Form 3160-3
(April 2004)

6073

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

638

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

ATS-08-207

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NM NM05792

6. If Indian, Allotee or Tribe Name

1a. Type of work: ☐ DRILL ☒ REENTER RE-ENTRY

7 If Unit or CA Agreement, Name and No.

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. 37281
Redbull "35" Federal # 1

2. Name of Operator 190595 Split Estate
ENDEAVOR ENERGY RESOURCES, LP

9. API Well No. H
30-025-34015

3a. Address
110 N. Marienfield, Ste. 200, Midland, TX

3b. Phone No. (include area code)
(432) 262-4010

10. Field and Pool, or Exploratory
Wildcat – Bone Spring

4. Location of Well (Report location clearly and in accordance with any State requirements.*)
At surface K **1980' FSL & 1980' FWL** Carlsbad Controlled Water Basin
At proposed prod. zone **330' FSL & 330' FWL** M 34-T25S-R33E BHL

11. Sec., T. R. M. or Blk. and Survey or Area
Section 35, T-25-S, R-33-E SHL
N.M.P.M.

14. Distance in miles and direction from nearest town or post office*
21 miles SW of Jal, NM

12. County or Parish
Lea

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease	17. Spacing Unit dedicated to this well
1980'	**320.0**	**40**

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
None	TVD = 12500' **12,500'** MD = 19119'	NM 2836 3-24-08 DM

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3322' GR	**Upon approval**	**35-40 days**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name (Printed/Typed)	Date
	Tye Orr	3/12/08

Title
Authorized Agent (432) 682-4002

Approved by (Signature)	Name (Printed/Typed)	Date
/s/ Don Peterson	/s/ Don Peterson	JUN 25 2008
Title **FIELD MANAGER**	Office **CARLSBAD FIELD OFFICE**	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached. APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED
JUN 02 2008
HOBBS OCD

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

51131

SURFACE DAMAGE RELEASE AND
GRANT OF SURFACE EASEMENT

STATE OF NEW MEXICO)
) KNOW ALL MEN BY THESE PRESENTS:
COUNTYOF LEA)

WHEREAS, Dinwiddie Cattle Co., LLC of P.O. Box 963, Capitan, New Mexico 88316 ("Surface Owner"), is the owner of all right, title and interest in and to the surface of the following described lands located in Lea County, State of New Mexico, to-wit:

LEGAL DESCRIPTION: Section 35, of T25S-R33E, Lea County, NM

WHEREAS, ENDEAVOR ENERGY RESOURCES, L.P. ("Operator"), is the Operator of a certain oil and gas well, known as the Red Bull 35 Federal #1 (the "Well"), the drill site which is to be located on the above describe lands.

WHEREAS, Surface Owner and Operator desire to enter into an agreement for the payment of surface damages and the grant of an easement for ingress and egress relating to the drilling, completion and maintenance of the Well and an easement for the construction, operation and maintenance of a pipeline of pipelines to service the Well.

NOW THEREFORE, Surface Owner, for and in consideration of the sum of Ten Dollars and 00/100 ($10.00) and other good and valuable consideration paid by Operator, the receipt and sufficiency of which are hereby acknowledged, does hereby release, discharge and acquit Operator of all liability for damages to the surface of the above described lands arising from the clearing, use and conducting of operations on said lands as a well-drilling site, the setting of well and utility equipment and accessories, well completion, and the producing of oil, gas or other associated substances from the above described property.

RECEIVED
2008 OCT 02 AM
HOBBS OCD

Surface Owner hereby additionally establishes, declares, grants and conveys to Operator an unrestricted easement over and on the above described lands for any and all operations conducted on said lands reasonable and necessary in connection with the drilling, completion and maintenance of the Well. The operations and activities covered by this Grant of Surface Easement include, but are not limited to: (a) the right of ingress and egress to the above described lands; (b) the building, establishment and maintenance of roads, pads, tanks, pipelines, utility equipment, fences, fixtures, production equipment and reserve pits; and (c) any other activities reasonable and necessary in connection with oil and gas operations on the above described lands.

Surface Owner and Operator agree that Operator shall limit its use of the above described lands to an area of land 5.0 acres in size, more or less, surrounding or adjacent to the wellbore of the Well, and in addition thereto, a roadway for ingress and egress to the well site, as well as an easement for the construction, operation and maintenance of a pipeline or pipelines to service the Well. Said well site shall be at a location of the Operator's selection with due regard to the terrain and the current reasonable use of the land by the Surface Owner.

The Surface Owner and Operator further agree to the following special provisions:

1. Operator shall pay Surface Owner $7,500.00 total for location site and existing road to location.
2. Operator shall pay $30.00 per rod for new roads.
3. Operator shall pay $15.00 a rod for above ground flow lines and $40.00 per rod for buried flow lines, 4" lines or less.
4. Operator shall pay $15.00 per rod for power lines.
5. Operator shall pay $4.00 per yard for caliche.
6. Caliche payment is to cover all caliche used from the actual location site and the surface owner's caliche pit.

