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JUN 13 2013

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Endurance Resources LLC

DRILLING & OPERATIONS PROGRAM

**Stratocaster 20 Fed #1H
 SHL: 660' FSL & 660' FWL
 BHL: 330' FNL & 660' FWL
 Sec 20-23S-34E
 Lea Co, NM**

CASING PROGRAM:

HOLE SIZE	HOLE INTERVAL	OD CSG	CASING INTERVAL	WEIGHT	COLLAR	GRADE
6-1/8"	9,925' – 14,542	4-1/2"	9,725' – 14,542'	13.5#	BTC	P-110

NOTE: ALL CASING IS NEW & API APPROVED. WHILE RUNNING CASING, PIPE WILL BE KEPT A MINIMUM OF 1/3 FULL AT ALL TIMES TO AVOID APPROACHING COLLAPSE PRESSURE OF THE CASING

DESIGN FACTORS:

CASING SIZE	COLLAPSE DESIGN FACTOR	BURST DESIGN FACTOR	TENSION DESIGN FACTOR
4-1/2" 13.5# P-110 BTC	2.01	2.33	1.86

MUD PROGRAM:

DEPTH	MUD WEIGHT	VISC	FLUID LOSS	TYPE OF SYSTEM
0 - 14,542'	8.9 - 9.3	28 - 30	NC	CUT BRINE

PROPOSED CEMENT PROGRAM:

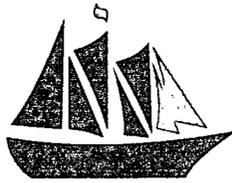
TAIL: 235 SXS (50:50) CLASS H CMT + 1#/SX SALT + 0.5% HALAD 344 + 0.3% CFR-3 + 0.75% HR-601 + FW. (15 PPG/ 2.63 cu/ft).

NOTE: CMT VOLUMES CALCULATED ON 15% EXCESS. ACTUAL CEMENT VOLUMES WILL BE ADJUSTED BASED ON FLUID CALIPER & CALIPER LOG DATA TO ENSURE CEMENT IS BROUGHT BACK TO LINER TOP.

PRESSURE CONTROL:

NIPPLE UP ON 13-3/8 2M SYSTEM TESTED TO 50% OF RATED WORKING PRESSURE BY INDEPENDENT TESTER.

NIPPLE UP ON 9-5/8 WITH 3M SYSTEM TESTED TO 3000PSI BY INDEPENDENT TESTER.



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PIPE RAMS WILL BE OPERATIONALLY CHECKED EACH 24 HOUR PERIOD. BLIND RAMS WILL BE OPERATIONALLY CHECKED ON EACH TRIP OUT OF THE HOLE. THESE CHECKS WILL BE NOTED ON THE DAILY TOUR SHEETS. A 2" KILL LINE & A 3" CHOKE LINE WILL BE INCLUDED IN THE DRILLING SPOOL LOCATED BELOW THE RAM-TYPE BOP. OTHER ACCESSORIES TO BOP EQUIPMENT WILL INCLUDE A KELLY COCK & FLOOR SAFETY VALVE (INSIDE BOP), CHOKE LINES, AND CHOKE MANIFOLD WITH 3000PSI WP RATING.

ENDURANCE WILL TEST BOP AS SOON AS IT IS INSTALLED & PRIOR TO CUTTING CASING WINDOW.

POTENTIAL HAZARDS:

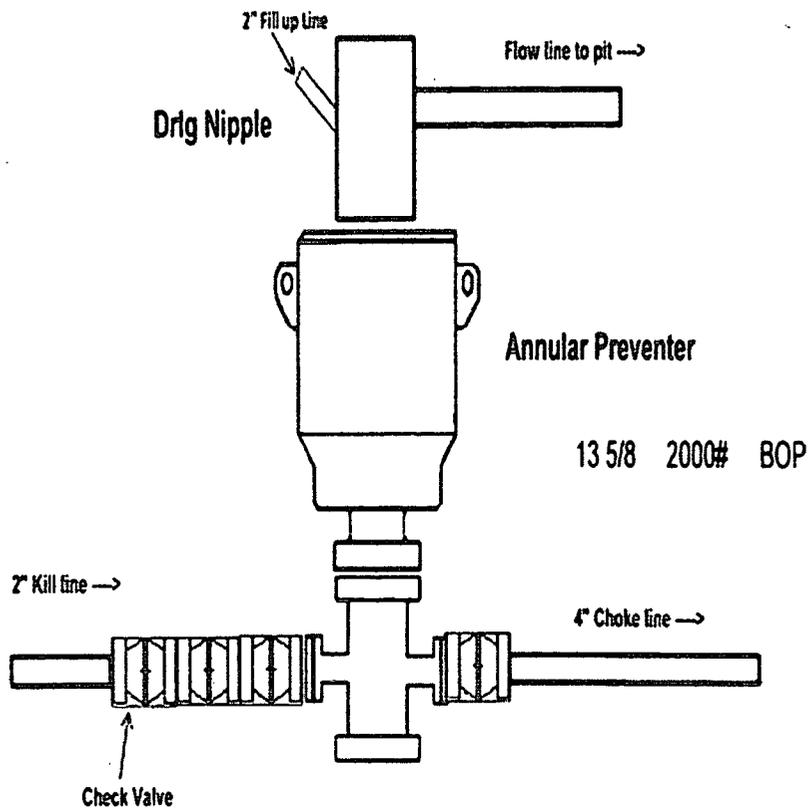
THE EXISTING PALOMA 20-1 WELL HAS BEEN PRODUCING IN THE PROSPECTIVE HORIZONTAL TARGET SINCE 2011. NO ABNORMAL PRESSURES OR H₂S IS TO BE EXPECTED. IF H₂S IS ENCOUNTERED, ENDURANCE RESOURCES LLC WILL COMPLY WITH ONSHORE ORDER #6. REGARDLESS, ALL PERSONNEL WILL BE TRAINED & QUALIFIED WITH H₂S SAFETY & RIG SAFETY EQUIPMENT WILL BE CHECKED DAILY.

