

AOL | Mail Toolbar | Make AOL My Home Page

stlritter Sign Out

Check Mail Compose

Search the Web

Search enhanced by

Search

Mail

Today on AOL

Inbox 19766

Drafts (14)

Sent

Spam (69)

Trash

Saved Chats

Contacts

Calendar

My Folders Manage Folders

4 Ways to Avoid Running Out of Money During Retirement

If you have a \$500,000 portfolio, download the guide by *Forbes* columnist Ken Fisher's firm. Even if you have something else in place, this must-read guide includes research and analysis you can use right now. Don't miss it! [Click Here to Download Your Guide!](#)

FISHER INVESTMENTS

Reply Reply All Forward Mark Unread Actions Go Delete Spam

FW: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico

From: Jason South <jason@enduranceresourcesllc.com>

To: Don Ritter - AOL <stlritter@aol.com>

Date: Thu, Feb 20, 2014 9:18 pm

 Attachment.html JAZZBASSTRADE.pptx Chevron-
 Endurance_Trade_Numbers.docx Jazz_Bass_AFE_-11-19-2013.xlsx Coranado_AFE_-11-19-
 2013.xlsx Starcaster_AFE_-11-19-2013.xlsx

 Jason South, CPL
 Senior Landman
 Endurance Resources
 Work: (432) 242-4683
 Cell: (432) 210-1368

From: Jason South

Sent: Wednesday, November 27, 2013 10:10 AM

To: 'Ken.Schwartz@chevron.com'; 'JLevine@chevron.com'

Cc: Don Ritter

Subject: Chevron/Endurance Trade-T25S, R35E-Lea County, New Mexico

Ken and Jason,

Per our meeting from last week, please find attached a slide showing the proposed trade acreage as well as an attachment showing the acreage calculations. Below is a quick summary of the proposed trade Endurance Properties, Inc. ("Endurance") made to Chevron U.S.A. Inc. ("Chevron") at our meeting last week:

- 1) Endurance would convey 40% WI in Section 34 to Chevron
- 2) Chevron would convey 60% WI in the colored sections that Chevron owns an interest in on the attached slide to Endurance (or 60% proportionately reduced based on Chevron's ownership in each respective section)
- 3) Endurance would serve as operator of all of the acreage involved in the trade
- 4) Endurance would carry Chevron through the well in its Jazz Bass well located in Section 34 and said well will be drilled mid-2014. The cost through the well is roughly \$6.3 million with the carry being around \$2.52 million
- 5) Endurance would drill a 7,500' lateral well with a SL in the NW/4 of Section 26 and a BHL in the NW/4 of Section 35 in the 3rd quarter of 2014 in order to HBP two of Chevron's leases that are set to expire in 2014

I have also attached an AFE for your reference for the following wells:

- 1) Jazz Bass well located in Section 34, T25S, R35E, Lea County, NM
- 2) Coranado well located in Sections 26 & 35, T25S, R35E, Lea County, NM
- 3) Starcaster well located in Section 18, T23S, R34E, Lea County, NM.

Thank you very much for meeting with us last week. We look forward to hearing back from you on the proposed trade as well as our discussion on Section 18. If you have any questions or need any additional information, please don't hesitate in contacting me. I hope you both have a great Thanksgiving.

Thanks again,

Jason

 Jason South, CPL
 Senior Landman
 Endurance Resources
 Work: (432) 242-4683
 Cell: (432) 210-1368

EXHIBIT

1A

Endurance

Accessible Version | Standard Version | Terms of Service | Privacy Policy | About Our Ads | Shortcuts © 2014 AOL Inc. All Rights Reserved

AOL | Mail Toolbar | Make AOL My Home Page

Sponsored Links

Learn More About

VESicare® (solifenacin succinate). Get
Information about VESicare
www.VESicare.com



Extended Stay America
Get Fantastic Amenities...
www.extendedstayamerica.com

Penny Stocks Make Money!
Invests New Mexico Find out how to b...
www.invests.com

stlritter Sign Out

Buy a link here

Search the Web

 enhanced by

Today on AOL

Inbox 19764

Drafts (14)

