

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN  
DUPLICATE

(See other instructions on  
reverse side)

FORM APPROVED  
OMB NO. 1004-0137  
Expires: February 28, 1995

5. LEASE DESIGNATION AND LEASE NO.

NMSF-078362

6. IF INDIAN, ALLOTTEE OR

7. UNIT AGREEMENT NAME

Report To Lease

8. FARM OR LEASE NAME, WELL NO.

Chaco 2306-06L #239H

9. API WELL NO.

30-039-31204 -- DOSI

10. FIELD AND POOL, OR WILDCAT  
LYBROOK GALLUP

11. SEC., T., R., M., OR BLOCK AND  
SURVEY OR AREA  
SEC 6 23N 6W

12. COUNTY OR  
RIO ARRIBA

13. STATE  
New Mexico

15. DATE  
SPUDDED  
12/11/13

16. DATE T.D.  
REACHED  
1/29/14

17. DATE COMPLETED (READY TO PRODUCE)  
3/9/14

14. PERMIT NO.

DATE ISSUED

18. ELEVATIONS (DK, RKB, RT, GR, ETC.)\*  
6938' GR

19. ELEVATION CASINGHEAD

RCVD MAR 18 '14

20. TOTAL DEPTH, MD & TVD  
10642' MD 5523' TVD

21. PLUG, BACK T.D., MD & TVD  
10539' MD 5523' TVD

22. IF MULTICOMP.,  
HOW MANY

23. INTERVALS  
DRILLED BY

ROTARY TOOLS  
x OIL CONS. DIV.

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION - TOP, BOTTOM, NAME (MD AND TVD)\*  
LYBROOK GALLUP: 6236'-10526' MD

25. WAS DIRECTIONAL SURVEY MADE  
YES DIST. 3

26. TYPE ELECTRIC AND OTHER LOGS RUN

27. WAS WELL CORED  
No

28. CASING REPORT (Report all strings set in well)

| CASING SIZE/GRADE | WEIGHT, LB/FT | DEPTH SET (MD) | HOLE SIZE | TOP OF CEMENT, CEMENTING RECORD                                                                                       | AMOUNT PULLED |
|-------------------|---------------|----------------|-----------|-----------------------------------------------------------------------------------------------------------------------|---------------|
| 9-5/8"            | 36#, J-55     | 407' MD        | 12-1/4"   | 245sx - surface                                                                                                       |               |
| 7"                | 23#, J-55     | 6178' MD       | 8-3/4"    | 775 sx- surface                                                                                                       |               |
| 4-1/2"            | 11.6#, N-80   | 5977' (TOL)    | 6-1/8"    | None - this is a temporary tie back string used for stimulation. It will be removed when artificial lift is installed |               |

29. LINER RECORD

| SIZE   | TOP (MD) | BOTTOM (MD) | SACKS CEMENT* | SCREEN (MD) | SIZE                        | DEPTH SET (MD) | PACKER SET (MD) |
|--------|----------|-------------|---------------|-------------|-----------------------------|----------------|-----------------|
| 4-1/2" | 5977'    | 10618' MD   | 360 sx-       |             | 2-3/8", 4.7#, J-55' EUE 8rd | 5867'          |                 |