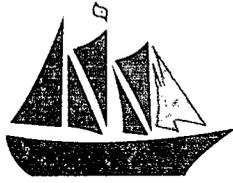
LOCATION & OPERATIONS:

- LOCATION EXPANSION WILL NOT COMMENCE UNTIL THE BLM HAS APPROVED THE APD. ENDURANCE WILL USE THE EXISTING ROAD INTO LOCATION & WILL NOT GO BEYOND THIS ROAD IN ANYWAY.
- ALL CALICHE USED FOR THE PAD EXPANSION WILL BE OBTAINED FROM AN EXISTING BLM APPROVED PIT OR FROM DEPOSITS FOUND UNDER THE LOCATION. SPOIL PIPE, IF ANY, WILL BE PUSHED TO THE NW QUARTER OF LOCATION FROM THE PAD EXPANSION.
- ENDURANCE WILL USE EXISTING FACILITIES ALREADY IN PLACE ON THE NORTH & NE QUARTER OF LOCATION.
- DRILLING RIG LAYOUT & DIMENSIONS ARE ATTACHED. THESE DIAGRAMS SHOW THE LOCATION OF EQUIPMENT TO BE PLACED ON LOCATION. MUD PITS IN THE CIRCULATING SYSTEM WILL BE STEEL PITS, AND A CLOSED LOOP SYSTEM WILL BE UTILIZED. ALL WASTE MATERIAL FROM DRILLING OPERATIONS WILL BE HAULED OFF TO CRI OR BLM APPROVED LANDFILL.
- FLOWBACK OR PW WILL BE HAULED TO AN APPROVED
- ALL WELL SITE WASTE MATERIAL (I.E TRASH) WILL BE CONTAINED IN CLOSED TRASH TRAILER CAGES & PORTO-JOHN'S WILL BE USED FOR GRAY WATER WASTE MANAGEMENT.
- PROPOSED INTERIM RECLAMATION IS ATTACHED WITH SITE LAYOUT. SITE SAFETY WAS TAKEN INTO CONSIDERATION WHEN DRAWING UP THIS PROPOSAL.
- HAD ONSITE WITH TRISH BADBEAR 4/15/13