Sent

Spam (69)

Trash

Saved Chats

Contacts

Calendar

My Folders Manage Folders

FW: Section 18 Proposal - Endurance Resources LLC

From: Jason South <jason@enduranceresourcesllc.com>
To: Don Ritter - AOL <stlritter@aol.com>
Date: Thu, Feb 20, 2014 9:24 pm
Attachment.html

Jason South, CPL
Senior Landman
Endurance Resources
Work: (432) 242-4683
Cell: (432) 210-1368

From: Don Ritter
Sent: Thursday, January 16, 2014 3:33 PM
To: Kratz, David Todd (DTKR)
Cc: Manny Sirgo; Jason South; Garrett Smith
Subject: RE: Section 18 Proposal - Endurance Resources LLC

Hello Todd,

I'm sorry I left that statement out, it was in the first draft and somehow fell out.

Attachment one is the study for North vs South and was done from public data. We screened the available production data for second bone spring wells in the 8 townships surrounding the proposed location that followed the North South Fault that is just west of the Section 18. Ken would be very familiar with the fault. You are drilling North-south locations just west of the fault in your Brineinstool locations. You have permission to view it.

We have not included any specific data with regard to a study of the fault, stress, etc. We have that data, but that is proprietary.

Attachment two is a sand map of the area around Section 18. It was prepared from logs in the public domain (as all logs are published in the state of new Mexico). It was part of the presentation we presented to Chevron in November when we presented the North South well to your team., and we sent it to Becky Wagstaff via email. Further more, Chevron is our working interest partner in Section 19, Section 29, and Section 30 (deep rights). We would share these maps as part of any proposal we would make in this area. We give Chevron permission to view this map.

Attachment 3 is just a land map of the jazz bass prospect, without any geology. You have permission to view it.

Attachment 4 (the photo via separate email) is the activity occurring yesterday on your section 18 drilling location. You can view that as well.

Don Ritter
CEO
Endurance Resources LLC

From: Kratz, David Todd (DTKR) [<mailto:ToddKratz@chevron.com>]
Sent: Thursday, January 16, 2014 2:49 PM
To: Don Ritter
Cc: Manny Sirgo; Jason South; Kratz, David Todd (DTKR)
Subject: RE: Section 18 Proposal - Endurance Resources LLC

Don -

Yes I received the information this AM and thanks for sending. Before I forward this to the asset team, is any of the information attached to your email proprietary? You indicated yesterday that you would send a study that Endurance conducted related to faulting in the area with a note in the email that the study was prepared by Endurance from public information and that Chevron has permission from Endurance to view the study. Since I do not see that reference in the email I do not want to forward your email any further within Chevron.

Todd Kratz
Land Manager
Mid-Continent Land Division
Chevron U.S.A. Inc.
713-372-1277

From: Don Ritter [mailto:don@enduranceresourcesllc.com]
Sent: Thursday, January 16, 2014 10:21 AM
To: Kratz, David Todd (DTKR)
Cc: Manny Sirgo; Jason South; Don Ritter
Subject: Section 18 Proposal - Endurance Resources LLC

Todd,

Thanks for the callback yesterday. As I said, we started this process looking for opportunities to partner with Chevron, not oppose. I think where this process may have gotten sidetracked was in the concept of pooling of interests. While the lease you have allows Chevron to pool its own interests (of 42% across the section), it does not allow you to pool others interests in the section (of 58%) without a process and hearing that is regulated by the state (and the BLM when federal interests are concerned). The drilling permit may allow you to drill the well but you cannot produce it, (without committing a mineral trespass), until you have satisfied all the pooling requirements of the owners affected by the well, which is required before the state will issue Chevron an allowable for the well. In this case everyone (58% WI) exclusive of Chevron (42%) is objecting to the well. In addition Endurance has petitioned the state to review an alternative N/S location to which 79% of the participating parties in that well are in agreement. This interaction thru the pooling process is the means by which any operator's proposal that affects other owners right is vetted, and evaluated with regard to maximizing the correlative rights of all parties and preventing waste.

