hole. At least a 70 percent standoff should be achieved for centralization.
11. **Rat hole:** When applicable, a weighted viscous pill in the rat hole prevents cement from swapping with lighter weight mud when displacement stops.
12. **Shoe joint:** A shoe joint is recommended on all primary casings and liners. The length of the shoe joint will vary, although the absolute minimum length is one joint of pipe. If conditions exist, such as not running a bottom plug, two joints should be the minimum length.

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Job Information

CorrosaCem - TL Production Cementing

Well Name: Eunice Plant AGD Well

Well #: 1

Surface Casing 0 - 300 ft (MD)
Outer Diameter 10.750 in

Long String 0 - 4010 ft (MD)
Outer Diameter 7.000 in
Inner Diameter 6.456 in
Linear Weight 20 lbm/ft
Job Excess 10 %

DV Tool 4000 ft (MD)

Existing 6-1/4" Open Hole 4010 - 4550 ft (MD)
Inner Diameter 6.250 in
Job Excess 35 %

6-1/4" Hole 4550 - 5000 ft (MD)
Inner Diameter 6.250 in
Job Excess 35 %

Production Casing 0 - 4550 ft (MD)
Outer Diameter 5.500 in
Inner Diameter 4.892 in
Linear Weight 17 lbm/ft
Thread AB FL-4S
Casing Grade J-55

Technical Discussion CorrosaCem - TL Production Cementing

The CorrosaCem-TL volume is based on 450 feet of fill with 35% of the specified hole volume added. If more current data, such as an open hole volume caliper log, becomes available, then the volume should be modified to caliper plus 20% over gauge hole.

CorrosaCem-TL will require 0.4% (bwoc) FE-2 as a dispersant/retarder. The Fe-2 will need to be pre-mixed in the mix water, as well as the spacer water, prior to the job.

Recommended procedure for CorrosaCem-TL:

Prior to Job-

1. Blend Fe-2 with fresh water in a clean transport, mix thoroughly until all Fe-2 is dissolved.
2. The Fe-2 concentration will be based on laboratory pilot testing for desired cement slurry properties. (Estimated 0.09 ppg)
3. The Fe-2 water volume will include the required mix water volume, plus spacer volume, plus bottoms. (Estimated 50 bbl)
4. The mixture will be sampled, and used in the plant blend tests. Adjust Fe-2 concentration as required.
5. Load the CorrosaCem-TL bulk material into a clean, **cement free**, bulk truck. All cement residue **must be removed**, and the bulk tier inspected prior to loading the CorrosaCem-TL.

On Location-

1. Add the required Fe-2 mix water volume to the batchmixer. Add CorrosaCem-TL to batchmixer to obtain a 15.0 ppg slurry.
2. Pump the remaining Fe-2 water as a spacer.
3. Pump and displace the CorrosaCem-TL slurry.

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Calculations

CorrosaCem - TL Production Cementing

Stage 1

Cement : (550.00 ft fill)

$$\begin{aligned} 10.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 0.69 \text{ ft}^3 \\ 540.00 \text{ ft} * 0.0481 \text{ ft}^3/\text{ft} * 35 \% &= 35.04 \text{ ft}^3 \\ \text{First Stage Tail Cement} &= 35.72 \text{ ft}^3 \\ &= 6.36 \text{ bbl} \end{aligned}$$

Shoe Joint Volume: (40.00 ft fill)

$$\begin{aligned} 40.00 \text{ ft} * 0.1305 \text{ ft}^3/\text{ft} &= 5.22 \text{ ft}^3 \\ &= 0.93 \text{ bbl} \\ \text{Tail plus shoe joint} &= 40.95 \text{ ft}^3 \\ &= 7.29 \text{ bbl} \\ \text{Total Tail} &= 45 \text{ sks} \end{aligned}$$

Stage 2

Cement : (3033.00 ft fill)

$$\begin{aligned} 3033.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 207.99 \text{ ft}^3 \\ \text{Total Second Stage Lead Cement} &= 207.99 \text{ ft}^3 \\ &= 37.04 \text{ bbl} \\ \text{Sacks of Cement} &= 81 \text{ sks} \end{aligned}$$

Cement : (967.00 ft fill)

$$\begin{aligned} 967.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 66.31 \text{ ft}^3 \\ \text{Second Stage Tail Cement} &= 66.31 \text{ ft}^3 \\ &= 11.81 \text{ bbl} \\ \text{Total Tail} &= 50 \text{ sks} \end{aligned}$$

Job Recommendation CorrosaCem - TL Production Cementing

Install floating equipment, run casing to bottom, and circulate a minimum of 2-3 hole volumes prior to cementing as follows:

Fluid Instructions**Stage 1**

Fluid 1: Pump 20 bbl

Dispersant Spacer

0.09 lbm/bbl Fe-2 (Dispersant)

Fluid Density: 0 lbm/gal

Fluid Volume: 20 bbl

Fluid 2: Mix and pump 50 sks

CorrosaCem - TL

0.4 % Fe-2 (Dispersant)

Fluid Weight 15 lbm/gal

Slurry Yield: 0.91 ft³/sk

Total Mixing Fluid: 3.44 Gal/sk

Top of Fluid: 4000 ft

Calculated Fill: 550 ft

Volume: 7.29 bbl

Calculated Sacks: 45.09 sks

Proposed Sacks: 50 sks

DV Tool @ 4000 ft (MD)**Stage 2**

Fluid 1: Pump 20 bbl

Fresh Water

Fluid Volume: 20 bbl

Fluid 2: Lead with 85 sks

EconoCem - C

Fluid Weight 11.70 lbm/gal

Slurry Yield: 2.57 ft³/sk

Total Mixing Fluid: 14.93 Gal/sk

Top of Fluid: 0 ft

Calculated Fill: 3033 ft

Volume: 37.05 bbl

Calculated Sacks: 81.00 sks

Proposed Sacks: 85 sks

Fluid 3: Tail-in with 50 sks

HalCem - C

Fluid Weight 14.80 lbm/gal

Slurry Yield: 1.33 ft³/sk

Total Mixing Fluid: 6.34 Gal/sk

Top of Fluid: 3033 ft

Calculated Fill: 967 ft

Volume: 11.81 bbl

Calculated Sacks: 50 sks

Proposed Sacks: 50 sks

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Cost Estimate

CorrosaCem - TL Production Cementing

Mtrl Nbr	Description	Qty	U/M	Unit Price	Gross Amt	Discount	Net Amt
1	MILEAGE FOR CEMENTING EQUIPMENT NUMBER OF UNITS	50 1	MI	9.79	489.50	332.86	156.64
2	MILEAGE FOR CEMENTING CREW NUMBER OF UNITS	50 1	MI	5.76	288.00	195.84	92.16
7	ENVIRONMENTAL SURCHARGE	1	JOB	134.00	134.00	0.00	134.00
372867	DOT VEHICLE CHARGE	3	EA	241.00	723.00	0.00	723.00
16093	MSC PUMP CHARGE (1ST STAGE) DEPTH FEET/METERS (FT/M)	1 4550 FT	EA	5,392.00	5,392.00	3,666.56	1,725.44
16	MSC ADDITIONAL STAGES NUMBER OF UNITS	1 1	STG	4,635.00	4,635.00	3,151.80	1,483.20
141	RCM w/RA DENSOMETER NUMBER OF UNITS	1 1	JOB	1,990.00	1,990.00	1,353.20	636.80
116	BOOSTER PUMP-SKID/DAY NUMBER OF DAYS	1 1	EA	1,362.00	1,362.00	926.16	435.84
74038	PLUG CONTAINER RENTAL-1ST DAY DAYS OR FRACTION (MIN1)	1 1	EA		1,322.00	898.96	423.04
100001615	FE-2	2	LB	11.92	23.84	17.40	6.44
452967	CORROSACEM (TM) SYSTEM	50	SK		16,360.00	11,942.80	4,417.20
100001615	FE-2	15	LB	11.92	178.80	130.52	48.28
452992	ECONOCHEM (TM) SYSTEM	85	SK		3,391.50	2,475.80	915.70
452986	HALCEM (TM) SYSTEM	50	SK		2,087.50	1,523.88	563.62
76400	MILEAGE, CMT MTLs DEL/RET NUMBER OF TONS	25 8.45	MI	3.35	707.69	516.61	191.08
3965	SVC CHRGE, CMT & ADDITIVES NUMBER OF EACH	206 1	CF	5.49	1,130.94	825.59	305.35
	Total	USD					40,215.77
	Discount 68/73	USD					27,957.98
	Discounted Total	USD					12,257.79

Primary Plant: Hobbs, NM, USA
Secondary Plant: Hobbs, NM, USA

Price Book Ref: 09 Permian Basin
Price Date: 3/31/2010

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Conditions

NOTE

The cost in this analysis is good for the materials and/or services outlined within and shall be valid for 30 days from the date of this proposal. In order to meet your needs under this proposal with a high quality of service and responsive timing, Halliburton will be allocating limited resources and committing valuable equipment and materials to your area of operations. Accordingly, the discounts reflected in this proposal are available only for materials and services awarded on a first-call basis. Alternate pricing may apply in the event that Halliburton is awarded work on any basis other than as a first-call provider.