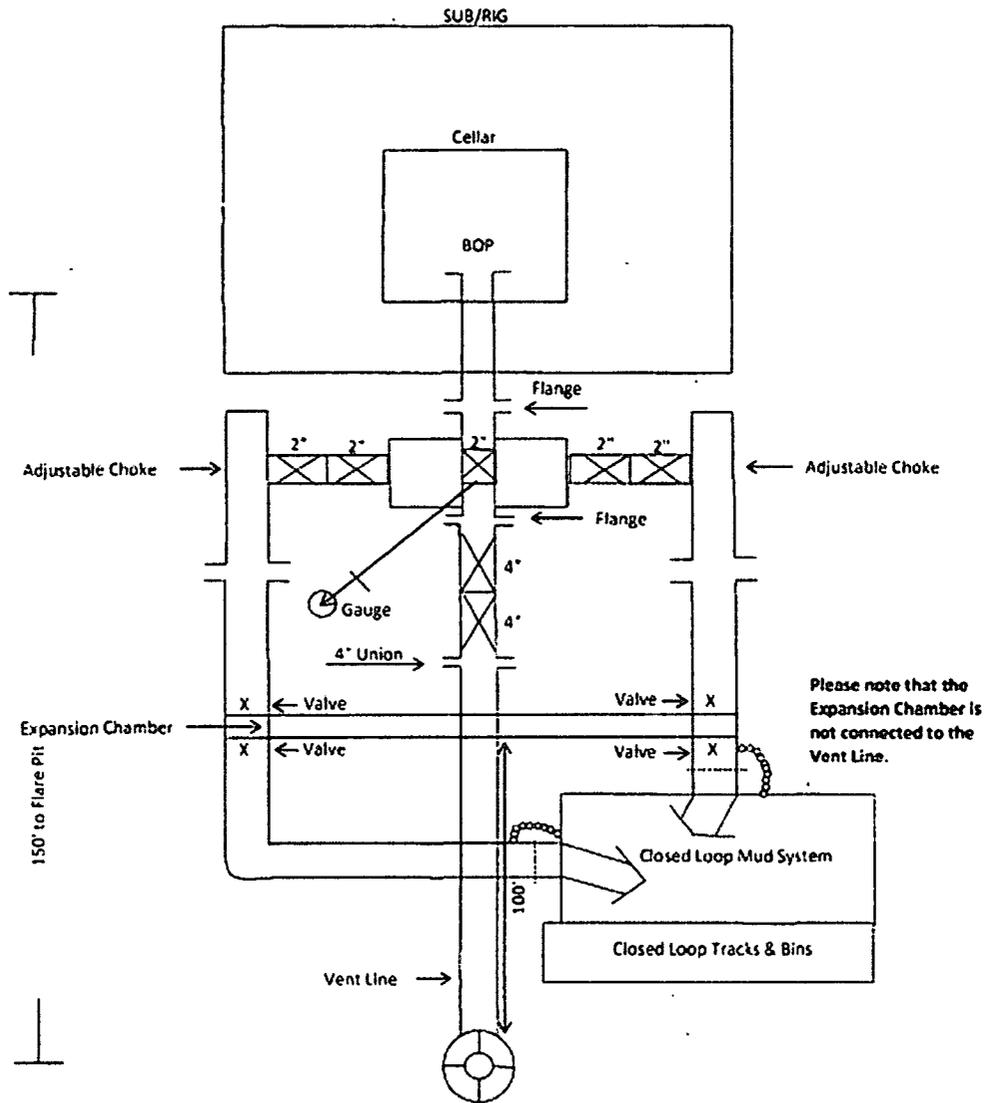
2,000 psi BOP Schematic

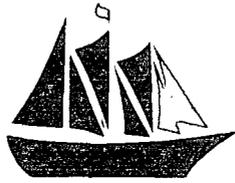




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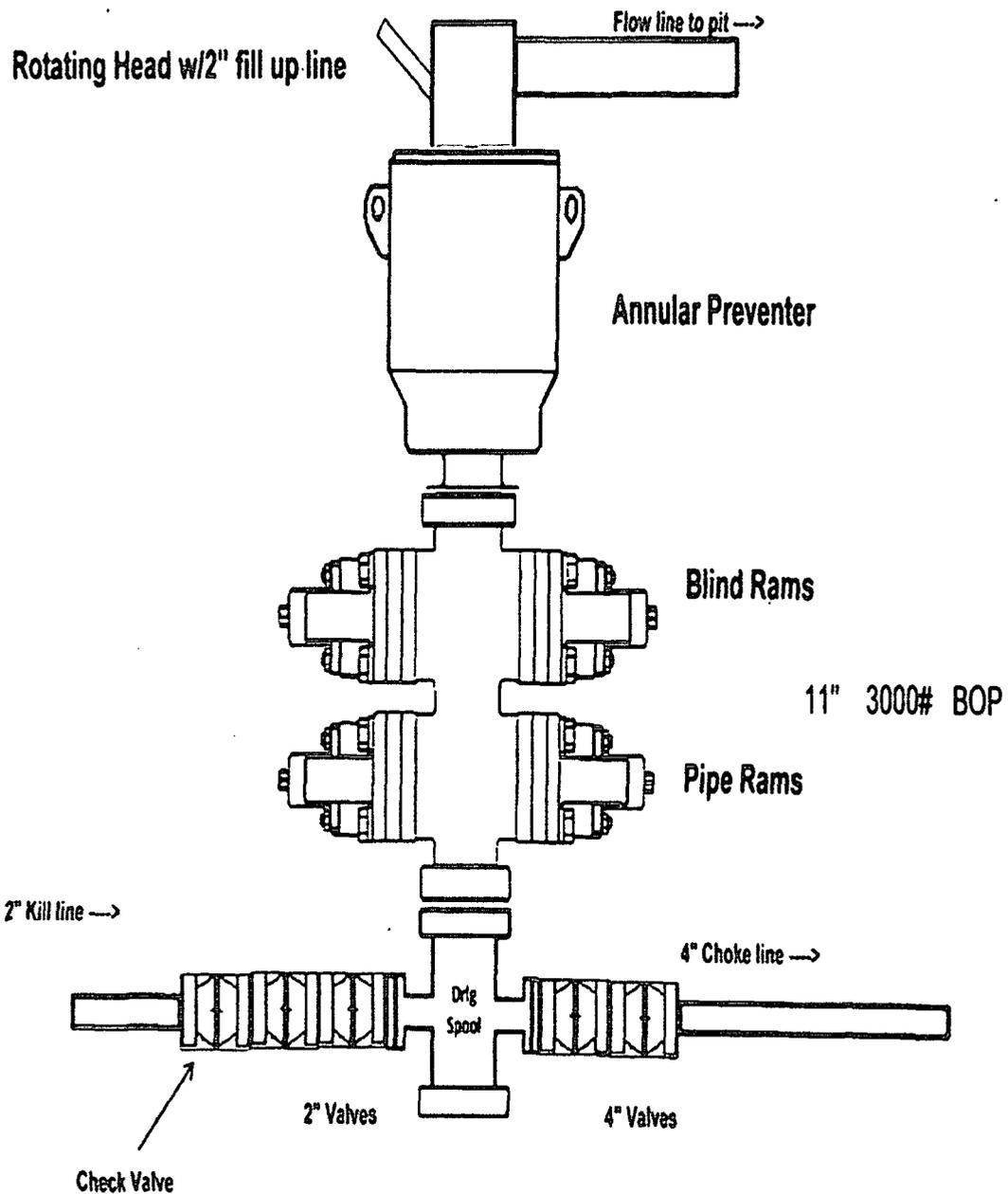
2M Choke Manifold Equipment

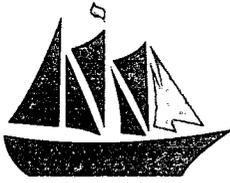




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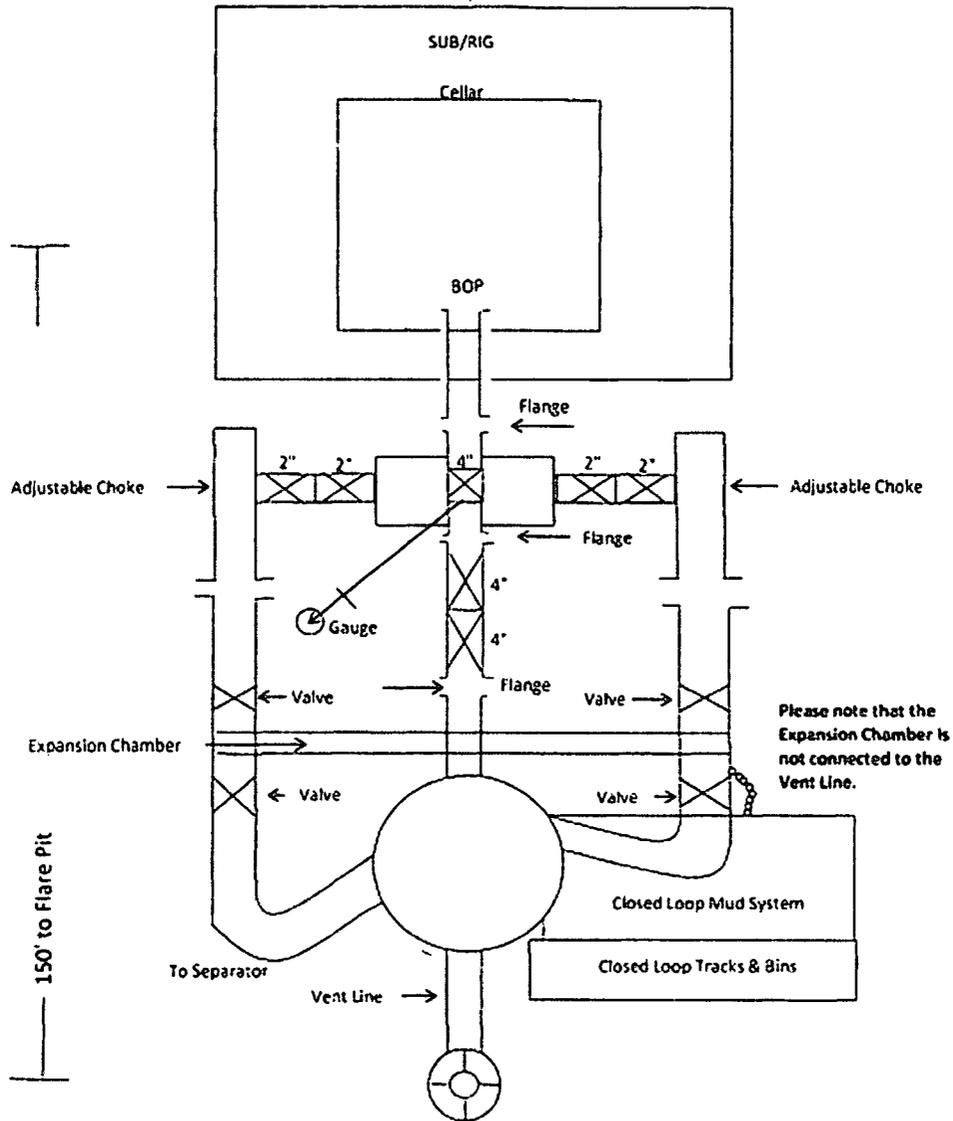
3,000 psi BOP Schematic