Chevron got a bit ahead of itself by initiating the site construction and drilling operations prior to having the required hearings and allowing the process to take place. Having worked for Mobil Oil for 20 years, I understand how hard it can be to stop a process once it has started. We have noticed that while the drilling operation has been put on hold, there are crews out at the surface location today beginning construction of a tank battery on this location. Maybe that part of your organization was not noticed regarding the upcoming hearings and the non-standard drilling locations and offsets to the South half of the section.

As I said yesterday, We oppose the drilling of this well from East to West based on the well known experience in the area that North to South wells take advantage of the natural fracture system and make on the average over 400,000 BOE more oil and gas than an East-West well. (see attachment 1). In addition, our mapping shows that there is a higher concentration of sand going towards the south in this section, which would also enhance the well economics of a North-South orientation (see attachment 2, which was shared with both Ken Swartz at our initial meeting and with Becky Wagstaff via email). With the average EUR of an East-West well of 131MBO (from public data attached) and Chevron's \$9.8MM AFE, the well is uneconomic by any company's metrics. By drilling in this direction, it also forces the remaining acreage in the section to follow the East-West scheme, and in this case would result in no additional wells drilled in section 18, which would orphan the federal lease in the South half. This destruction of value, correlative rights and the loss of royalty revenue for the lease holders, including the State and Federal agencies is the basis of our protest. We currently have 79% of the interests ready to participate in a North South well, including the South half of Section 18.

We would like to propose the following potential solutions to Chevron in an attempt to avoid solving this in the hearing process, and to allow all parties an opportunity to work together in this and future projects.

Option 1

We would be happy to have Chevron participate with Endurance in a North South well. Our current ownership in the North of Section 18 is 54%, vs Chevron's 42%, with an additional 4% in the North half expressing interest in the North - South well proposed. We also have 100% of the South half committed to the North - South location for a total of 79%, leaving Chevron with the only 21% outstanding. We bring significant benefits to the table for this well based on the following:

- 1) \$7.0MM AFE vs \$9.8MM
- 2) Experience of Drilling 6 wells within 5 miles of the proposed location, all North - South and all with EUR's estimated to be well over 600MBOE
- 3) A disposal system in section 19 with capacity of over 5000 bbls a day.
- 4) A frac pond and dedicated freshwater suppliers to that pond
- 5) an Endurance owned dedicated low pressure gas sales line to Regency in the area
- 5) Electrical infrastructure and other traditional economies of scale.
- 6) Rate of Return estimated over 50%

We are currently flowing back a North-South location directly south of Section 18 that is averaging over 1500BOE/day for the initial month.

As part of Option 1 we would entertain the use of the existing pad Chevron has constructed as a tank battery location, and allow its construction cost to be credited to Chevron's capital contribution to the well.

Option 2

We would entertain the purchase of Chevron's acreage at a negotiated price (with the starting offer of \$3000/Acre)
Under this option we would also purchase the Drilling pad location from Chevron.

Option 3

We would trade Chevron's Net mineral acres at a Net 75% basis from Section 18 for the equivalent net 75% basis acres in our Section 17 233 S 33 E (the Jaguar Prospect) and drill a well in 2014. We may entertain an acreage swap in several other prospects, with the understanding that we would not dilute any of those significantly (ie we want to spread the 134 net acres of Chevron across 2 or 3 areas we already have Chevron as a partner, ie Section 19, Section 29 (including the addition of some acreage we have in Section 20), or in the same area of our prospect we shared earlier with Chevron, the Jazz Bass prospect.

As part of Option 3 we would also purchase the drilling pad, and would want to secure the Jazz Bass proposal.

We would like to have Chevron entertain the Jazz bass proposal as part of Option 1 and 2, but not make it a requirement.

In summary, we have stated many times that we are willing and able to work with Chevron in the area to our mutual interests. We look forward to discussing this further. I would also offer up that if Chevron would stop its construction activities on Section 18, we could advise a continuance of the hearing for an additional month or so to give us the opportunity to fully explore the options above.