The unit prices stated in the proposal are based on our current published prices. The projected equipment, personnel, and material needs are only estimates based on information about the work presently available to us. At the time the work is actually performed, conditions then existing may require an increase or decrease in the equipment, personnel, and/or material needs. Charges will be based upon unit prices in effect at the time the work is performed and the amount of equipment, personnel, and/or material actually utilized in the work. Taxes, if any, are not included. Applicable taxes, if any, will be added to the actual invoice.

It is understood and agreed between the parties that with the exception of the subject discounts, all services performed and equipment and materials sold are provided subject to Halliburton's General Terms and Conditions contained in our current price list, (which include LIMITATION OF LIABILITY and WARRANTY provisions), and pursuant to the applicable Halliburton Work Order Contract (whether or not executed by you), unless a Master Service and/or Sales Contract applicable to the services, equipment, or materials supplied exists between your company and Halliburton, in which case the negotiated Master Contract shall govern the relationship between the parties. A copy of the latest version of our General Terms and Conditions is available from your Halliburton representative or at:

<http://www.halliburton.com/terms> for your convenient review, and we would appreciate receiving any questions you may have about them. Should your company be interested in negotiating a Master Contract with Halliburton, our Law Department would be pleased to work with you to finalize a mutually agreeable contract. In this connection, it is also understood and agreed that Customer will continue to execute Halliburton usual field work orders and/or tickets customarily required by Halliburton in connection with the furnishing of said services, equipment, and materials.

Any terms and conditions contained in purchase orders or other documents issued by the customer shall be of no effect except to confirm the type and quantity of services, equipment, and materials to be supplied to the customer.

If customer does not have an approved open account with Halliburton or a mutually executed written contract with Halliburton, which dictates payment terms different than those set forth in this clause, all sums due are payable in cash at the time of performance of services or delivery of equipment, products, or materials. If customer has an approved open account, invoices are payable on the twentieth day after date of invoice.

Customer agrees to pay interest on any unpaid balance from the date payable until paid at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event Halliburton employs an attorney for collection of any account, customer agrees to pay attorney fees of 20% of the unpaid account, plus all collection and court costs.

Original Date Prepared: July 16, 2008
Date Revised: April 13, 2010

Customer Information

Prepared For: **TARGA RESOURCES INC**
Field Name: **Widcat**
Well Number: **Versado "AGI" #1**
Location: **Lea County, New Mexico**
Attention of: **Mr. W.A. Baker**
Direct Phone: **432-620-9181**
E-Mail: **wbaker@cambrianmgmt.com**

Formation Information

Zone Of Interest Number 1: **4500 Zone**
Service (Std,H2S,CO2): **Acid Injection**
Perforations (MD): **4500' - 4950'**
Plug Back T.D. **4,950 Ft.**
BHT: **250° F**
BHP: **3500 Psi**
Completion Fluid: **Treated Fresh Water**

Well Bore Information

Casing: **5.5" 17# J-55 (ID: 4.892" / Drift: 4.767") @ 0-4500'**
Open Hole: **4500-5000'**
LS Upper Production Tubing: **2.875" 6.5# J-55 Duo-Lined EUE (ID: 2.441" / Drift: 2.347")**

Completion Equipment

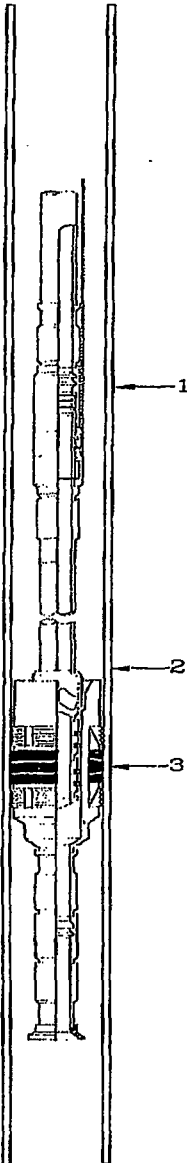
Job Description: **Permanent Packer**
Packer Material: **Incoly 725**
Packer Elastomer: **Aflas**
Seal Mandrel Material: **Incoloy 725**
Seal Elastomer: **Aflas**

Sales Information

HBD File Name: **170058**
Option Number: **Version 6/ Option A**
Version Name: **170058V6A**
Submitted By: **Mike Larpenter - 121949**
Location: **Houston, Texas**
Main Phone: **(281) 988-2500**
Direct Phone: **(713) 420-5169**
E-Mail: **mike.larpenter@halliburton.com**

Field Information

Halliburton Service Contact: **Steve Engleman - 104368**
Halliburton Service Location: **Odessa, Tx -**
Main Phone: **(800) 844-8451**
Direct Phone: **(432) 580-2960**
Fax: **(432) 337-0751**

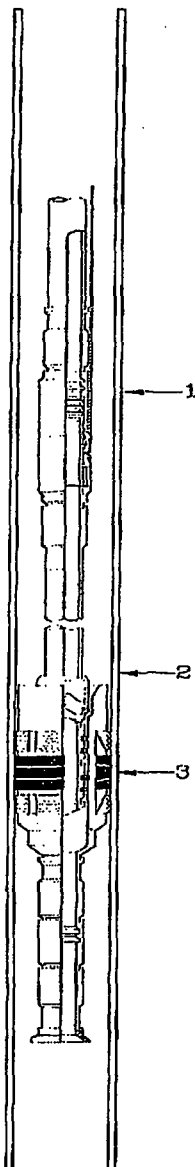


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Permanent Packer

Prepared For: TARGA RESOURCES INC
Field Name: Wildcat
Lease:
Well Number: Versado "AGI" #1
Well Location: Lea County, New Mexico

HBD File Name
170858
Version 6/ Option A
170658V6A



A	Production Tubing, 2 7/8 6.5# Eue J-55 Duo-Lined W 2.44 ID	2.440	2.875	244.00	0.00
1	Safety Valve Assembly				
a	X over Pup W/Clip, 2 7/8 6.5# Eue x 2 7/8 6.4# Vam-Top J-55 Duo-Lined Targa Resources	2.441	3.860	6.00	244.00
b	Halliburton "NE" Tubing Retrievable Safety Valve, 10,000# Pressure Rating, Equalizing Type, Nickel Alloy 725, "X" Profile, 2 7/8" Vam-Top Box x Pin Ref PN: (781HXE23224-U) (188825)	2.336	4.650	4.00	250.00
c	Xover Pup with Clip, 2 7/8 6.4# Vam-top x 2 7/8 6.5# Eue J-55 Targa Resources	2.441	3.222	6.00	254.00
d	Control Line, .065" Wall, Incoloy 825, 1/4" x 400" (22SNS54040) (101309359) Customer Stock				
B	Production Tubing, 2 7/8 6.5# Eue J-55 Duo-Lined W 2.44 ID	2.440	2.875	4,140.00	260.00
2	Seal Assembly				
a	Loc J-Slot 2 7/8 API-Eue x 2 1 1/16 12UNS B-P 725 Material Ref: (213J30034-D) (188825)	2.330	3.430	0.60	4,400.00
b	Seal Assy, 3.00 X 2 1 1/16 12UNS (Bin makeup) 725 material Molded Atlas seal, Pressure rating _____ psi Ref: (212MSA30000-D) (188825) Qty (2)	2.330	3.000	1.33	4,400.50
c	MS Guide, 2 1 1/16 12UNS 725 Material Ref: (212G30000-D) (188825)	2.330	2.970	0.50	4,401.83 4,402.33
3	Packer Assembly				
a	Halliburton "TWB" Perma-Series™ Packer 5 1/2" 14-20#, 3.00, 2 7/8 Eue Pin 725 Material (AFLAS Elements) Pressure Rating 9,000psi REF: (212TWB5501-D) (188825)	3.000	4.540	3.00	4,400.00
b	Coupling 2 7/8 6.5# Eue J-55 Targa Resources		3.660	0.44	4,403.00
c	Pup Joint, 2 7/8 6.5# Eue J-55 Duo-Lined Targa Resources	2.440	2.875	6.00	4,403.44
d	Landing Nipple 2.313 X 2 7/8 Eue BXP 725 Material Ref: (711X23319) (188825)	2.313	4.645	1.50	4,409.44
e	Pup Joint, 2 7/8 6.5# Eue J-55 Duo-Lined Targa Resources	2.440	3.500	6.00	4,410.94
f	WL-Rentry Guide, 2 7/8 6.5# Eue 725 Material Ref: (212M895) (188825)	2.970	3.700	0.50	4,416.94 4,417.44