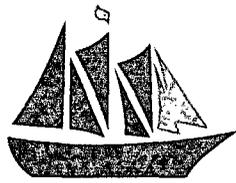




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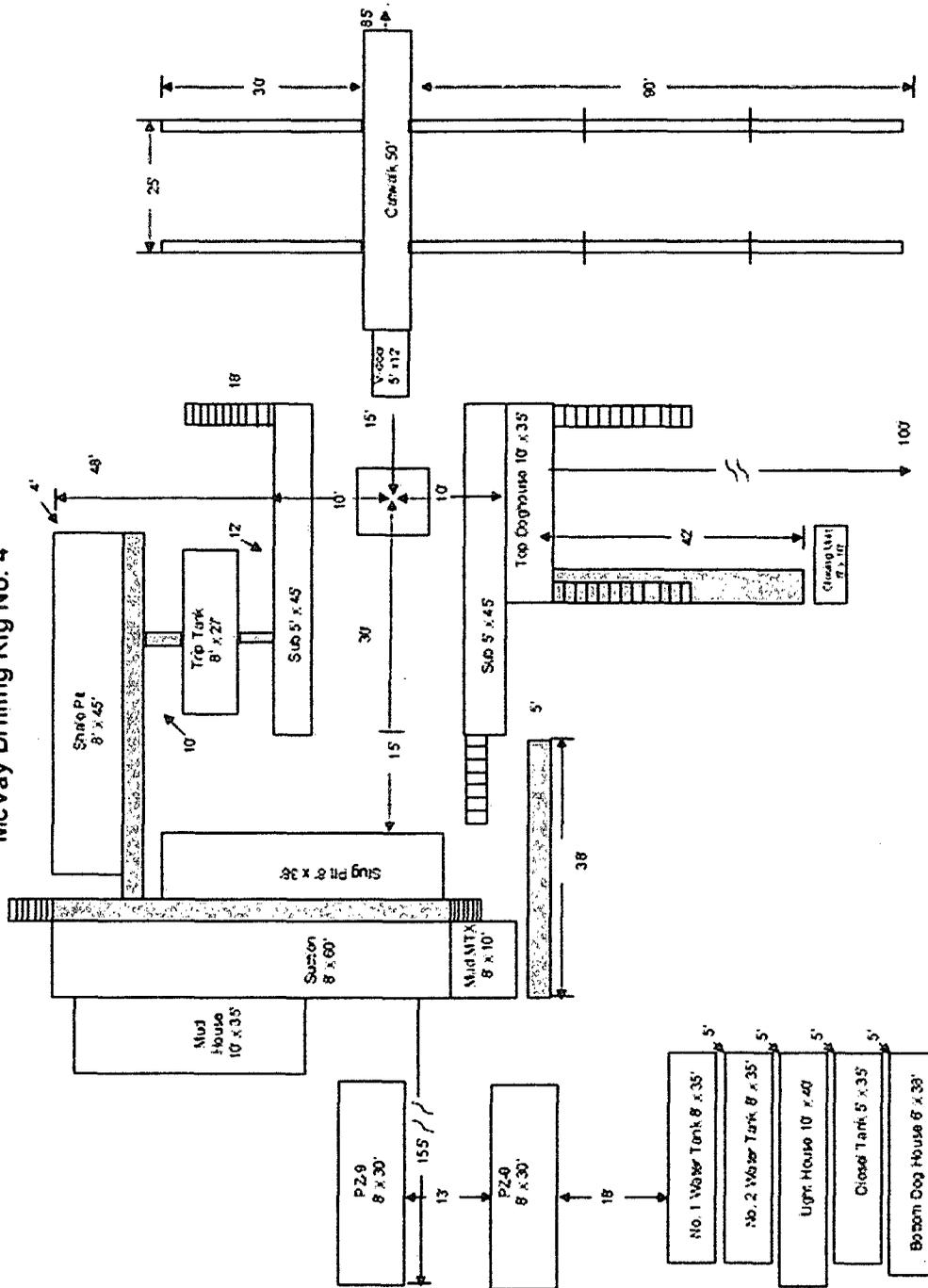
3M Choke Manifold Equipment