Best Regards,

Don Ritter
CEO
Edurance Resources LLC

[Accessible Version](#) | [Standard Version](#) | [Terms of Service](#) | [Privacy Policy](#) | [About Our Ads](#) | [Shortcuts](#) | © 2014 AOL Inc. All Rights Reserved

AOL | Mail Toolbar | Make AOL My Home Page

4 Ways to Avoid Running Out of Money During Retirement

If you have a \$500,000 portfolio, download the guide by Forbes columnist Ken Fisher's firm. Even if you have something else in place, this must-read guide includes research and analysis you can use right now. Don't miss it!

[Click Here to Download Your Guide!](#)

FISHER INVESTMENTS

stfritter Sign Out

Search the Web

 enhanced by

Search

Today on AOL

Inbox 19765

Drafts (14)

Sent

Spam (69)

Trash

Saved Chats

Contacts

Calendar

My Folders

Manage Folders

FW: Endurance Resources - Chevron -Bell Lake-Sec 18-23s-34e-Lea Cty, New Mexico -Horizontal Bone Spring Play

From: Jason South <jason@enduranceresourcesllc.com>

To: Don Ritter - AOL <stfritter@aol.com>

Date: Thu, Feb 20, 2014 9:23 pm

Attachment.html Bell_Lake_Area_-Lea_Cty.New_Mexico_2nd_Bone_Spring_sand.pptx

Jason South, CPL
Senior Landman
Endurance Resources
Work: (432) 242-4683
Cell: (432) 210-1368

From: Manny Sirgo

Sent: Thursday, December 19, 2013 1:51 PM

To: Jason South; Don Ritter

Subject: FW: Endurance Resources - Chevron -Bell Lake-Sec 18-23s-34e-Lea Cty, New Mexico -Horizontal Bone Spring Play

From: Manny Sirgo

Sent: Thursday, December 19, 2013 1:43 PM

To: 'rbwagstaff@chevron.com'

Subject: FW: Endurance Resources - Chevron -Bell Lake-Sec 18-23s-34e-Lea Cty, New Mexico -Horizontal Bone Spring Play

Ms Wagstaff

Thanks for taking a few minutes to review a situation in which both of our companies have a significant financial interest. My brother Eric Sirgo suggested I contact you before trying to work this issue through other channels. I would like to give you some perspective on several areas where Endurance Resources and Chevron have mutual interests, and highlight an opportunity for Chevron to reconsider it's current trajectory on a specific project in Section 18. While Chevron is certainly not new to New Mexico, I understand Chevron is just re-entering the play in Lea county, and has a significant position in the area through the Chesapeake transaction. With Chevron our partner in several other sections in this immediate area, we want to make sure we help each other have the best economic outcomes for these projects.

The horizontal Bone Spring play in SE New Mexico is a game of cooperation as 95 % of the lands are Federal or State and subject to forced pooling provisions. This particular situation is fairly representative of the continual challenges operators in the play have to deal with to achieve an economic success. You just can't forge ahead, even with a significant percentage of the well, and be assured all parties (or the state) will agree with any proposal. I have attached a map, which Endurance has previously shared with Chevron and that exhibits an interpretation of the 2nd Bone Spring Sand. Endurance has a significant knowledge base and position in this particular pile of sand. Endurance has recently dealt with Ken Swartz (geologist) at Chevron who is the Subsurface team lead for this area, and Jason Levine a land representative in Chevron's MidContinent Business Unit regarding this project area.

Project Area ownership and regulatory Bullet Points:

1) Referring to the map, Chevron currently owns 40 % of the N/2 (Fee lands) of Section 18, and has proposed and permitted an East - West non-standard (330' FSL) horizontal location in the S/2 of the N/2 of Section 18. Endurance and it's related parties currently own approximately 30 % in the N/2 of Section 18. Chevron has submitted a 9.8 mm\$ AFE proposal to the owners in the N/2 to drill and complete this well. Endurance having drilled and/or participated in 6 wells on this sand pile has submitted a 7 mm\$ AFE to Chevron for an equivalent operation.