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Proposed Completion Data Guide

Original Date Prepared: July 16, 2008
Date Revised: April 13, 2010

Permanent Packer

Prepared For: TARGA RESOURCES INC
Field Name: Wildcat
Lease:
Well Number: Versado "AGI" #1.
Well Location: Lea County, New Mexico

HBD File Name
170658
Version 6/ Option A
170658V6A

QTY	DESCRIPTION	UNIT	PRICE
1	Safety Valve Assembly		\$99,400.00
2	Seal Assembly		\$ 24,512.03
3	Packer Assembly		\$ 47,376.88

Personnel and Mileage:

CPS-Retrievable Packer - BOM -20474 / Land Alternate		
Completion Serviceman (Land) - 8 Hr. Min. / Per Day (16328)	\$	1,098.20 1
Completion Serviceman (Land) - Add'l. Hours, after 8 hr min (16328)	\$	137.20 1
Serviceman Mileage - Per Mile/Round Trip, from nearest Halliburton camp (3327)	\$	4.03 1
Fuel Surcharge - Per Mile (87098)	\$	0.11 1
Use of Hydraulic Setting Tool - Per Packer - 5 Day (16320)	\$	1,468.60 1
Assembly Make Up - Per Unit (21097)	\$	1,108.80 11
Completion Assy. Test /Unit (18701)	\$	378.00 3
Test Plug Use - Minimum charge (1 Day) (16323)	\$	210.00 1
Environmental Clean-Up (2311) \$ 250.00 Max	\$	100.00 1
Brass Ball (1.312") (93B108) (101014253)	\$	244.30 1
Test Plug Use - (Add Day) (16323)	\$	35.21 1
Steel Ball (.875") (93B4) (100006745)	\$	68.80 2
Control Line Test - Per Test (72113)	\$	74.90 1
Hydraulic Hand Pump and Manifold - Use / First Day (3539)	\$	132.30 1
Completion Tool Box - Per Job (3438)	\$	281.40 1
Safety Valve Toolbox - Use / 3 Days (72118) Over 10K Valves	\$	1,488.20 1
Nylon Tie Wraps (50761)	\$	266.00 100
9/16-18UNF Autoclave Fitting with Anti-Vibration Gland (78Q6329) (101365964)	\$	1,162.00 2
TRSV Fitting Kit - 374431	\$	315.70 1
Buckles - Min. 1 Box (100 Each Buckles) (94S102) (101087308)	\$	497.00 1
Bands per 1200 In. Roll (94S98) (101087320)	\$	144.20 1

Estimated Sub Surface Safety Total	\$99,400.00
Estimated Packer and Seal Assembly Total	\$ 71,888.91
Estimated Service and Rental Total	\$ 9,071.41
Estimated Merchandise Total for Job	171,288.91

Note added Hours after 8 will be charged at 137.20 per hour

Note added Hours after 8 will be charged at 137.20 per hour
And Mileage from Nearsat Camp will be charged at 4.14 per mile round trip (Fuel Surcharge Included)



Wellhead & Production Systems
Houston, TX

Printed on 9/16/2010 9:01:37AM

Quote Response Form

Estimate No. BE00000165
Warehouse ID: ODES - ODESSA
7311 Andrews Highway
Odessa, TX 79765
Phone: 432-552-0695
Fax: 432-362-4363

Customer:

Customer Info:

Ship to:

Targa Midstream

Phone:

Thank you for the opportunity to quote your equipment needs. If you have any questions, Please call.

Estimate	Terms	Quote Date	Expiration Date	Salesperson	Customer Currency
BE00000165		5/11/2010		Fikes, Gerald	USD

Casing Head Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
10	1.00	EA	20353625 CASING HEAD BODY, C-22, 11" 3K FLANGED TOP X 10-3/4" SOW (W/ ORING GROOVE) BTM, W/ TWO 2" LPO OUTLETS, U, DD, PSL 1, PR1	1,725.00	1,725.00
20	1.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	25.00
30	1.00	EA	20364831 BULL PLUG, 2" LP, SOLID, XXH	25.00	25.00
40	1.00	EA	20391949 BALL VALVE, 3K, 2" LP, SE, NACE TRIM	120.00	120.00
213	1.00	EA	20384272 COLLAR-CASING 10-3/4 SOW X 10-3/4 SOW J-55	395.00	395.00
Casing Head Assembly Total:					2,290.00

Casing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
201	1.00	EA	20365360 CASING SPOOL ASSEMBLY, C-22-BG, 11" 3K FLANGE BTM X 11" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PR1	5,330.00	5,330.00
202	2.00	EA	20365431 BALL VALVE, 3K, 2" LP, SE, STANDARD TRIM	120.00	240.00
203	2.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	50.00
204	1.00	EA	20391954 SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 7" ID, W/ PEROXIDE CURED RUBBER, U, AA, PSL 1, PR 1	700.00	700.00
205	1.00	EA	20365793 RING GASKET, R-53, S316-4, OVAL, API 6A	95.00	95.00



Quote Response Form

Printed on 9/16/2010 9:01:37AM

Estimate No. BE00000165

206	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
207	2.00	EA	20366688	115.00	230.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
208	2.00	EA	20358839	35.00	70.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
209	1.00	EA	20391952	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-21 SLIP, 11" C-21 BOWL, 7" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PR1		

Casing Spool Assembly Total: 7,925.08

Tubing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
50	1.00	EA	20365368	3,291.67	3,291.67
			TUBING HEAD ASSEMBLY, TCM, 11" 3K FLANGE BTM X 7-1/16" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PR1		
60	3.00	EA	20358839	35.00	105.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
70	1.00	EA	20365472	75.00	75.00
			VALVE REMOVAL PLUG, 1-1/2 LP		
80	2.00	EA	20366688	550.00	1,100.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
90	1.00	EA	20367048	2,400.00	2,400.00
			GATE VALVE ASSEMBLY, JMP-W5, M, 2-1/16" 5K WEDGE FF HWO, L-U, FF, PSL 2, PR1		
100	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		
110	1.00	EA	20391951	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-22 SLIP, 11" C-22 BOWL, 5-1/2" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PR1		
120	1.00	EA	20391953	700.00	700.00
			SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 5-1/2" ID, W/PEROXIDE CURED RUBBER, U, AA, PSL 1, PR1		
130	1.00	EA	20365793	95.00	95.00
			RING GASKET, R-53, S316-4, OVAL, API 6A		
140	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
211	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		

Tubing Spool Assembly Total: 9,026.75

Tree Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
150	1.00	EA	20373199	16,780.00	16,780.00
			TUBING HEAD ADAPTER ASSEMBLY, A5P, 7-1/16" 3K STUDDER BTM X 3-1/8" 5K STUDDER, W/ ONE 1/4" CCL PORT, U, HH, PSL 2, PR1		