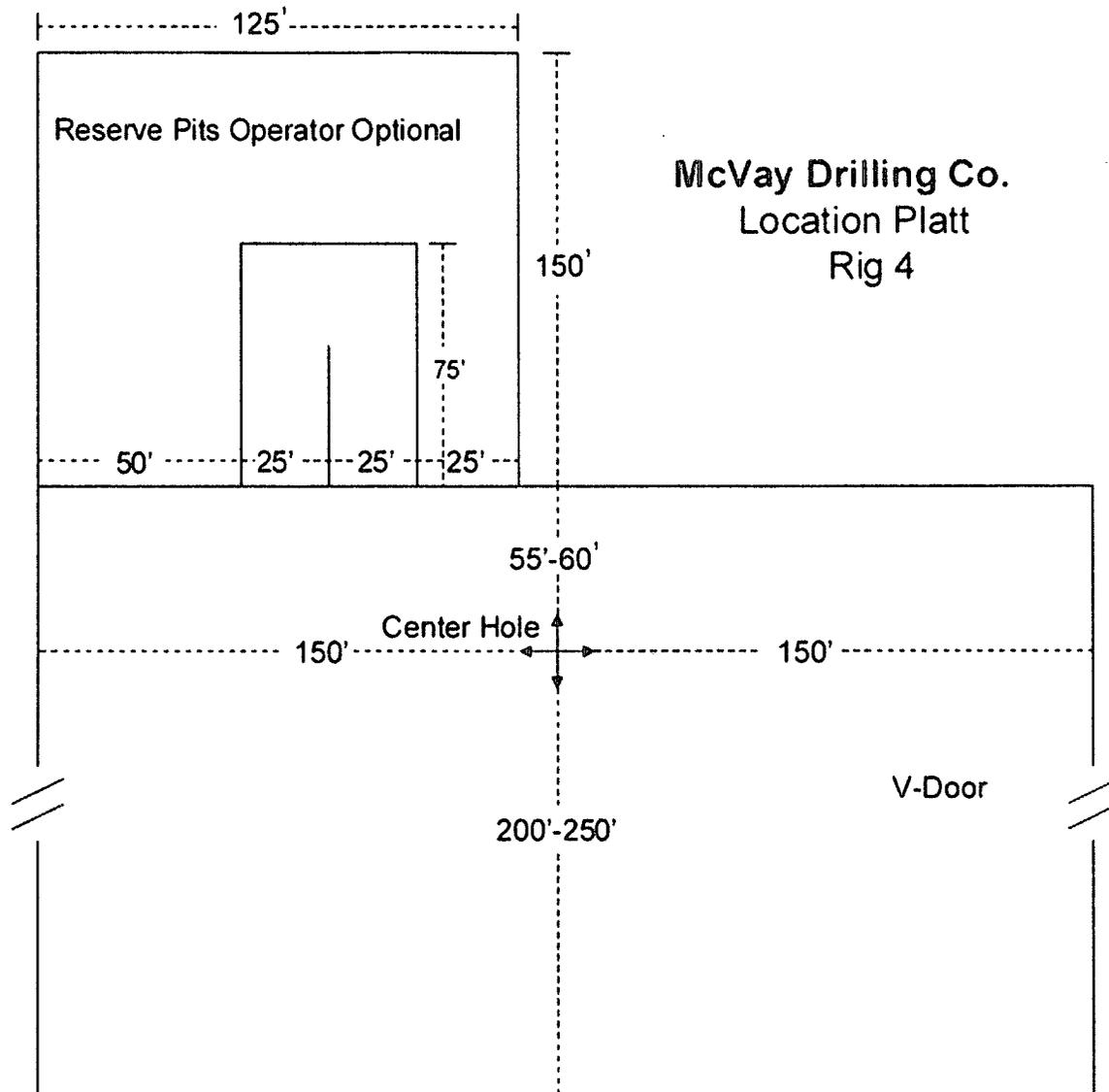




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McVay Drilling Rig No. 4





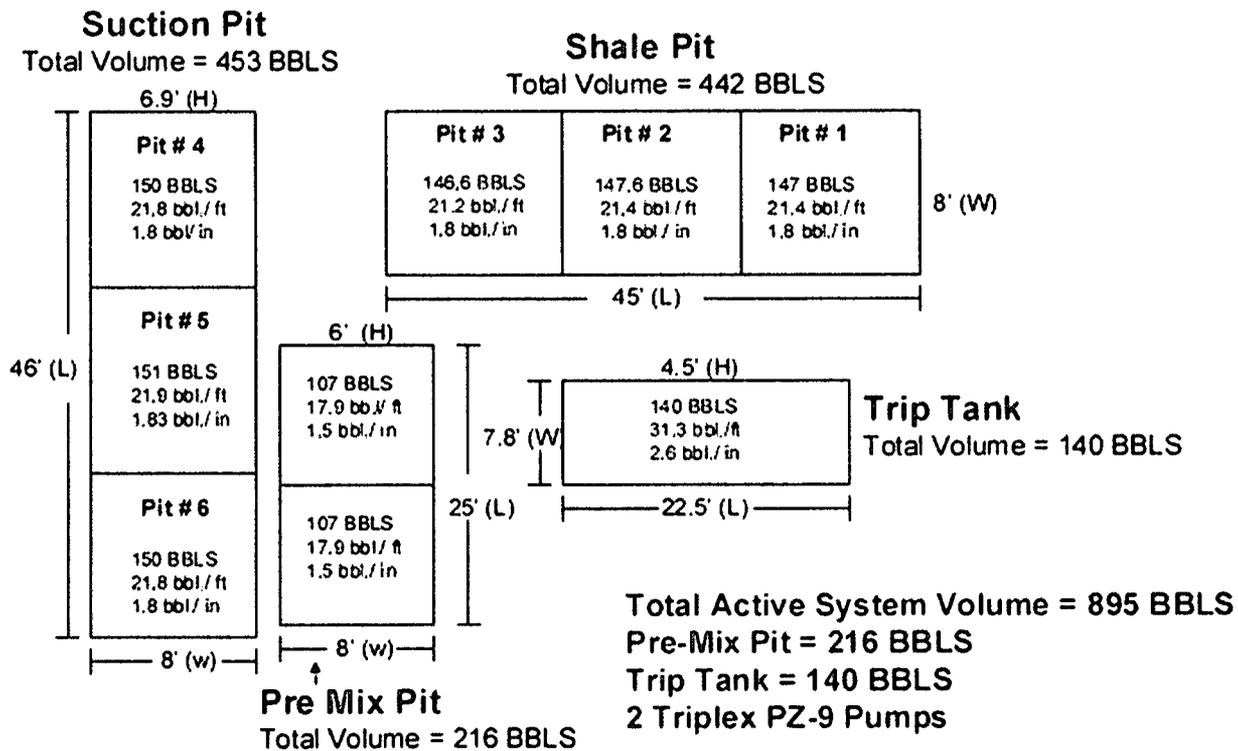
McVay Drilling Co.
 Location Platt
 Rig 4

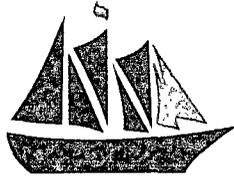




McVay Drilling Co.