2) 2) The S/2 of Sec 18 is owned 100% by BTA, etal and is a federal lease. Endurance has a good relationship with BTA, and can facilitate their participation.

3) 3) Chevron will be required to pool by hearing any objecting parties in the N/2 of Section 18, and receive consent from BTA in the S/2 of Sec 18 to drill the non-standard location. Chevron has already built the surface location for the proposed non-standard well. The state permit for the well allows Chevron to drill the well, but the well cannot be produced without the non-standard approval and pooling, or the process to overturn all objections.

Endurance Exploitation Bullet Points :

1) 1) Endurance's interpretation of Chevron's proposed east/west lateral in the S/2 of Sec 18 is that the well will be an economic failure at the proposed 9.8 mm\$ AFE (less than 15% ROR)

2) North/South laterals in this part of the Bone Spring trend outperform East/West laterals where pay thickness equivalent is the same by 30% or more, due to the intersection of natural fractures and alignment with the stress regime.

3) A North/South lateral in the E/2 of the E/2 of Sec 18 will encounter substantially more pay in the 2nd Bone Spring target interval than the Chevron proposed east/west lateral in the S/2 of the N/2 of Sec 18.

4) Endurance estimates that 200-300 MBO of recoverable reserves will be wasted by an East-West well. This affects all owners in the project, including the state royalties.

Endurance would very much like to enlist Chevron to join in a meaningful discussion to resolve our differences of opinion on the best path to an economic success versus participating in a protracted regulatory process. Endurance and Chevron are currently non-op partners in the Caza-Copperline 29-1H well a N/S horizontal lateral in Sec 29 on the attached map. Endurance led the way on convincing the operator of that well on where to place the lateral, contrary to the operators proposed target. Ken Swartz was in agreement with Endurance on the change. The outcome was a 600+ mboe well. We have the same decision to make on another well in this area, and Endurance will be operator on the East half of this block. We are programmed to be partners with Chevron in 6-8 wells in 2014, including sections 19 and 29 on the attached plat. We don't want to start it off with a conflict over a relatively well known set of facts. We have also offered to share all of our Bone Spring data with Chevron in all of our wells as part of another trade we have proposed in our "Jass Bass" prospect.

Any assistance or suggestions you can lend with regard to this effort would be appreciated.

Sincerely,

Manny Sirgo

VP-Operations
Endurance Resources LLC

432-242-4681-direct dial office
432-413-0085 cell

Endurance Resources LLC

Authority for Expenditure
Permian Basin Form

Date: Nov-19-2013

AFE Number:

County/State: Lea/NM

Tn. Rg. Sec.: T23S-R34E Dec. 30

Location:

Rig:

Lease: Starcaster
Well No.:
Purpose: Drill 2nd Bone Spring Horizontal
Operation: Drill 2nd Bone Spring Horizontal &
Frac in 11stages

Capital Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Casing Surface (13-3/8" 54.5#)	1250	ft	\$34.61	\$/ft	\$43,262.50	\$0.00	\$43,262.50
Casing Intermediate (9-5/8" 40#)	5100	ft	\$26.65	\$/ft	\$136,935.00	\$0.00	\$136,935.00
Production Casing (5.5" 20#)	14900	ft	\$17.60	\$/ft	\$262,240.00	\$0.00	\$262,240.00
Permanent Lateral Assembly	0	assem	\$0.00	\$/assem		\$0.00	\$0.00
Casing Heads	1	ea	\$30,000.00	\$/ea		\$30,000.00	\$30,000.00
Wellhead w/ Valves & Fittings	0	ea	\$0.00	\$/ea		\$0.00	\$0.00
Tubing 2 7/8" 6.0# L-80	11100	ft	\$5.03	\$/ft		\$55,833.00	\$55,833.00
Tubing Anchor	1	ea	\$1,100.00	\$/ea		\$1,100.00	\$1,100.00
Sucker Rods	1	ft	\$48,000.00	\$/ft		\$48,000.00	\$48,000.00
Subsurface Pump	1	ea	\$7,500.00	\$/ea		\$7,500.00	\$7,500.00
Pumping Unit	1	ea	\$110,000.00	\$/ea		\$110,000.00	\$110,000.00
Flowline	3500	ft	\$13.00	\$/ft		\$45,500.00	\$45,500.00
Tank Battery	1	ea	\$552,154.00	\$/ea		\$552,154.00	\$552,154.00
Gas Meter Run	1	ea	\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Electric Service Install	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Elec Panel & motor	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Misc. Materials	1	ea	\$10,000.00	\$/ea		\$10,000.00	\$10,000.00
Sales Tax @ 8.5%	1		8.50%		\$37,607.19	\$76,507.40	\$114,114.58

