



December 31, 2013

Chevron U.S.A. Inc.
1400 Smith St.
Houston, TX 77002
Attn: Jason Levine

Via Certified Mail

Re: Starcaster 18 Federal #4H Well Proposal
E/2E/2 of Section 18, T23S, R34E, NMPM
Lea County, New Mexico

Dear Mr. Levine,

Endurance Resources, LLC. ("Endurance"), hereby submits an Authority for Expenditure ("AFE"), for the drilling and completing of the Starcaster 18 Federal #4H Well ("Well") located on the lands referenced above. The estimated AFE cost for the Well is \$7,010,055.00. The Well will be drilled to an estimated total vertical depth of 10,444' to test the Second Bone Spring Interval with an estimated total measured depth of 14,800'. The Well will have a surface location of 330' FNL and 660' FEL with a bottom hole location of 330' FSL & 660' FEL.

Endurance is also proposing to form a Joint Operating Agreement ("JOA") covering all of Section 18, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, covering all depths, subject to a mutually acceptable JOA form. Endurance would serve as operator under the JOA.

Please return a fully executed AFE and a signed copy of this letter indicating your election to this proposal by signing and returning to the undersigned. I will send a JOA to your attention for review if you elect to participate in the drilling and completing of the Well. Should you not want to participate in the drilling and completing of the Well, then Endurance would be interested in negotiating a Term Assignment covering all of Section 18, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

Should you have any questions, please do not hesitate to contact me at (432) 242-4683 or via email at Jason@enduranceresourcesllc.com.

Sincerely,

Endurance Resources, LLC.


Jason South, CPL
Landman

OCD Cases# 15074 & 15084
Endurance Resources, LLC
February 20, 2014
Ex# 2



ENDURANCE
RESOURCES

The undersigned elects the following election:

_____ Elect to participate in the drilling and completing of the Starcaster 18 Federal #4H Well

_____ Elect not to participate in the drilling and completing of the Starcaster 18 Federal #4H Well

By: _____

Title: _____

Company: _____

Date: _____