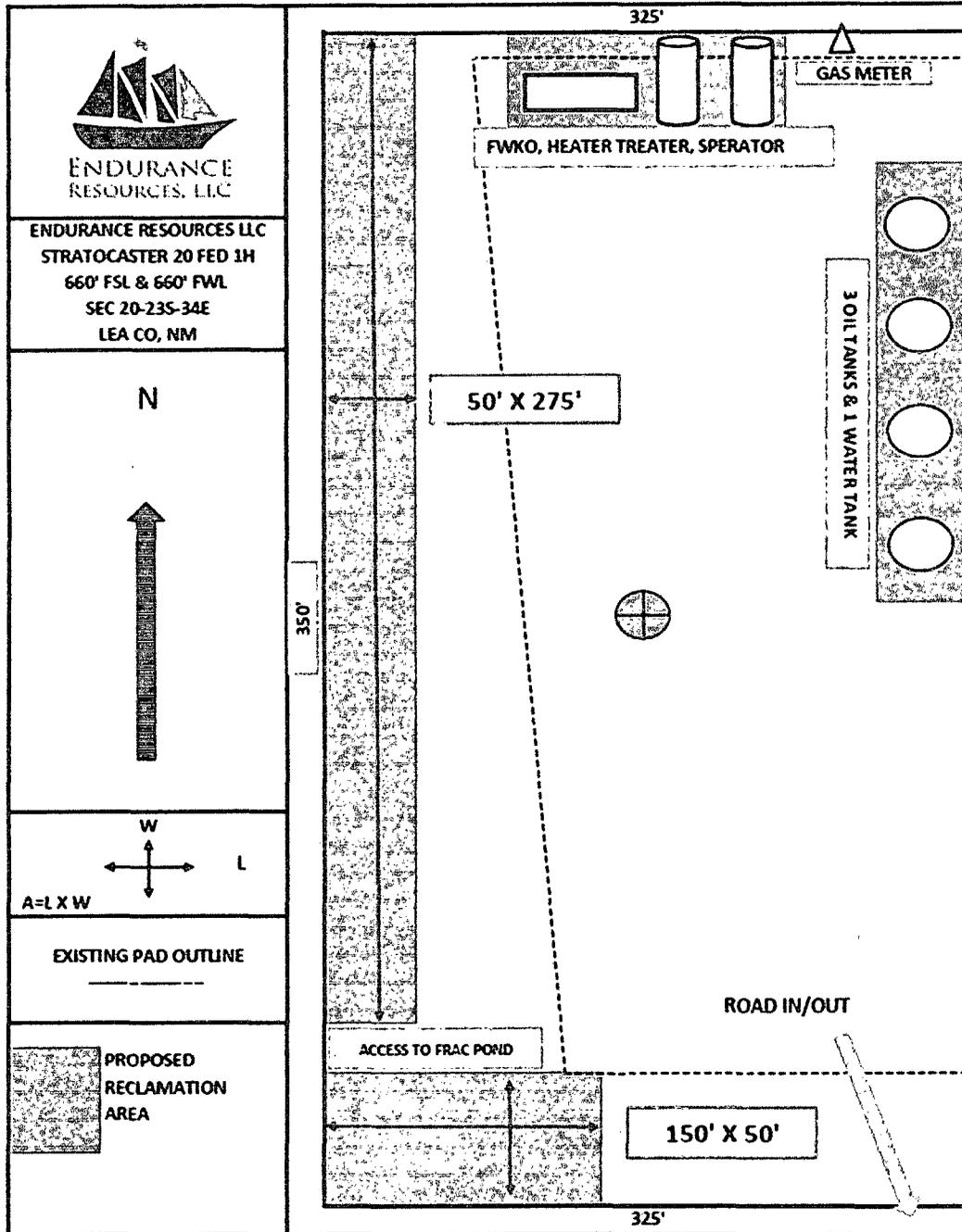
Rig # 4 – Pit System

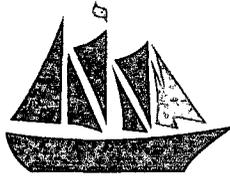




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PROPOSED INTERIM SITE RECLAMATION





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Lea County, NM (NAD 83)
Stratocaster 20 Fed
Stratocaster 20 Fed #1H

Wellbore #1

Plan: Plan #3

Sperry Drilling Services Standard Report

16 April, 2013

Well Coordinates: 468,299.51 N, 799,333.76 E (32° 17' 04.81" N, 103° 29' 54.52" W)
Ground Level: 3,562.58 ft

Local Coordinate Origin:	Centered on Well: Stratocaster 20 Fed #1H
Vertical Datum:	GE 3562' + KB 19' @ 3583.00ft. (Original Well Elev)
TVDs to System:	N
North Reference:	Grid
Unit System:	API - US Survey Feet

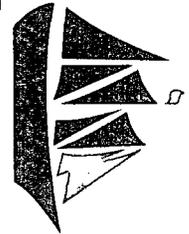
Version: 2003.16 Build: 431

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Sperry Drilling Services

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Project: Lea County, NM (NAD 83)
Site: Stratocaster 20 Fed
Well: Stratocaster 20 Fed #1H
Wellbore: Wellbore #1
Plan: Plan #3
Rig: Original Well Elev

SECTION DETAILS

MD	Inc	Azi	TVD	+N-S	+E-W	DLog	TFace	VSec	Annotation
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9927.04	0.00	0.00	9927.04	0.00	0.00	0.00	0.00	0.00	Start Build
10827.04	90.00	359.41	10500.00	572.93	-5.88	10.00	359.41	572.88	End Build
14542.63	90.00	359.41	10500.00	4288.32	-43.97	0.00	0.00	4288.55	TD

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

Name	TVD	+N-S	+E-W	Northing	Easting
New PBHL (Stratocaster 20 Fed 1H)	10500.00	4288.32	-43.97	472587.83	799289.79
PBHL (Stratocaster 20 Fed 1H)	10500.00	3958.34	-40.89	472257.85	799292.87