Total Capital Cost> \$480,044.69 \$976,594.40 \$1,456,639.08

Intangible Cost:

	amount:	unit	unit cost	cost / unit	Dry Hole Costs	Completion Costs	Total Completed
Survey Location	1	ea	\$6,000.00	\$/ea	\$6,000.00		\$6,000.00
Surface Damages	1	ea	\$6,500.00	\$/ea	\$6,500.00		\$6,500.00
Caliche	0		\$0.00		\$0.00		\$0.00
Build Location / Road	1	ea	\$90,000.00	\$/ea	\$90,000.00		\$90,000.00
Pit Liner/Pit Fence	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Mouse/Rat Hole + Conductor	1	ea	\$50,000.00	\$/ea	\$50,000.00		\$50,000.00
Bit -(17.5"/12.25") Surface/Intermediate Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Casing Crews-Surface	1	ea	\$7,000.00	\$/ea	\$7,000.00		\$7,000.00
Cement Surf Casing(w/float equip)	1	ea	\$50,000.00	\$/ea	\$50,000.00		\$50,000.00
Drilling Fluids	1	ea	\$90,000.00	\$/ea	\$90,000.00		\$90,000.00
Water -Drilling(Fresh & Brine)	1	bbf(s)	\$70,000.00	\$/bbf	\$70,000.00		\$70,000.00
Trucking - Surface Casing	0	loads	\$0.00	\$/load	\$0.00		\$0.00
Bits-(8.75") Production Vertical Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Bits-(8.75") Lateral Hole	2	ea	\$12,000.00	\$/ea	\$24,000.00		\$24,000.00
Mud Logging(2 man)	10	day(s)	\$1,710.00	\$/day	\$17,100.00		\$17,100.00
Open Hole Log-Intermediate Section	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Open Hole Log-Deep Section	1	ea	\$20,000.00	\$/ea	\$20,000.00		\$20,000.00
Sidewall Coring Minimum Setup Charge	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
DST	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Rig Mobilization	1	ea	\$125,000.00	\$/ea	\$125,000.00		\$125,000.00
Drilling Daywork + Top Drive	25	day(s)	\$19,000.00	\$/day	\$475,000.00		\$475,000.00
Drilling Fuel	1	day(s)	\$140,000.00	\$/day	\$140,000.00		\$140,000.00
Rotary Steerable	0	day(s)	\$0.00	\$/day	\$0.00		\$0.00
Directional tools for Curve	1	day(s)	\$200,000.00	\$/day	\$200,000.00		\$200,000.00
Wellsite Consulting-Drilling	28	day(s)	\$2,200.00	\$/day	\$61,600.00		\$61,600.00
Operator Overhead	1	ea	\$9,000.00	\$/ea	\$9,000.00		\$9,000.00
Casing Crews-Intermediate	1	ea	\$7,000.00	\$/ea	\$7,000.00		\$7,000.00
Cement Intermediate Casing(w/float equip)	1	ea	\$210,000.00	\$/ea	\$210,000.00		\$210,000.00
Cement for Plugging	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Cement Lateral Curve Casing(w/float equip)	0	ea	\$0.00	\$/ea	\$0.00		\$0.00
Trucking - Production Casing	0	loads	\$0.00	\$/load	\$0.00	\$0.00	\$0.00
Casing Crews-Production	1	ea	\$18,000.00	\$/ea		\$18,000.00	\$18,000.00
Cement Prod. Casing(w/float equip)	1	ea	\$160,000.00	\$/ea		\$160,000.00	\$160,000.00
Anchors	1	set	\$5,000.00	\$/set		\$5,000.00	\$5,000.00
Pulling Unit	7	day(s)	\$4,500.00	\$/day		\$31,500.00	\$31,500.00
BOP Rental	7	min	\$800.00	\$/min		\$5,600.00	\$5,600.00
Roustabout / Welder	16	day(s)	\$6,600.00	\$/day		\$105,600.00	\$105,600.00
Cased Hole Log-Bond + GRN	1	ea	\$20,000.00	\$/ea		\$20,000.00	\$20,000.00
Perforating w/ Cased Hole Log	1	ea	\$85,000.00	\$/ea		\$85,000.00	\$85,000.00
Composite Plugs RBP Packers	1	ea	\$65,000.00	\$/ea		\$65,000.00	\$65,000.00
Stimulation - Acid.	1	ea	\$15,000.00	\$/ea		\$15,000.00	\$15,000.00
Rental Surface Equip.	1	4 dymn	\$120,000.00	\$/min		\$120,000.00	\$120,000.00
Frac Tank Trucking	8	ea	\$1,100.00	\$/ea		\$8,800.00	\$8,800.00
Water -Stimulation	100000	bbf(s)	\$2.15	\$/bbf		\$215,000.00	\$215,000.00
Trucking - Stim Water	0	hrs	\$0.00	\$/hr		\$0.00	\$0.00
Stimulation -Frac 11 stages	1	ea	\$2,400,000.00	\$/ea		\$2,400,000.00	\$2,400,000.00
Rental 4.5" DP + DH Motors & Sub	25	day(s)	\$4,000.00	\$/day		\$100,000.00	\$100,000.00
Wellsite Consulting-Completion	3	day(s)	\$1,100.00	\$/day		\$3,300.00	\$3,300.00
Contingencies @ 10 %	1		10%		\$148,920.00	\$335,780.00	\$484,700.00
Sales Tax @ 8.5%	1		8.50%		\$1,576.85	\$3,139.54	\$4,716.40