31. PERFORATION RECORD (Interval, size, and number)  
LYBROOK GALLUP: 6236'-10526' MD

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH  
INTERVAL (MD) AMOUNT AND KIND OF MATERIAL USED

6236'-6436'- 239,830# ,20/40 PSA Sand

6500'-6698 235,690# , 20/40 PSA Sand

6760'-6975' 242,517# , 20/40 PSA Sand

7041'-7258' 251,470# , 20/40 PSA Sand

7318'-7541' 262,544# , 20/40 PSA Sand

7613'-7825' 200,545# , 20/40 PSA Sand

7887'-8092' 206,824# , 20/40 PSA Sand

GALLUP 15<sup>th</sup> - 24, 0.40" holes

GALLUP 14<sup>th</sup> - 24, 0.40" holes

GALLUP 13<sup>th</sup> - 24, 0.40" holes

GALLUP 12<sup>th</sup> - 24, 0.40" holes

GALLUP 11<sup>th</sup> - 24, 0.40" holes

GALLUP 10<sup>th</sup> - 24, 0.40" holes

GALLUP 9<sup>th</sup> - 24, 0.40" holes

CONFIDENTIAL

ACCEPTED FOR RECORD

MAR 14 2014

FARMINGTON FIELD OFFICE  
BY: William Tambekou

NMCOA

GALLUP 3<sup>rd</sup> - 24, 0.40" holes

GALLUP 7<sup>th</sup> - 24, 0.40" holes

GALLUP 6<sup>th</sup> - 24, 0.40" holes

GALLUP 5<sup>th</sup> - 24, 0.40" holes

GALLUP 4<sup>th</sup> - 24, 0.40" holes

GALLUP 3<sup>rd</sup> - 24, 0.40" holes

GALLUP 2<sup>nd</sup> - 24, 0.40" holes

GALLUP 1<sup>st</sup> - 18, 0.40" holes RSI TOOL @ 10526'

|               |                           |
|---------------|---------------------------|
| 8161'-8384'   | 230,758# , 20/40 PSA Sand |
| 8452'-8674'   | 216,044# , 20/40 PSA Sand |
| 8764'-8976'   | 197,808# , 20/40 PSA Sand |
| 9056'-9277'   | 214,963# , 20/40 PSA Sand |
| 9360'-9579'   | 201,776# , 20/40 PSA Sand |
| 9646'-9863'   | 205,136# , 20/40 PSA Sand |
| 9929'-10184'  | 204,545 # 20/40 PSA Sand  |
| 10269'-10526' | 265,504 # 20/40 PSA Sand  |

33. PRODUCTION

| DATE OF FIRST PRODUCTION |                 | PRODUCTION METHOD (Flowing, gas lift, pumping-size and type of pump) |                        |            |           | WELL STATUS (PRODUCING OR SI) |                         |
|--------------------------|-----------------|----------------------------------------------------------------------|------------------------|------------|-----------|-------------------------------|-------------------------|
| 3/9/14                   |                 | Flowing                                                              |                        |            |           | POW                           |                         |
| DATE OF TEST             | TESTED          | CHOKE SIZE                                                           | PROD'N FOR TEST PERIOD | OIL - BBL. | GAS - MCF | WATER - BBL.                  | GAS-OIL RATIO           |
| 3/9/14                   | 24 HRS          | 32/64"                                                               |                        | 307        | 1270      | 230                           |                         |
| FLOW TBG PRESS           | CASING PRESSURE | CALCULATED 24-HOUR RATE                                              |                        | OIL - BBL. | GAS - MCF | WATER - BBL.                  | OIL GRAVITY-API (CORR.) |
| 540                      | 1465            |                                                                      |                        |            |           |                               |                         |

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.): non flaring

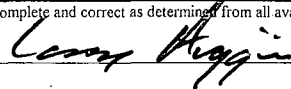
TEST WITNESSED BY:

35. LIST OF ATTACHMENTS: SUMMARY OF POROUS ZONES, WELLBORE DIAGRAM, Directional EOW report

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

PRINTED NAME Larry Higgins

SIGNED



TITLE Regulatory Spec SR.

DATE 3/12/2014

37. SUMMARY OF POROUS ZONES: (Show all important zones of porosity and contents thereof, cored intervals, and all drill-stem, tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries):

38. GEOLOGIC MARKERS

| FORMATION      | TOP  |      | BOTTOM |  | DESCRIPTION, CONTENTS, ETC. | NAME |      |
|----------------|------|------|--------|--|-----------------------------|------|------|
|                |      |      |        |  |                             |      | NAME |
| Ojo Alamo      | 1463 | 1448 |        |  |                             |      |      |
| Kirtland       | 1788 | 1763 |        |  |                             |      |      |
| Picture Cliffs | 2078 | 2044 |        |  |                             |      |      |
| Lewis          | 2203 | 2164 |        |  |                             |      |      |
| Chacra         | 2541 | 2492 |        |  |                             |      |      |
| Cliff House    | 3653 | 3568 |        |  |                             |      |      |
| Menefee        | 3709 | 3622 |        |  |                             |      |      |
| Point Lookout  | 4440 | 4333 |        |  |                             |      |      |
| GALLUP         | 4653 | 4545 |        |  |                             |      |      |
| Gallup         | 5076 | 4967 |        |  |                             |      |      |