Quote Response Form

Printed on 9/16/2010 9:01:37AM

Estimate No. BE00000165

160	2.00	EA	20376136	36,000.00	72,000.00
			GATE VALVE, 3-1/8", 5K, IPT, MANUAL, R-35 FLG X FLG INCONEL, 625 ALL WETTED SURFACES, HH TRIM, API 6A, TEMP, CLASS, P+U, IIS SERVICE PER NACE, MR-01-75 C, /W HANDWHEEL (BEC DRAWING AL-0121)		
170	3.00	EA	20362703	57.00	171.00
			RING GASKET, R-35, S316-4, OVAL, API 6A		
180	8.00	EA	20366128	6.67	53.36
			STUD ASSEMBLY, ALL-THREAD, 1.125-8UN-2A X 8.50 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
190	1.00	EA	20362707	80.00	80.00
			RING GASKET, R-45, S316-4, OVAL, API 6A		
200	1.00	EA	20373406	26,760.00	26,760.00
			TUBING HANGER ASSEMBLY, 7-1/16" BOWL X 3-1/2" EUE, W/ 3" 1BPPV INCONEL, U, DD, PSL-2, PRI		
212	1.00	EA	20388385	3,675.00	3,675.00
			CROSSOVER SUB BODY, 3-1/2 EUE MALE THREAD X 2-7/8 EUE FEMALE THIRHEAD, 718 INCONEL		

Tree Assembly Total: 119,519.36

NOTES:

1. All equipment is FOB T3 Energy, Inc. Houston, Texas USA.
2. Freight and crating expenses are not included as part of this quotation.
3. All pricing, as indicated in this quotation, is based on standard equipment deliveries; an expediting fee will be applied if the equipment is required prior to the date (s) indicated above.
4. T3 Energy will not be liable for penalties due to late deliveries that are not agreed upon and authorized by T3 Energy prior to acceptance of the purchase order.
5. This quotation is valid for your acceptance for a period of 30 days.
6. Disclaimer - this is a general terms and conditions for the purpose of advancing to a commercial request.
7. Rental - Rental is charged in complete days from shipment from the T3 Energy facility until returned to the T3 Energy facility. The renter is responsible for returning the equipment to original condition after use. This includes repair labor and parts as required.

Section Summary:	Section Casing Head Assembly Total:	2,290.00
	Section Casing Spool Assembly Total:	7,925.08
	Section Tubing Spool Assembly Total:	9,026.75
	Section Tree Assembly Total:	119,519.36
	Order Total:	138,761.19



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Quote Response Form

Estimate No. BE00000165

THANK YOU FOR THE OPPORTUNITY TO QUOTE YOUR EQUIPMENT NEEDS.

THIS QUOTE DOES NOT INCLUDE PRO-RATED FREIGHT, SERVICE, OR TAXES

IF YOU HAVE ANY QUESTION PLEASE CALL.

TOMMY MILLER
BRANCH MANGER
432-661-5810

TMILLER@T3ENERGY.COM

The estimated delivery schedule below is ARO and after T3 Energy's acceptance of the purchase order.

Casing Head Assembly - 6-8 weeks, ARO
Tubing Spool Assembly - 6-8 weeks, ARO
Tree Assembly - 6-8 weeks, ARO

Sale Amount:	138,761.19
Sales Tax:	0.00
Misc Charges:	0.00
Total Amount:	138,761.19



Printed on 9/16/2010 9:01:37AM

Quote Response Form

Estimate No. BE00000165

Limited Warranty and Limitation of Liability

T3 Energy Services warrants the products it manufactures and/or remanufactures and the services it performs to be free from defects in materials and workmanship which materially and adversely impact performance or safety under normal use and services for a period of:

- One year after initial installation, or 18 months from invoice date for manufactured or remanufactured products, whichever comes first;
- One year after the date services are provided (the "Work") as described in a T3 Energy Services service ticket or services invoice.

Products found to be defective will be repaired or replaced, at T3 Energy Services option, in a timely fashion at no charge to the customer for such repair or replacement by T3 Energy Services.

T3 Energy Services will not be responsible for product damage caused by the process service conditions or damage caused by customer misapplication or improper maintenance. T3 Energy Services also shall not be responsible for normal wear and tear.

T3 Energy Services warrants that the services when performed will be of good quality, will be free from defects in material and workmanship, shall have been properly performed in accordance with applicable industry standards and, and shall be in accordance with any written specifications which were provided by the customer to T3 Energy Services and accepted by T3 Energy Services prior to the commencement of the Work. If customer notifies T3 Energy Services within 12 months after the date of service that it has discovered that any portion of the Work does not conform to the foregoing warranty T3 Energy Services shall, at its option:

- promptly repair any such non-conforming work, or
- promptly replace any such non-conforming work, or
- provide customer with a refund or any equitable portion of the price paid for the work after an allowance for reasonable wear and tear.

The performance by T3 Energy Services of the repair or replacement Work or the equitable refund, described in the previous paragraph shall constitute customer's sole remedy for any defect in the Work. T3 ENERGY SERVICES HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

If customer fails to properly operate and maintain the product in accordance with the instructions of T3 Energy Services, or the original equipment supplier or manufacturer, as applicable, or if customer otherwise fails to adhere to applicable industry standards in operating and maintaining the product, customer's failure shall void the foregoing warranty.

In the event T3 Energy Services does not receive payment as agreed, T3 Energy Services may impose a 1.5% per month finance charge to any unpaid past due balances on all open accounts.

In no event shall any T3 Energy Services or any of its respective affiliates be liable for any loss of use, revenue, or anticipatory profit, or for any direct, indirect, or incidental or consequential damages arising out of, or connected with, any portion of the Work.

The foregoing is the only obligation of T3 Energy Services with respect to the Work and customer's exclusive remedy for breach of warranty, and is customer's exclusive remedy hereunder by way of breach of contract, tort, strict liability or otherwise.

Any action or breach of this limited warranty or otherwise with respect to the Work must be commenced one (1) year after the cause of action has accrued.

THIS LIMITED WARRANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ANY PRINCIPLES OF TEXAS LAW WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

Confirming Signature

Date

RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

MAR 23 2011

HOBSOCD

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: Targa Midstream Services Limited Partnership OGRID #: 24650
Address: 1000 Louisiana, Suite 4300, Houston, TX 77002-5036
Facility or well name: Enrice Gas Plant SWD #1
API Number: 30-085-21497 ✓ OCD Permit Number: PI-23041
U/I. or Qtr/Qtr L Section 27 Township 22S Range 37E County: Lea
Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2. ☒ Closed-loop System: Subsection H of 19.15.17.11 NMAC
Operation: ☐ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☐ Haul-off Bins

3. Signis: Subsection C of 19.15.17.11 NMAC
☐ (2"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☒ Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: CRI Disposal Facility Permit Number: R 9166
Disposal Facility Name: Sundance Disposal Facility Permit Number: NM-01-003
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☐ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): WA Baker II Title: Drilling Engineer
Signature: WA Baker II Date: 9-16-10
e-mail address: wbaker@cambrianmgmt.com Telephone: 432-620-9181

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____

Approval Date: 03/29/11

Title: _____

Geologist

OCD Permit Number: _____

PI-03041

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10.

Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____

Title: _____

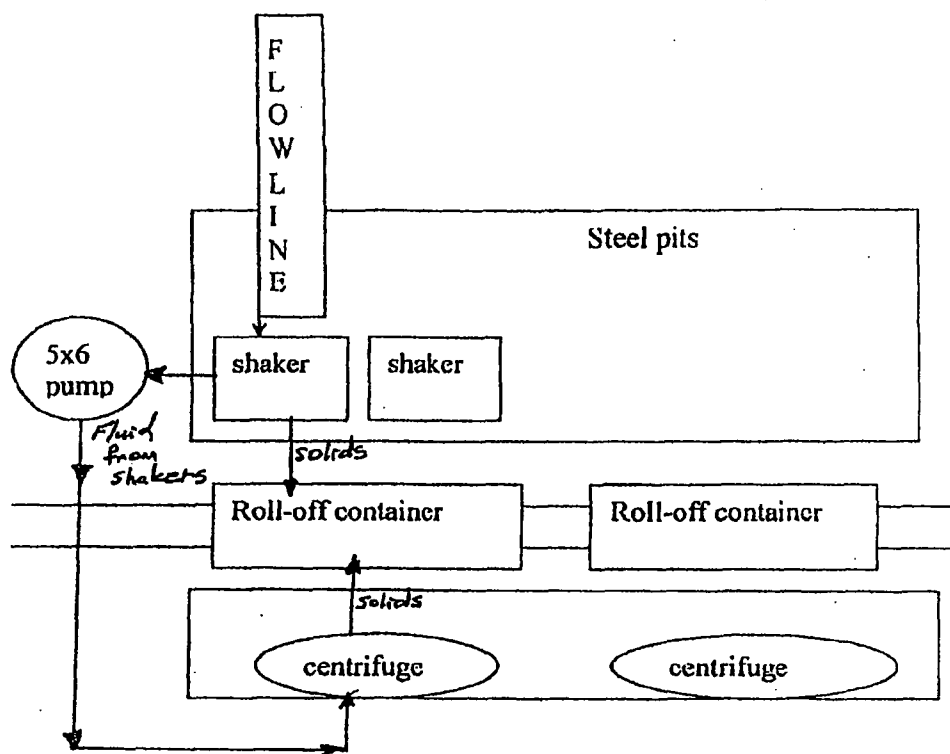
Signature: _____

Date: _____

e-mail address: _____

Telephone: _____

DESIGN PLAN



This will be maintained by 24 hour solids control personnel that stay on location.

TOMMY WILSON
CLS
CLOSED LOOP
SPECIALTY

Office: 575.746.1689

Cell: 575.748.6367

OPERATING AND MAINTENANCE PLAN

Three (3) 20 yard roll off containers will be on location. As one is filled it will be hauled off to an approved disposal site and another will begin to fill.

All closed loop equipment will be maintained by 24 hour solids control personnel that will stay on location.

CLOSURE PLAN

CLOSED LOOP SPECIALITIES
P.O. Box 1479
CARLSBAD, NM 88220 (575)748-6367

July 1, 2008

CRI Permit #R9166

CRI Phone # 575-393-1079

Contact Person 575-6319829

Sundance Landfill Permit #NM-01-003

Contact Person 575-390-7838

HALLIBURTON

3D-025-21497

Cambrian Management Ltd

PO Box 272

Midland, Texas 79702

Eunice Plant AGD Well 1

Lea County, New Mexico
United States of America
API/UWI 3002521497

Cementing Cost Estimate

Prepared for: W. A. Baker
April 9, 2010
Version: 3

Submitted by:
Kyle Baros

Halliburton
4000 N. Big Spring, Ste 200
Midland, Texas 79705
432.202.6581

HALLIBURTON

HALLIBURTON

*Halliburton appreciates the opportunity to present
this proposal and looks forward to being of service to you.*

Foreword

Halliburton is pleased to have this opportunity to present this proposal for your consideration. We earnestly request the service work to be performed on this well. These Service Coordinators can be reached in our District, at the following phone numbers:

MIDLAND SALES OFFICE

1-800-844-8451

ODESSA DISTRICT

1-800-417-5096

CEMENTING:

Scott Kerby / Joe Briseno
BJ Wheeler

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING &

PERFORATING

Mike Wood / Josh Stumpner

COILED TUBING

& NITROGEN

Larry Staples / Jerry Thurman
Gary Pacheco

TOOLS & TESTING,

PROD. SVCS., TCP,

COMPL. PRODUCTS

Steve Engleman / Kevin Warren

BAROID

Fernando Arizpe

HOBBS DISTRICT

1-800-416-6081

CEMENTING

Jeremy Rey / Jaime Gonzales

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING &

PERFORATING

Josh Mount / Vernon Reeve

DRILL BITS

Jeff Tranum

TOOLS & TESTING,

PROD. SVCS., TCP,

COMPL. PRODUCTS

John Breeden

BAROID

Freddy Redmon

PREPARED BY: Bruce Day

We look forward to working with you to provide the very best quality services available in the Permian Basin.

Kyle Baros, Technical Professional

Cementing Best Practices

1. **Cement quality and weight:** You must choose cement slurry that is designed to solve the problems specific to each string of pipe.
2. **Waiting time:** You must hold the cement slurry in place and under pressure until it hardens. A cement slurry is a time-dependent liquid and must be allowed to undergo a hydration reaction to produce a competent cement sheath. A fresh cement slurry can be worked (thickening or pump time) as long as it is plastic, and the initial set of cement occurs during the rapid reaction stage. If the cement is not allowed to hydrate; it will be subject to changes in density, dilution, settling, water separation, and gas cutting that can lead to lack of zonal isolation with resultant bridging in the annulus.
3. **Pipe movement:** Pipe movement may be one of the single most influential factors in mud removal. Reciprocation and/or rotation mechanically breaks up gelled mud and constantly changes the flow patterns in the annulus for better cement bonding.
4. **Mud properties:** Plastic viscosity (PV) should be less than 15 centipoise (cp), and less than 10 cp, if possible, yield point (YP) should be less than 10 pound/100-square feet (lb/100ft²) decreasing down to about 5 lb/100 ft².
5. **Mud gel strength:** A nonthixotropic mud is desirable for good mud removal. Mud left in the hole prior to running casing should have 10-second/10-minute/30-minute gel strength such that the 10-minute is less than double the 10-second and the 30-minute is less than 20 lb/100 ft². Sufficient shear strength may not be achieved on a primary cement job to remove mud left in the hole should the mud develop more than 25 lb/100 ft².
6. **Mud fluid loss:** Decreasing the filtrate loss into a permeable zone enhances the creation of a thin filter cake. This increases the fluid mud in the hole, which is more easily removed. Generally, an API fluid loss of 7 or 8 milliliter (ml) is sufficient with high-temperature/high-pressure fluid loss (HTHP) no more than double this amount.
7. **Circulation:** Circulate bottoms up twice, or until well conditioned mud is being returned to the surface. There should be no cuttings in the mud returns. An annular velocity of 260 feet per minute is optimum (SPE/IADC 18617), if possible.
8. **Flow rate:** Turbulent flow is more desirable flow regime for mud removal. If turbulence cannot be achieved, better mud removal is found when maximum flow energy is used. The maximum pump rate should be determined to obtain the best flow regime.
9. **Hole size:** The optimum hole size recommended for good mud removal is 1.5 to 2 inches larger than the casing or liner size. Hole sizes larger than 2 inches annular space can be dealt with, but those that are smaller than 1.5 inches present difficult problems.
10. **Pipe Centralization:** This helps to create a uniform flow area perpendicular to flow direction. Cement will take the path of least resistance so that centralization is important in keeping the pipe off the walls of the hole. At least a 70 percent standoff should be achieved for centralization.
11. **Rat hole:** When applicable, a weighted viscous pill in the rat hole prevents cement from swapping with lighter weight mud when displacement stops.
12. **Shoe joint:** A shoe joint is recommended on all primary casings and liners. The length of the shoe joint will vary, although the absolute minimum length is one joint of pipe. If conditions exist, such as not running a bottom plug, two joints should be the minimum length.

Job Information**CorrosaCem - TL Production Cementing**

Well Name: Eunice Plant AGD Well

Well #: 1

Surface Casing	0 - 300 ft (MD)
Outer Diameter	10.750 in
Long String	0 - 4010 ft (MD)
Outer Diameter	7.000 in
Inner Diameter	6.456 in
Linear Weight	20 lbm/ft
Job Excess	10 %
DV Tool	4000 ft (MD)
Existing 6-1/4" Open Hole	4010 - 4550 ft (MD)
Inner Diameter	6.250 in
Job Excess	35 %
6-1/4" Hole	4550 - 5000 ft (MD)
Inner Diameter	6.250 in
Job Excess	35 %
Production Casing	0 - 4550 ft (MD)
Outer Diameter	5.500 in
Inner Diameter	4.892 in
Linear Weight	17 lbm/ft
Thread	AB FL-4S
Casing Grade	J-55

Technical Discussion CorrosaCem - TL Production Cementing

The CorrosaCem-TL volume is based on 450 feet of fill with 35% of the specified hole volume added. If more current data, such as an open hole volume caliper log, becomes available, then the volume should be modified to caliper plus 20% over gauge hole.