Total Intangible Cost> \$1,856,697 \$3,696,720 \$5,553,416.40

Total Project Cost> \$2,336,742 \$4,673,314 \$7,010,055

Dry Hole Costs	Completion Costs	Total Completed
----------------	------------------	-----------------

AOL | Mail Toolbar | Make AOL My Home Page

4 Ways to Avoid Running Out of Money During Retirement

If you have a \$500,000 portfolio, download the guide by Forbes columnist Ken Fisher's firm. Even if you have something else in place, this must-read guide includes research and analysis you can use right now. Don't miss it!

[Click Here to Download Your Guide!](#)

FISHER INVESTMENTS

stlritter Sign Out

Check Mail

Compose

Search the Web

Search

enhanced by

Search

Mail

Reply

Reply All

Forward

Mark Unread

Actions

Go

Delete

Spam

Today on AOL

Inbox 19764

Drafts (14)

Sent

Spam (69)

Trash

Saved Chats

Contacts

Calendar

My Folders

Manage Folders

FW: Endurance Resources LLC/ Chevron

From: Jason South <jason@enduranceresourcesllc.com>

To: Don Ritter - AOL <stlritter@aol.com>

Date: Thu, Feb 20, 2014 9:38 pm

Attachment.html image001.png

Jason South, CPL
Senior Landman
Endurance Resources
Work: (432) 242-4683
Cell: (432) 210-1368

From: Ernest Padilla [mailto:epadilla@qwestoffice.net]

Sent: Thursday, January 02, 2014 12:08 PM

To: Michael Feldewert

Cc: Davidson, Florene, EMNRD

Subject: FW: Endurance Resources LLC/ Chevron

Mike:

You have asked for back-up information relative to the statements made in my December 31 letter to Ms. Bailey. Without waiving our attorney/client privilege, I am forwarding copies of emails to me from Jason South, Endurance's landman, containing most of the information addressed in my letter. Included in the first email are three AFEs, one of which applies to Endurance's proposed Starcaster well in Section 18. Mr. South's email also identifies the names of the Chevron people with whom Endurance principals met on November 20.