**Chaco 2306-06L #239H**  
**LYBROOK GALLUP Horizontal**  
 (page 1)

Spud: 12/11/13  
 Completed: 3/7/14

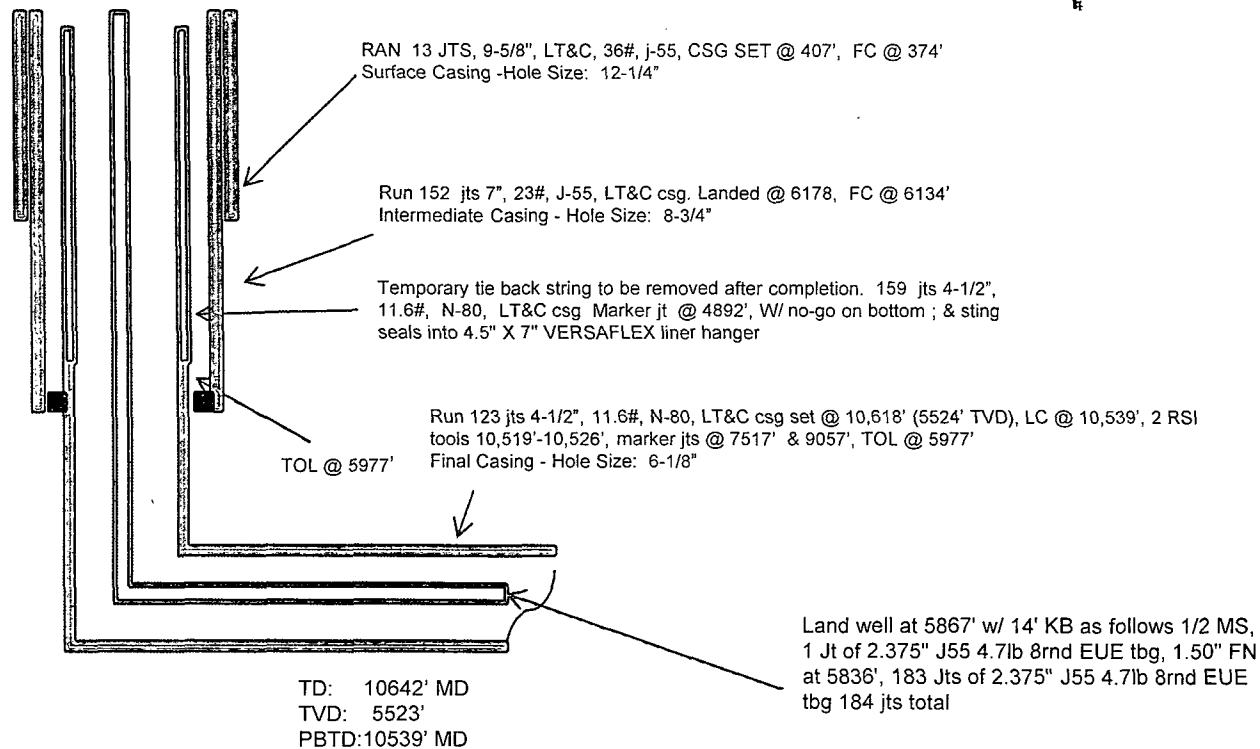
**CONFIDENTIAL**

**SHL: 1704' FSL & 517' FWL**  
 NW/4 SW/4 Section 6 (L), T23N, R6W

**BHL: 2586' FNL & 230' FWL**  
 SW/4 NW/4 Section 1 (E), T23N, R 7W

Rio Arriba., NM  
**Elevation: 6938**  
**API: 30-039-31204**

| <i>Tops</i>     | <i>MD</i> | <i>TVD</i> |
|-----------------|-----------|------------|
| Ojo Alamo       | 1463'     | 1448'      |
| Kirtland        | 1788'     | 1763'      |
| Pictured Cliffs | 2078'     | 2044'      |
| Lewis           | 2203'     | 2164'      |
| Chacra          | 2541'     | 2492'      |
| Cliff House     | 3653'     | 3568'      |
| Menefee         | 3709'     | 3622'      |
| Point Lookout   | 4440'     | 4333'      |
| Mancos          | 4653'     | 4545'      |
| Gallup          | 5076'     | 4967'      |



| HOLE SIZE | CASING | CEMENT | VOLUME       | CMT TOP    |
|-----------|--------|--------|--------------|------------|
| 12-1/4"   | 9-5/8" | 245 sx | 282 cu.ft.   | Surface    |
| 8-3/4"    | 7"     | 775 sx | 1074 cu. ft. | Surface    |
| 6-1/8"    | 4-1/2" | 360 sx | 509 cu. ft.  | 5977 (TOL) |

# Chaco 2306-06L #239H LYBROOK GALLUP Horizontal

(page 2 – lateral with completion)

## Gallup 15th:

6236'-6436'-  
with 24, 0.40" holes.  
Frac Gallup 14<sup>th</sup> stage  
with 239,830# , 20/40  