CorrosaCem-TL will require 0.4% (bwoc) FE-2 as a dispersant/retarder. The Fe-2 will need to be pre-mixed in the mix water, as well as the spacer water, prior to the job.

Recommended procedure for CorrosaCem-TL:

Prior to Job-

1. Blend Fe-2 with fresh water in a clean transport, mix thoroughly until all Fe-2 is dissolved.
2. The Fe-2 concentration will be based on laboratory pilot testing for desired cement slurry properties. (Estimated 0.09 ppg)
3. The Fe-2 water volume will include the required mix water volume, plus spacer volume, plus bottoms. (Estimated 50 bbl)
4. The mixture will be sampled, and used in the plant blend tests. Adjust Fe-2 concentration as required.
5. Load the CorrosaCem-TL bulk material into a clean, **cement free**, bulk truck. All cement residue **must be removed**, and the bulk tier inspected prior to loading the CorrosaCem-TL.

On Location-

1. Add the required Fe-2 mix water volume to the batchmixer. Add CorrosaCem-TL to batchmixer to obtain a 15.0 ppg slurry.
2. Pump the remaining Fe-2 water as a spacer.
3. Pump and displace the CorrosaCem-TL slurry.

Calculations**CorrosaCem - TL Production Cementing**

Stage 1

Cement : (550.00 ft fill)

$$\begin{aligned} 10.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 0.69 \text{ ft}^3 \\ 540.00 \text{ ft} * 0.0481 \text{ ft}^3/\text{ft} * 35 \% &= 35.04 \text{ ft}^3 \\ \text{First Stage Tail Cement} &= 35.72 \text{ ft}^3 \\ &= 6.36 \text{ bbl} \end{aligned}$$

Shoe Joint Volume: (40.00 ft fill)

$$\begin{aligned} 40.00 \text{ ft} * 0.1305 \text{ ft}^3/\text{ft} &= 5.22 \text{ ft}^3 \\ &= 0.93 \text{ bbl} \\ \text{Tail plus shoe joint} &= 40.95 \text{ ft}^3 \\ &= 7.29 \text{ bbl} \\ \text{Total Tail} &= 45 \text{ sks} \end{aligned}$$

Stage 2

Cement : (3033.00 ft fill)

$$\begin{aligned} 3033.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 207.99 \text{ ft}^3 \\ \text{Total Second Stage Lead Cement} &= 207.99 \text{ ft}^3 \\ &= 37.04 \text{ bbl} \\ \text{Sacks of Cement} &= 81 \text{ sks} \end{aligned}$$

Cement : (967.00 ft fill)

$$\begin{aligned} 967.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 66.31 \text{ ft}^3 \\ \text{Second Stage Tail Cement} &= 66.31 \text{ ft}^3 \\ &= 11.81 \text{ bbl} \\ \text{Total Tail} &= 50 \text{ sks} \end{aligned}$$

Job Recommendation CorrosaCem - TL Production Cementing

Install floating equipment, run casing to bottom, and circulate a minimum of 2-3 hole volumes prior to cementing as follows:

Fluid Instructions**Stage 1**

Fluid 1: Pump 20 bbl
Dispersant Spacer
0.09 lbm/bbl Fe-2 (Dispersant)

Fluid Density: 0 lbm/gal
Fluid Volume: 20 bbl

Fluid 2: Mix and pump 50 sks
CorrosaCem - TL
0.4 % Fe-2 (Dispersant)

Fluid Weight 15 lbm/gal
Slurry Yield: 0.91 ft³/sk
Total Mixing Fluid: 3.44 Gal/sk
Top of Fluid: 4000 ft
Calculated Fill: 550 ft
Volume: 7.29 bbl
Calculated Sacks: 45.09 sks
Proposed Sacks: 50 sks

DV Tool @ 4000 ft (MD)**Stage 2**

Fluid 1: Pump 20 bbl
Fresh Water

Fluid Volume: 20 bbl

Fluid 2: Lead with 85 sks
EconoCem - C

Fluid Weight 11.70 lbm/gal
Slurry Yield: 2.57 ft³/sk
Total Mixing Fluid: 14.93 Gal/sk
Top of Fluid: 0 ft
Calculated Fill: 3033 ft
Volume: 37.05 bbl
Calculated Sacks: 81.00 sks
Proposed Sacks: 85 sks

Fluid 3: Tail-in with 50 sks
HalCem - C

Fluid Weight 14.80 lbm/gal
Slurry Yield: 1.33 ft³/sk
Total Mixing Fluid: 6.34 Gal/sk
Top of Fluid: 3033 ft
Calculated Fill: 967 ft
Volume: 11.81 bbl
Calculated Sacks: 50 sks
Proposed Sacks: 50 sks

HALLIBURTON

Cost Estimate

CorrosaCem - TL Production Cementing

Mtrl Nbr	Description	Qty	U/M	Unit Price	Gross Amt	Discount	Net Amt
1	MILEAGE FOR CEMENTING EQUIPMENT NUMBER OF UNITS	50 1	MI	9.79	489.50	332.86	156.64
2	MILEAGE FOR CEMENTING CREW NUMBER OF UNITS	50 1	MI	5.76	288.00	195.84	92.16
7	ENVIRONMENTAL SURCHARGE	1	JOB	134.00	134.00	0.00	134.00
372867	DOT VEHICLE CHARGE	3	EA	241.00	723.00	0.00	723.00
16093	MSC PUMP CHARGE (1ST STAGE) DEPTH FEET/METERS (FT/M)	1 4550 FT	EA	5,392.00	5,392.00	3,666.56	1,725.44
16	MSC ADDITIONAL STAGES NUMBER OF UNITS	1 1	STG	4,635.00	4,635.00	3,151.80	1,483.20
141	RCM w/RA DENSOMETER NUMBER OF UNITS	1 1	JOB	1,990.00	1,990.00	1,353.20	636.80
116	BOOSTER PUMP-SKID/DAY NUMBER OF DAYS	1 1	EA	1,362.00	1,362.00	926.16	435.84
74038	PLUG CONTAINER RENTAL-1ST DAY DAYS OR FRACTION (MIN1)	1 1	EA		1,322.00	898.96	423.04
100001615	FE-2	2	LB	11.92	23.84	17.40	6.44
452967	CORROSACEM (TM) SYSTEM	50	SK		16,360.00	11,942.80	4,417.20
100001615	FE-2	15	LB	11.92	178.80	130.52	48.28
452992	ECONOCEM (TM) SYSTEM	85	SK		3,391.50	2,475.80	915.70
452986	HALCEM (TM) SYSTEM	50	SK		2,087.50	1,523.88	563.62
76400	MILEAGE,CMT MTLs DEL/RET NUMBER OF TONS	25 8.45	MI	3.35	707.69	516.61	191.08
3965	SVC CHR.G. CMT & ADDITIVES NUMBER OF EACH	206 1	CF	5.49	1,130.94	825.59	305.35
	Total	USD					40,215.77
	Discount 68/73	USD					27,957.98
	Discounted Total	USD					12,257.79

Primary Plant: Hobbs, NM, USA
Secondary Plant: Hobbs, NM, USA

Price Book Ref: 09 Permian Basin
Price Date: 3/31/2010

Conditions

NOTE

The cost in this analysis is good for the materials and/or services outlined within and shall be valid for 30 days from the date of this proposal. In order to meet your needs under this proposal with a high quality of service and responsive timing, Halliburton will be allocating limited resources and committing valuable equipment and materials to your area of operations. Accordingly, the discounts reflected in this proposal are available only for materials and services awarded on a first-call basis. Alternate pricing may apply in the event that Halliburton is awarded work on any basis other than as a first-call provider.

The unit prices stated in the proposal are based on our current published prices. The projected equipment, personnel, and material needs are only estimates based on information about the work presently available to us. At the time the work is actually performed, conditions then existing may require an increase or decrease in the equipment, personnel, and/or material needs. Charges will be based upon unit prices in effect at the time the work is performed and the amount of equipment, personnel, and/or material actually utilized in the work. Taxes, if any, are not included. Applicable taxes, if any, will be added to the actual invoice.

