



October 21, 2011

LOVING 1 STATE 2 (REVISED)
API # 30-015-24429
SEC 1-24S-27E
BLACK RIVER EAST FIELD
EDDY COUNTY, TX

WELL IS CURRENTLY TA'D WITH A CIBP SET @ 10,260'; PBSD IS 10,220'

RECOMMENDATION: RECOMPLETE WELL IN BONE SPRINGS AS FOLLOWS:

2ND BS 8270-8336'
2ND BS 7562-7710'
1ST BS 6920-7097'
2ND AVALON 6432-6582'
1ST AVALON 6022-6120'
(ALL PERFS 2 SPF)

WELLBORE:

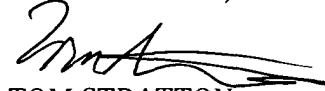
13-3/8" H40 48# @ 567' W 530 SX; CMT CIRC
9-5/8" J55 36# @ 2255' W 960 SX; CMT CIRC
7" N80 26# @ 10,562' W 1357 SX; TOC 2200'
LINER - 4-1/2" P110 11.6# 10,228-12,840'
CIBP SET @ 10,200' W 35' CMT; PBSD 10,165'

PROCEDURE:

1. RIG UP WIRELINE; RIH W GAUGE RING & JUNK BASKET TO PBSD
2. SET CIBP @ 9500' (DUE TO RESULTS OF CSG INSP LOG)
3. PREPARE LOCATION; CHECK & TEST ANCHORS, SET TANKS AND EQUIPMENT
4. MIRU WORKOVER RIG
5. RUN 9500' +/- 4-1/2" L80 HC
6. CEMENT WITH 610 SX 50/50 POZ MIX WITH CLASS C; DISPLACE WITH FW; PLUG DOWN (EST TOC - 2200')
7. RUN GR-CBL FROM PBSD TO TOC
8. TEST CASING TO 5000#
9. PERF 2ND BONE SPRINGS: **8270-8336'** W 2 SPF; BREAK DOWN PERFS

10. ACIDIZE & FRAC PER FRAC STAGE 1, 119,000# 20/40 WHITE SAND; FLUSH WITH ACID SPOT
11. SET CFP @ 7900'; PRESSURE UP TO 3000#
12. PERF 2ND BONE SPRINGS: 7562 - 7710' W 2 SPF; BREAK DOWN PERFS
13. ACIDIZE & FRAC PER FRAC STAGE 2, 165,000# 20/40 WHITE SAND; FLUSH WITH ACID SPOT
14. SET CFP @ 7200'; PRESSURE UP TO 3000#
15. PERF 1ST BONE SPRINGS: 6920 - 7097'; BREAKDOWN PERFS
16. ACIDIZE & FRAC PER FRAC STAGE 3, 155,000# 20/40 WHITE SAND; FLUSH WITH ACID SPOT
17. SET CFP @ 6700'; PRESSURE UP TO 3000#
18. PERF AVALON: 6432 - 6585' W 2 SPF; BREAK DOWN PERFS
19. ACIDIZE & FRAC PER FRAC STAGE 4, 165,000# 20/40 WHITE SAND; FLUSH WITH ACID SPOT
20. SET CFP @ 6300'; PRESSURE UP TO 3000#
21. PERF AVALON: 6022 - 6121' W 2 SPF; BREAK DOWN PERFS
22. ACIDIZE & FRAC PER FRAC STAGE 5, 134,000# 20/40 WHITE SAND; NORMAL FLUSH
23. FLOW WELL BACK
24. RIG UP CT UNIT W/ 2" CT; DRILL OUT AND CIRCULATE EACH CFP
25. CLEAN OUT TO PBTD; CIRCULATE CLEAN; PULL CT, DISPLACE WITH N2
26. RIH WITH 2-3/8" TUBING WITH PKR & JET CAVITY
27. CIRCULATE WELL & DROP JET NOZZLE; SET TRIPLEX PUMP
28. RETURN WELL TO PRODUCTION BY JET PUMPING
29. RUN PRODUCTION LOG WHILE FLOWING
30. INSTALL PUMPING EQUIPMENT IF NECESSARY

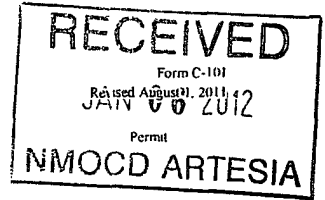
RESPECTFULLY,



TOM STRATTON
OPERATIONS MANAGER

District I
1625 N French Dr. Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Bravo Road, Artesia, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St Francis Dr Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

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



AUG 26 2011

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

RECEIVED

Operator Name and Address THREE RIVERS OPERATING COMPANY, LLC 1122 S. CAPITAL OF TX HWY, SUITE 325 AUSTIN, TX 78746		OGRID Number 272295
Property Code 309223		API Number 30-015-24429 ✓
Property Name LOVING 1 STATE ✓		Well No 2 ✓

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
N	01	24S	27E		990	S	2110	W	EDDY

8 Pool Information

WILDCAT; BONE SPRING	BLACK RIVER EAST FIELD	96403
-----------------------------	-----------------------------------	--------------

Additional Well Information

Work Type P	Well Type OX	Cable/Rotary ROTARY	Lease Type S	Ground Level Elevation 3128 GR
Multiple NO	Proposed Depth 10,200' PBTD	Formation BONE SPRINGS	Contractor N/A	Spud Date 10/01/11
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
H4	17 1/2"	13 3/8"	48	587'	530	0
J55	12 1/4"	9 5/8"	36	2,341'	960	0
N80	8 3/4"	7"	26	10,562'	1,357	2,000 EST
P110	6 1/4"	4 1/2"	11.6	10,228 - 12,840	425	10,228'

Casing/Cement Program: Additional Comments

--

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
HYDRAULIC	5000#	5000#	N/A

I hereby certify that the information given above is true and complete to the best of my knowledge and belief
I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Printed name TOM STRATTON

Title OPERATIONS ENGINEER

E-mail Address tstratton@3rnr.com

Date 08/24/2011

Phone 512-706-9849

OIL CONSERVATION DIVISION

Approved By

Title

Approved Date

Expiration Date

Conditions of Approval Attached

[Signature]
Geologist

8/29/11

8/29/13

* MUST FILE C-184 PRIOR TO

RIGGING UP + RE-ENTERING WELL