PSA Sand

## Gallup 13th:

6760'-6975'-  
with 24, 0.40"  
holes.  
Frac Gallup 13<sup>th</sup>  
stage with  
242,517# , 20/40  
PSA Sand

## Gallup 14th:

6500'-6698'-  
with 24, 0.40"  
holes.  
Frac Gallup 14<sup>th</sup>  
stage with  
235,690# , 20/40  
PSA Sand

## Gallup 12th:

7041'-7258'-  
with 24, 0.40" holes.  
Frac Gallup 12<sup>th</sup>  
stage with  
251,470# , 20/40  
PSA Sand

## Gallup 11th:

7318'-7541'-  
with 24, 0.40" holes.  
Frac Gallup 11<sup>th</sup> stage  
with 262,544# , 20/40  
PSA Sand

## Gallup 10th:

7613'-7825'-  
with 24, 0.40"  
holes. Frac  
Gallup 10<sup>th</sup>  
stage with  
200,545# ,  
20/40 PSA  
Sand

## Gallup 9th:

7887'-8092'-  
with 24, 0.40"  
holes. Frac Gallup  
9<sup>th</sup> stage with  
206,824# , 20/40  
PSA Sand

## Gallup 8th:

8161'-8384'-  
with 24, 0.40"  
holes. Frac Gallup  
8<sup>th</sup> stage with  
230,758# , 20/40  
PSA Sand

## Gallup 7th:

8452'-8674'-  
with 24, 0.40"  
holes. Frac  
Gallup 7<sup>th</sup>  
stage with  
216,044# ,  
20/40 PSA  
Sand

## Gallup 6th:

8764'-8976'-  
with 24, 0.40"  
holes. Frac  
Gallup 6<sup>th</sup> stage  
with 197,808# ,  
20/40 PSA  
Sand

## Gallup 5th:

9056'-9277'-  
with 24, 0.40"  
holes. Frac  
Gallup 5<sup>th</sup> stage  
with 214,963# ,  
20/40 PSA  
Sand

## Gallup 4th:

9360'-9579'-  
with 24, 0.40"  
holes. Frac  
Gallup 4<sup>th</sup> stage  
with 201,776# ,  
20/40 PSA  
Sand