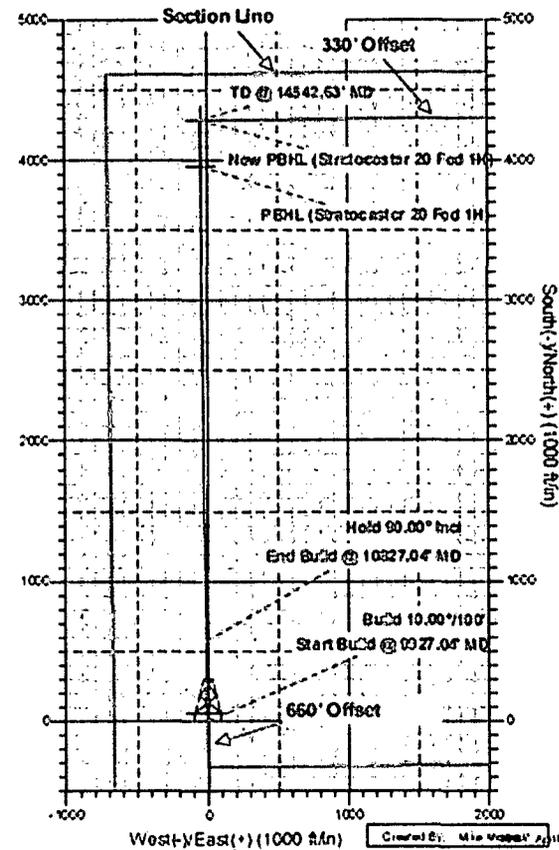
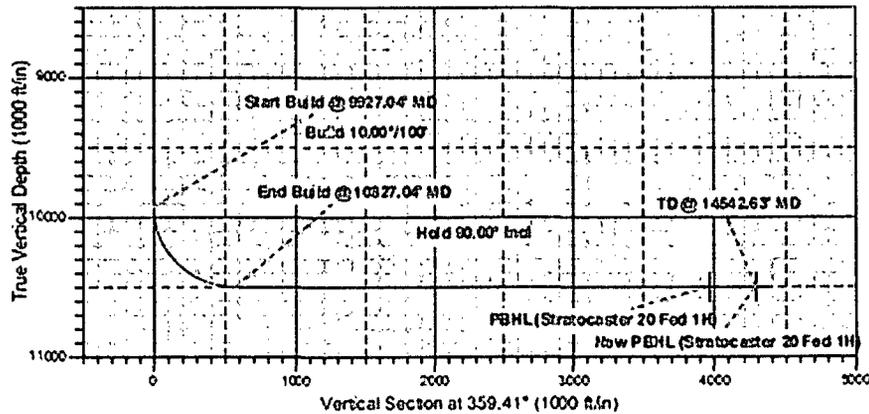
Surface Location:

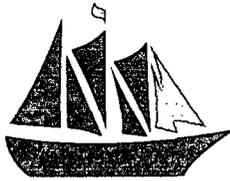
US State Plane 1983
New Mexico Eastern Zone
Bovaton GE 3502 + KB 19 @ 3583 00R (Original Well Bov)
Northing Easting Latitude Longitude
469299.51 799033.76 32° 17' 4.810 N 103° 29' 54.522 W



To convert a Magnetic Direction to a Grid Direction, Add 7.00°

Magnetic Model BCGM2012 Date 27-Feb-13
Azimuths to Grid North





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Lea County, NM (NAD 83)

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Plan Report for Stratocaster 20 Fed #1H - Plan #3

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	-N-S (ft)	-E-W (ft)	Vertical Section (ft)	Dogleg Rate (%/100ft)
13,800.00	90.00	359.41	10,500.00	3,545.73	-36.36	3,545.92	0.00
13,900.00	90.00	359.41	10,500.00	3,645.72	-37.36	3,645.92	0.00
14,000.00	90.00	359.41	10,500.00	3,745.72	-38.41	3,745.92	0.00
14,100.00	90.00	359.41	10,500.00	3,845.71	-39.44	3,845.92	0.00
14,200.00	90.00	359.41	10,500.00	3,945.71	-40.46	3,945.92	0.00
14,300.00	90.00	359.41	10,500.00	4,045.70	-41.49	4,045.92	0.00
14,400.00	90.00	359.41	10,500.00	4,145.70	-42.51	4,145.92	0.00
14,500.00	90.00	359.41	10,500.00	4,245.69	-43.54	4,245.92	0.00
14,542.63	90.00	359.41	10,500.00	4,288.32	-43.97	4,288.55	0.00

TD @ 14542.63' MD

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		-N-S (ft)	-E-W (ft)	
9,927.04	9,927.04	0.00	0.00	Start Build @ 9927.04' MD
9,927.04	9,927.04	0.00	0.00	Bulge 10.00'/100'
10,827.04	10,500.00	572.93	-5.87	End Build @ 10827.04' MD
10,827.04	10,500.00	572.93	-5.88	Hold 90.00° Incl
14,542.63	10,500.00	4,288.32	-43.97	TD @ 14542.63' MD

Vertical Section Information

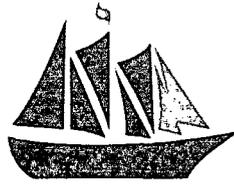
Angle Type	Target	Azimuth (°)	Origin Type	Origin		Start TVD (ft)
				-N-S (ft)	-E-W (ft)	
TD	No Target: (Freehand)	359.41	Spot	0.00	0.00	0.00

Survey tool program

From (ft)	To (ft)	Survey/Plan	Survey Tool
0.00	14,542.63	Plan #3	MWD+SC

Targets

Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	-N-S (ft)	-E-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
New PBHL (Stratocaster) - plan hits target center - Point	0.00	0.00	10,500.00	4,288.32	-43.97	472,587.83	799,289.79	32° 17' 47.246 N	103° 29' 54.645 W
PBHL (Stratocaster) - plan hits target center - Point	0.00	0.00	10,500.00	3,958.34	-40.89	472,257.85	799,292.87	32° 17' 43.980 N	103° 29' 54.639 W



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Lea County, NM (NAD 83)

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North Reference Sheet for Stratocaster 20 Fed - Stratocaster 20 Fed #1H - Wellbore #1

All data is in US Feet unless otherwise stated. Directions and Coordinates are relative to Grid North Reference.