It is understood and agreed between the parties that with the exception of the subject discounts, all services performed and equipment and materials sold are provided subject to Halliburton's General Terms and Conditions contained in our current price list, (which include LIMITATION OF LIABILITY and WARRANTY provisions), and pursuant to the applicable Halliburton Work Order Contract (whether or not executed by you), unless a Master Service and/or Sales Contract applicable to the services, equipment, or materials supplied exists between your company and Halliburton, in which case the negotiated Master Contract shall govern the relationship between the parties. A copy of the latest version of our General Terms and Conditions is available from your Halliburton representative or at:

<http://www.halliburton.com/terms> for your convenient review, and we would appreciate receiving any questions you may have about them. Should your company be interested in negotiating a Master Contract with Halliburton, our Law Department would be pleased to work with you to finalize a mutually agreeable contract. In this connection, it is also understood and agreed that Customer will continue to execute Halliburton usual field work orders and/or tickets customarily required by Halliburton in connection with the furnishing of said services, equipment, and materials.

Any terms and conditions contained in purchase orders or other documents issued by the customer shall be of no effect except to confirm the type and quantity of services, equipment, and materials to be supplied to the customer.

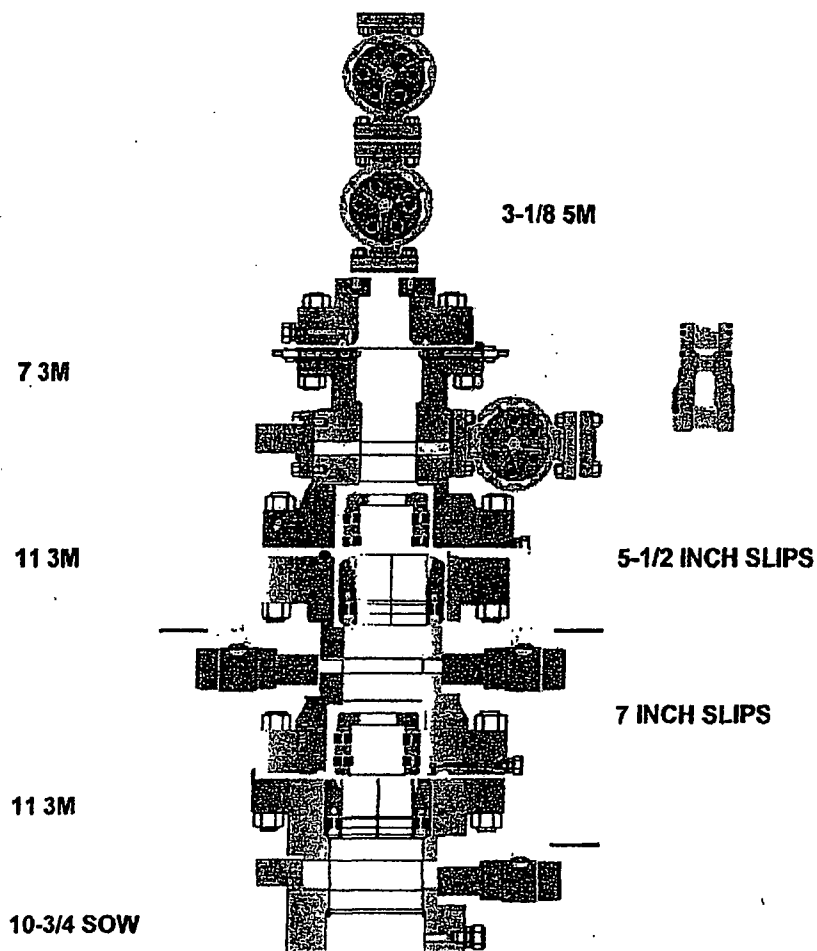
If customer does not have an approved open account with Halliburton or a mutually executed written contract with Halliburton, which dictates payment terms different than those set forth in this clause, all sums due are payable in cash at the time of performance of services or delivery of equipment, products, or materials. If customer has an approved open account, invoices are payable on the twentieth day after date of invoice.

Customer agrees to pay interest on any unpaid balance from the date payable until paid at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event Halliburton employs an attorney for collection of any account, customer agrees to pay attorney fees of 20% of the unpaid account, plus all collection and court costs.

T3 Energy Services
WELLHEAD & PRODUCTION SYSTEMS

TARGA MIDSTREAM

QUOTE BE 165
8/30/2010
CASING PROGRAM
10-3/4 X 7 X 5-1/2 X 2-7/8





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Quote Response Form

Wellhead & Production Systems
Houston, TX

Estimate No. BE00000165
Warehouse ID: ODES - ODESSA
7311 Andrews Highway
Odessa, TX 79765
Phone: 432-552-0695
Fax: 432-362-4363

Customer:

Ship to:

Customer Info:

Targa Midstream

Phone:

Thank you for the opportunity to quote your equipment needs. If you have any questions. Please call.

Estimate	Terms	Quote Date	Expiration Date	Salesperson	Customer	Currency
BE00000165		5/11/2010		Fikes, Gerald		USD

Casing Head Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
10	1.00	EA	20353625 CASING HEAD BODY, C-22, 11" 3K FLANGED TOP X 10-3/4" SOW (W/ ORING GROOVE) BTM, W/ TWO 2" LPO OUTLETS, U, DD, PSL 1, PR1	1,725.00	1,725.00
20	1.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	25.00
30	1.00	EA	20364831 BULL PLUG, 2" LP, SOLID, XXH	25.00	25.00
40	1.00	EA	20391949 BALL VALVE, 3K, 2" LP, SE, NACE TRIM	120.00	120.00
213	1.00	EA	20384272 COLLAR-CASING 10-3/4 SOW X 10-3/4 SOW J-55	395.00	395.00
Casing Head Assembly Total:					2,290.00

Casing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
201	1.00	EA	20365360 CASING SPOOL ASSEMBLY, C-22-BG, 11" 3K FLANGE BTM X 11" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PR1	5,330.00	5,330.00
202	2.00	EA	20365431 BALL VALVE, 3K, 2" LP, SE, STANDARD TRIM	120.00	240.00
203	2.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	50.00
204	1.00	EA	20391954 SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 7" ID, W/ PEROXIDE CURED RUBBER, U, AA, PSL 1, PR1	700.00	700.00
205	1.00	EA	20365793 RING GASKET, R-53, S316-4, OVAL, API 6A	95.00	95.00



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Estimate No. BE00000165

206	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
207	2.00	EA	20366688	115.00	230.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
208	2.00	EA	20358839	35.00	70.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
209	1.00	EA	20391952	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-21 SLIP, 11" C-21 BOWL, 7" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PRI		

Casing Spool Assembly Total: 7,925.08

Tubing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
50	1.00	EA	20365368	3,291.67	3,291.67
			TUBING HEAD ASSEMBLY, TCM, 11" 3K FLANGE BTM X 7-1/16" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PRI		
60	3.00	EA	20358839	35.00	105.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
70	1.00	EA	20365472	75.00	75.00
			VALVE REMOVAL PLUG, 1-1/2 LP		
80	2.00	EA	20366688	550.00	1,100.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
90	1.00	EA	20367048	2,400.00	2,400.00
			GATE VALVE ASSEMBLY, JMP-W5, M, 2-1/16" 5K WEDGE FE HWO, L-U, FF, PSL 2, PRI		
100	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		
110	1.00	EA	20391951	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-22 SLIP, 11" C-22 BOWL, 5-1/2" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PRI		
120	1.00	EA	20391953	700.00	700.00
			SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 5-1/2" ID, W/PEROXIDE CURED RUBBER, U, AA, PSL 1, PRI		
130	1.00	EA	20365793	95.00	95.00
			RING GASKET, R-53, S316-4, OVAL, API 6A		
140	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
211	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		

Tubing Spool Assembly Total: 9,026.75

Tree Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
150	1.00	EA	20373199	16,780.00	16,780.00
			TUBING HEAD ADAPTER ASSEMBLY, A5P, 7-1/16" 3K STUDDER BTM X 3-1/8" 5K STUDDER, W/ ONE 1/4" CCL PORT, U, HH, PSL 2, PRI		