In addition to the Starcaster well proposal, Endurance proposed a trade on other acreage, and included two other AFEs. Included in Mr. South email is a slide presentation of discussion points relative to Section 18 (Bell Lake proposal) that were presented at the November 20 meeting.

By separate email I will forward a copy of an email agenda sent by the Chevron personnel for the November 20 meeting. The second topic of the agenda dealt with the Bell Lake proposal.

Finally, also by separate email I will forward a copy of a December 19 email from Manny Sirgo, Endurance Vice President-Operations, and engineer to Becky Wistaff, higher Chevron manager, attempting to induce further discussion on the Starcaster proposal.

I am sending a copy of this email to Ms. Bailey through Florene Davidson.

Please let me know if you have any questions.

Ernest L. Padilla
PADILLA LAW FIRM, P.A.
P.O. Box 2523
Santa Fe, New Mexico 87504-2523
T: 505-988-7577
F: 505-988-7592

E: epadilla@qwestoffice.net <<mailto:epadilla@qwestoffice.net>>; (office)
padillalaw@qwestoffice.net <<mailto:padillalaw@qwestoffice.net>>

CONFIDENTIALITY NOTICE: THIS MESSAGE (INCLUDING ATTACHMENTS, IF ANY) IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If you are not the intended recipient, any review, use, disclosure, distribution or copying is strictly prohibited. If you believe this e-mail has been sent to you in error, please (i) do not open any attachments, (ii) contact the sender immediately by replying to this e-mail to inform the sender that you have received this e-mail in error, and (iii) delete this e-mail and all attachments.

From: Michael Feldewert [mailto:MFeldewert@hollandhart.com]

Sent: Tuesday, December 31, 2013 2:26 PM

To: Ernest Padilla

Cc: gabriel.wade@state.nm.us <<mailto:gabriel.wade@state.nm.us>>; Bosell, Benjamin L

Subject: Endurance Resources LLC/ Chevron

Ernie: I tried to reach you by telephone. Please give me a call about your letter. It is not consistent with what my contacts are telling me. I need more detail about who was involved in the referenced discussions, what AFE was presented and to whom, particularly since no document is attached to your letter today.

Michael H. Feldewert
Partner
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
Phone (505) 988-4421

E-mail: mfeldewert@hollandhart.com <<mailto:mfeldewert@hollandhart.com>>

Download vCard <<http://www.hollandhart.com/load.vcf?type=attv&id=046aedfe-d2bc-4159-8608-6aed191c5ff7>>
<<http://www.hollandhart.com/images/EmailHHLogo2003B.gif>> <<http://www.hollandhart.com/>>

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Ernest Padilla (<mailto:epadillaplff@gwestoffice.net>)
Sent: Tuesday, December 31, 2013 12:44 PM
To: Davidson, Florene, EMNRD
Cc: Michael Feldewert; gabriel.wade@state.nm.us <<mailto:gabriel.wade@state.nm.us>>
Subject: Endurance Resources LLC/ Chevron

Ms. Davidson:

Please transmit the attached letter to Ms. Bailey. If you have any questions please let me know. Thank you.

PS: Happy New Year
Ernest L. Padilla
PADILLA LAW FIRM, P.A.
P.O. Box 2523
Santa Fe, New Mexico 87504-2523
T: 505-988-7577
F: 505-988-7592

E: epadillaplff@gwestoffice.net <<mailto:epadillaplff@gwestoffice.net>>; (office)
padillalaw@gwestoffice.net <<mailto:padillalaw@gwestoffice.net>>

CONFIDENTIALITY NOTICE: THIS MESSAGE (INCLUDING ATTACHMENTS, IF ANY) IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If you are not the intended recipient, any review, use, disclosure, distribution or copying is strictly prohibited. If you believe this e-mail has been sent to you in error, please (i) do not open any attachments, (ii) contact the sender immediately by replying to this e-mail to inform the sender that you have received this e-mail in error, and (iii) delete this e-mail and all attachments.

1 Attached Images