Vertical Depths are relative to GE 3562' + KB 19' @ 3583.00ft (Original Well Elev). Northing and Easting are relative to Stratocaster 20 Fed #1H

Coordinate System is US State Plane 1983, New Mexico Eastern Zone using datum North American Datum 1983, ellipsoid GRS 1980

Projection method is Transverse Mercator (Gauss-Kruger)

Central Meridian is 104° 20' 0.000 W", Longitude Origin:0° 0' 0.000 E", Latitude Origin:0° 0' 0.000 N"

False Easting: 541,337.50ft, False Northing: 0.00ft, Scale Reduction: 0.99993531

Grid Coordinates of Well: 468,299.51 ft N, 799,333.76 ft E

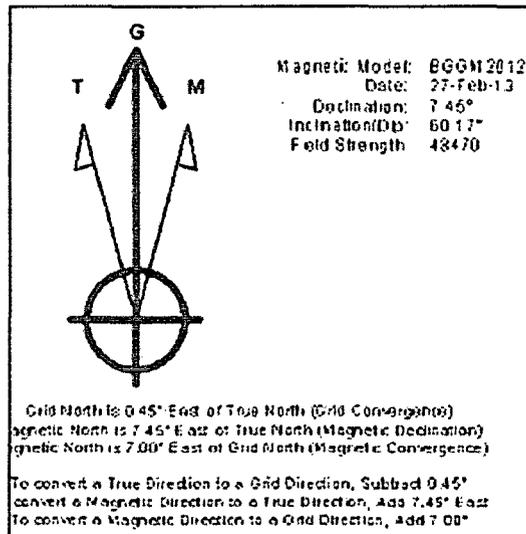
Geographical Coordinates of Well: 32° 17' 04.81" N, 103° 29' 54.52" W

Grid Convergence at Surface is: 0.45°

Based upon Minimum Curvature type calculations, at a Measured Depth of 14,542.63ft

the Bottom Hole Displacement is 4,268.55ft in the Direction of 359.41° (Grid).

Magnetic Convergence at surface is: -7.00° (27 February 2013, , BGGM2012)





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Well Name: Paloma Blanco 20 Fcd #1		Field: Bell Lake; Bone Springs	
Location: 660' FSL & 660' FWL; 20-235-34E		County: LEA	State: NM
Elevation: 3,562 GL; 3,585 KB		Spud Date: 7/15/05	Compl Date: 10/1/05
APH#: 30-025-37295	Prepared by: KALE JACKSON	Date: 4/10/13	Rev: 4/10/13



CURRENT SCHEMATIC

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
17-1/2	13-3/8"	1,114'	SURFACE

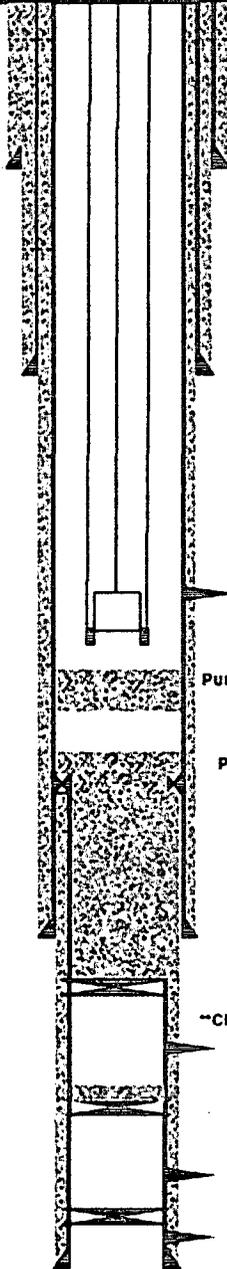
HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
12-1/4"	9-5/8"	5134'	SURFACE

TOP OF LINER	
4-1/2"	12,063'

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
8-3/4"	7"	12,410'	SURFACE

26W P-110H LTC. CMT w/ 2250x or 3913.5 cuft
 CBL RAN 9/10/11. Log stopped at 5,000'. Showed good bang to this point

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
6-1/8"	4-1/2"	13,898	TOL
13.5W P-110H LTC			



BHA ASSEMBLY

- ROD PUMP
 169jts 2-3/8 rbg
 TAC @ 10,024
 20jts 2-3/8 rbg
 SN @ 10,664' w/ perf sub & MJ
 183-7/8 rods
 231-3/4 rods
 11-1-1/4 K bers
 2x1-1/2x24' pump w/ 26K sheer tool

BONE SPRING PERFS: 10,300 - 10,608

Pump 55 exe Class H cmt. Tag @ 11,250 to cover Wolfcamp

Pump 55 exe Class H cmt. Tag @ 12,010 to cover liner top

CIBP @ 12,465' (9/11/11)

"CHANGE OPERATOR FROM DVN TO ENDURANCE" 7/01/11

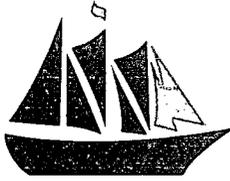
ATOKA PERFS: 12,517 - 12,539

CIBP @ 13,190'. DUMPBAJL 35' CMT

MORROW PERFS: 13,226 - 13,236

CIBP @ 13,400

MORROW PERFS: 13,430 - 13,540



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Well Name: Stratocaster 20 Fed 1H		Field: Bell Lake; Bone Springs	
Location: 660' FSL & 660' FWL; 20-235-34E		County: LEA	State: NM
Elevation: 3,562 GL		Spud Date: 7/15/05	Compl Date: 10/1/05
APH#: 30-025-37295	Prepared by: KALE JACKSON	Date: 4/10/13	Rev: 4/12/13



PROPOSED SCHEMATIC
NOTE: DRAWING NOT TO SCALE

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
17-1/2	13-3/8"	1,114'	SURFACE

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
12-1/4"	9-5/8"	5134'	SURFACE

Proposed: Set 4-1/2" TOL @ ~9,725' TVD

Proposed: Set Whipstock @ ~9,925' TVD

Proposed: CIBP @ 9,925' TVD

Proposed: CIBP @ 10,250' w/ 35' Class H cmt: ~10,215'

TOP OF LINER	
4-1/2"	12,063'

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
8-3/4"	7"	12,410'	SURFACE

26# P-110H LTC. CMT w/ 2250cu or 3913.5 cuft
"CBL RAN 9/10/11. Log stopped at 5,000'. Showed good bang to this point"

HOLE SIZE	CASING SIZE	DEPTH SET	CMT TOP
6-1/8"	4-1/2"	13,898'	TOL

13.5# P-110HC LTC