Quote Response Form

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Estimate No. BE00000165

160	2.00	EA	20376136	36,000.00	72,000.00
			GATE VALVE, 3-1/8", 5K, HPT, MANUAL, R-35 FLG X FLG INCONEL, 625 ALL WETTED SURFACES, HH TRIM, API 6A, TEMP, CLASS, P+U, H2S SERVICE PER NACE, MR-01-75 C, /W HANDWHEEL (EEC DRAWING AL-0121)		
170	3.00	EA	20362703	57.00	171.00
			RING GASKET, R-35, S316-4, OVAL, API 6A		
180	8.00	EA	20366128	6.67	53.36
			STUD ASSEMBLY, ALL-THREAD, 1.125-8UN-2A X 8.50 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
190	1.00	EA	20362707	80.00	80.00
			RING GASKET, R-45, S316-4, OVAL, API 6A		
200	1.00	EA	20373406	26,760.00	26,760.00
			TUBING HANGER ASSEMBLY, 7-1/16" BOWL X 3-1/2" EUE, W/ 3" HBPV INCONEL, U, DD, PSL-2, PRI		
212	1.00	EA	20388385	3,675.00	3,675.00
			CROSSOVER SUB BODY, 3-1/2 EUE MALE THREAD X 2-7/8 EUE FEMALE THREAD, 718 INCONEL		

Tree Assembly Total: 119,519.36

NOTES:

1. All equipment is FOB T3 Energy, Inc. Houston, Texas USA.
2. Freight and crating expenses are not included as part of this quotation.
3. All pricing, as indicated in this quotation, is based on standard equipment deliveries; an expediting fee will be applied if the equipment is required prior to the date (s) indicated above.
4. T3 Energy will not be liable for penalties due to late deliveries that are not agreed upon and authorized by T3 Energy prior to acceptance of the purchase order.
5. This quotation is valid for your acceptance for a period of 30 days.
6. Disclaimer - this is a general terms and conditions for the purpose of advancing to a commercial request.
7. Rental - Rental is charged in complete days from shipment from the T3 Energy facility until returned to the T3 Energy facility. The renter is responsible for returning the equipment to original condition after use. This includes repair labor and parts as required.

Section Summary:

Section Casing Head Assembly Total:	2,290.00
Section Casing Spool Assembly Total:	7,925.08
Section Tubing Spool Assembly Total:	9,026.75
Section Tree Assembly Total:	119,519.36
Order Total:	138,761.19



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Quote Response Form

Estimate No. BE00000165

THANK YOU FOR THE OPPORTUNITY TO QUOTE YOUR EQUIPMENT NEEDS.

THIS QUOTE DOES NOT INCLUDE PRO-RATED FREIGHT, SERVICE, OR TAXES

IF YOU HAVE ANY QUESTION PLEASE CALL.

TOMMY MILLER
BRANCH MANGER
432-661-5810

TMILLER@T3ENERGY.COM

The estimated delivery schedule below is ARO and after T3 Energy's acceptance of the purchase order.

Casing Head Assembly - 6-8 weeks, ARO
Tubing Spool Assembly - 6-8 weeks, ARO
Tree Assembly - 6-8 weeks, ARO

Sale Amount:	138,761.19
Sales Tax:	0.00
Misc Charges:	0.00
Total Amount:	138,761.19



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Quote Response Form

Estimate No. BE00000165

Limited Warranty and Limitation of Liability

T3 Energy Services warrants the products it manufactures and/or remanufactures and the services it performs to be free from defects in materials and workmanship which materially and adversely impact performance or safety under normal use and services for a period of:

- One year after initial installation, or 18 months from invoice date for manufactured or remanufactured products, whichever comes first;
- One year after the date services are provided (the "Work") as described in a T3 Energy Services service ticket or services invoice.

Products found to be defective will be repaired or replaced, at T3 Energy Services option, in a timely fashion at no charge to the customer for such repair or replacement by T3 Energy Services.

T3 Energy Services will not be responsible for product damage caused by the process service conditions or damage caused by customer misapplication or improper maintenance. T3 Energy Services also shall not be responsible for normal wear and tear.

T3 Energy Services warrants that the services when performed will be of good quality, will be free from defects in material and workmanship, shall have been properly performed in accordance with applicable industry standards and, and shall be in accordance with any written specifications which were provided by the customer to T3 Energy Services and accepted by T3 Energy Services prior to the commencement of the Work. If customer notifies T3 Energy Services within 12 months after the date of service that it has discovered that any portion of the Work does not conform to the foregoing warranty T3 Energy Services shall, at its option:

- promptly repair any such non-conforming work, or
- promptly replace any such non-conforming work, or
- provide customer with a refund or any equitable portion of the price paid for the work after an allowance for reasonable wear and tear.

The performance by T3 Energy Services of the repair or replacement Work or the equitable refund, described in the previous paragraph shall constitute customer's sole remedy for any defect in the Work. T3 ENERGY SERVICES HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.

If customer fails to properly operate and maintain the product in accordance with the instructions of T3 Energy Services, or the original equipment supplier or manufacturer, as applicable, or if customer otherwise fails to adhere to applicable industry standards in operating and maintaining the product, customer's failure shall void the foregoing warranty.

In the event T3 Energy Services does not receive payment as agreed, T3 Energy Services may impose a 1.5% per month finance charge to any unpaid past due balance on all open accounts.

In no event shall any T3 Energy Services or any of its respective affiliates be liable for any loss of use, revenue, or anticipatory profit, or for any direct, indirect, or incidental or consequential damages arising out of, or connected with, any portion of the Work.

The foregoing is the only obligation of T3 Energy Services with respect to the Work and customer's exclusive remedy for breach of warranty, and is customer's exclusive remedy hereunder by way of breach of contract, tort, strict liability or otherwise.

Any action or breach of this limited warranty or otherwise with respect to the Work must be commenced one (1) year after the cause of action has accrued.

THIS LIMITED WARRANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ANY PRINCIPLES OF TEXAS LAW WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

Confirming Signature _____

Date _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

RLB0013711

Lease Serial Number (For Individual Bond Only)

871184

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Targa Midstream Services Limited Partnership

(name)

of 1000 Louisiana, Suite 4300, Houston, TX 77002

(address)

as principal, and RLI Insurance Company

(name)

of 8 Greenway Plaza, Suite 400, Houston, TX 77046

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of Ten Thousand and No/100

dollars (\$ 10,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ **NATIONWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☐ **STATEWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of _____.

☒ **INDIVIDUAL BOND** — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:

☐ **NPR-A LEASE BOND** — The terms and conditions of a single lease.

☐ **NPR-A WIDE BOND** — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 22nd day of February, 20 11, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

By: Judith Jackson
1000 Louisiana, Ste 4300, Houston, TX 77002

By: Laura DeLeon
1000 Louisiana, Ste 4300, Houston, TX 77002

By: Nancy G.
8 Greenway Plaza, Suite 400, Houston, TX 77046

By: Rollie Dwyer
8 Greenway Plaza, Suite 400, Houston, TX 77046

If this bond is executed by a corporation, it must bear the seal of that corporation.

Targa Midstream Services Limited Partnership

[Signature] (Principal) (L.S.)

1000 Louisiana, Suite 4300, Houston, TX 77002
RLI Insurance Company (Business Address)

Greg E. Chilson (Surety) Attorney-in-Fact (L.S.)

8 Greenway Plaza, Suite 400, Houston, TX 77046
(Business Address)



RLI

RLI Surety
A division of RLI Insurance Company

RLB0013711

POWER OF ATTORNEY
RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$10,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official bail and surety and fidelity bonds; Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

RLI INSURANCE COMPANY

Michael J. Stone
PRESIDENT

State of Illinois)
County of Peoria) SS



On this 22 day of Feb. 2011 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



SPA026 (02/08)



RLI Insurance Company
Peoria, Illinois 61615

TEXAS POLICYHOLDER NOTICE

TEXAS IMPORTANT NOTICE

To obtain information or make a complaint:

You may call RLI Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-444-0406

You may also write to RLI Insurance Company at:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may also write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

TEXAS AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de RLI Insurance Company's para informacion o para someter una queja al:

1-800-444-0406

Usted tambien puede escribir a
RLI Insurance Company:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.