## Gallup 1st:

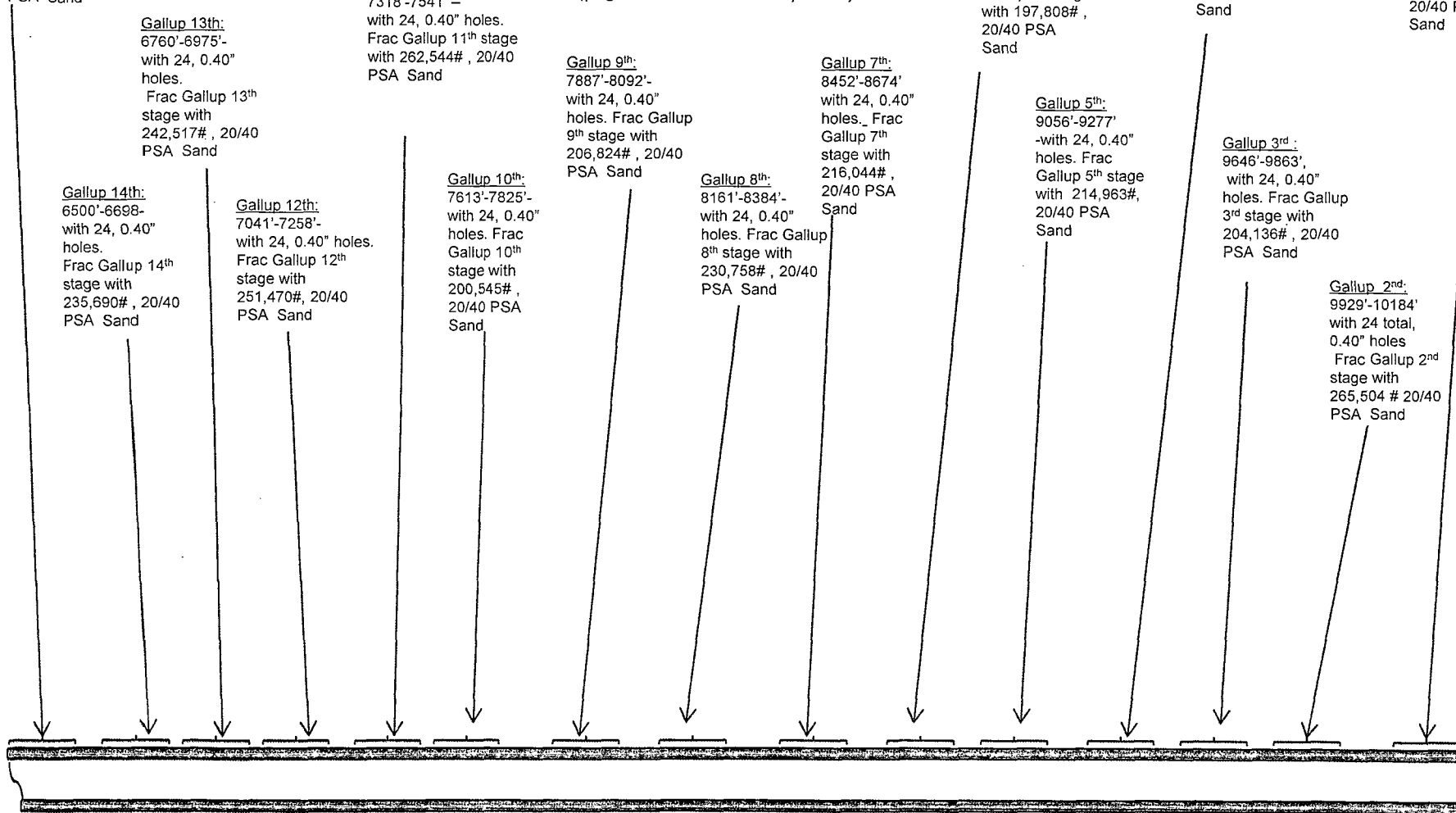
10269'-10443' +  
RSI TOOL @  
10526' with 18,  
0.42" holes  
with 265,504 #  
20/40 PSA  
Sand

## Gallup 3rd:

9646'-9863',  
with 24, 0.40"  
holes. Frac Gallup  
3<sup>rd</sup> stage with  
204,136# , 20/40  
PSA Sand

## Gallup 2nd:

9929'-10184'  
with 24 total,  
0.40" holes  
Frac Gallup 2<sup>nd</sup>  
stage with  
265,504 # 20/40  
PSA Sand



See page 1 for upper portion of hole