7. Caliche payment is to be paid 30 days from the completion of location and road.
8. Operator will fence off the pit area.
9. There shall be no fire arms on the location site.
10. Operator shall pick up all pipe collars to avoid injury to livestock.
11. Operator shall install "H-Braces and cattle guards if fences are cut.
12. Operator agrees to purchase water from Surface Owner at 0.80 cents per barrel.

The foregoing sets out the entire agreement between Surface Owner and Operator, and supersedes any prior oral or written agreements of negotiations not set out in writing herein or in the oil and gas lease covering the above described lands. No provisions of this agreement shall be modified, altered or waived except by written amendment executed by the parties or their representatives as set forth below.

This agreement shall be binding upon the successors and assigns of the parties hereto and shall be deemed to be a covenant running with the lands described above.

IN WITNESS WHEREOF, this instrument has been executed by the undersigned the 30th day of January, 2008.

SURFACE OWNER

Dinwiddie Cattle Co., LLC

By: Tommy Dinwiddie
Tommie Dinwiddie

TIN#: 85-6071332

OPERATOR

ENDEAVOR ENERGY RESOURCES, L.P.
By: Endeavor Petroleum, LLC
Its General Partner

By: Autry C. Stephens
Autry C. Stephens
Sole Member

STATE OF NEW MEXICO)
COUNTY OF ~~LEA~~ Chaves)

This instrument was acknowledged before me on Jan. 30th, 2008, by Tommie Dinwiddie.

LINDA J. DELGADO NOTARY PUBLIC STATE OF NEW MEXICO

Notary Public, State of New Mexico
Comm. exp. 2-18-09

STATE OF TEXAS)
)
COUNTYOF MIDLAND)

This instrument was acknowledged before me on January 31st, 2008, by Autry C. Stephens, Sole Member of Endeavor Petroleum, L.L.C., a Texas limited liability company, in its capacity as General partner of ENDEAVOR ENERGY RESOURCES, L.P., a Texas limited partnership, on behalf of said limited partnership.

Barbara Teague
Notary Public, State of Texas

BARBARA TEAGUE
NOTARY PUBLIC
STATE OF TEXAS
My Comm Expires 07-02-2008

51131

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

FEB 05 2008

at 10:33 o'clock A.M
and recorded in Book 1562
Page 990
Melinda Hughes, Lea County Clerk
By [illegible] Deputy

COUNTY CLERK SEAL LEA COUNTY, NEW MEXICO

RECEIVED

FEB 07 2008

HOBBS OCD

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

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JUN 02 2008
HOBBS OCD

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name

Property Code	Property Name	Well Number
	REDBULL "35" FEDERAL	1

OGRID No.	Operator Name	Elevation
	ENDEAVOR	3323'

Surface Location

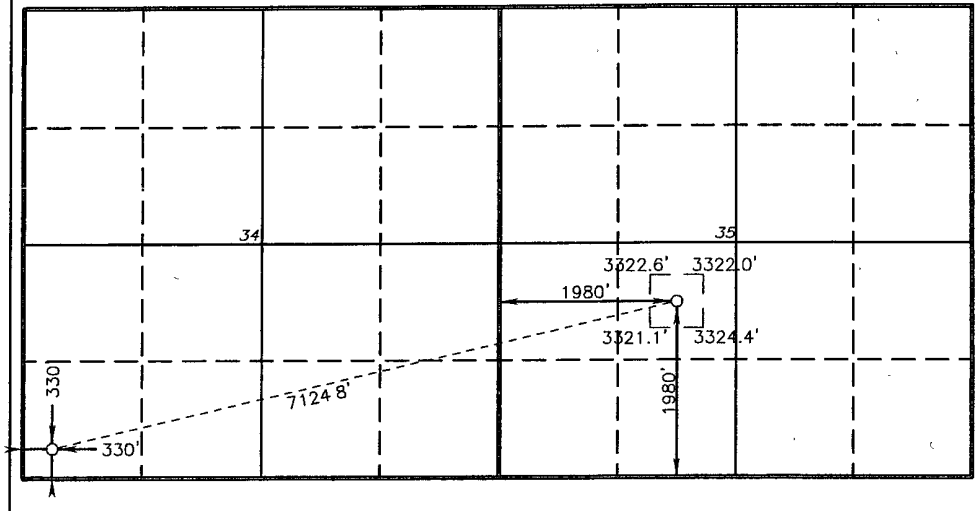
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	35	25 S	33 E		1980	SOUTH	1980	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	25 S	33 E		330	SOUTH	330	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



BOTTOM HOLE LOCATION
Lat – N32°04'50.4"
Long – W103°34'03.5"
SPC– N.: 393929.22
E.: 778484.83
(NAD–83)

SURFACE LOCATION
Lat – N32°05'06.65"
Long – W103°32'42.95"
SPC– N.: 395617.2
E.: 785406.8
(NAD–83)

1" = 2000'

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Nash J. Dowell 6-26-2008
Signature Date

Nash J. Dowell, Jr.
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

FEBRUARY 19, 2008
Date Surveyed

Signature & Seal of Professional Surveyor

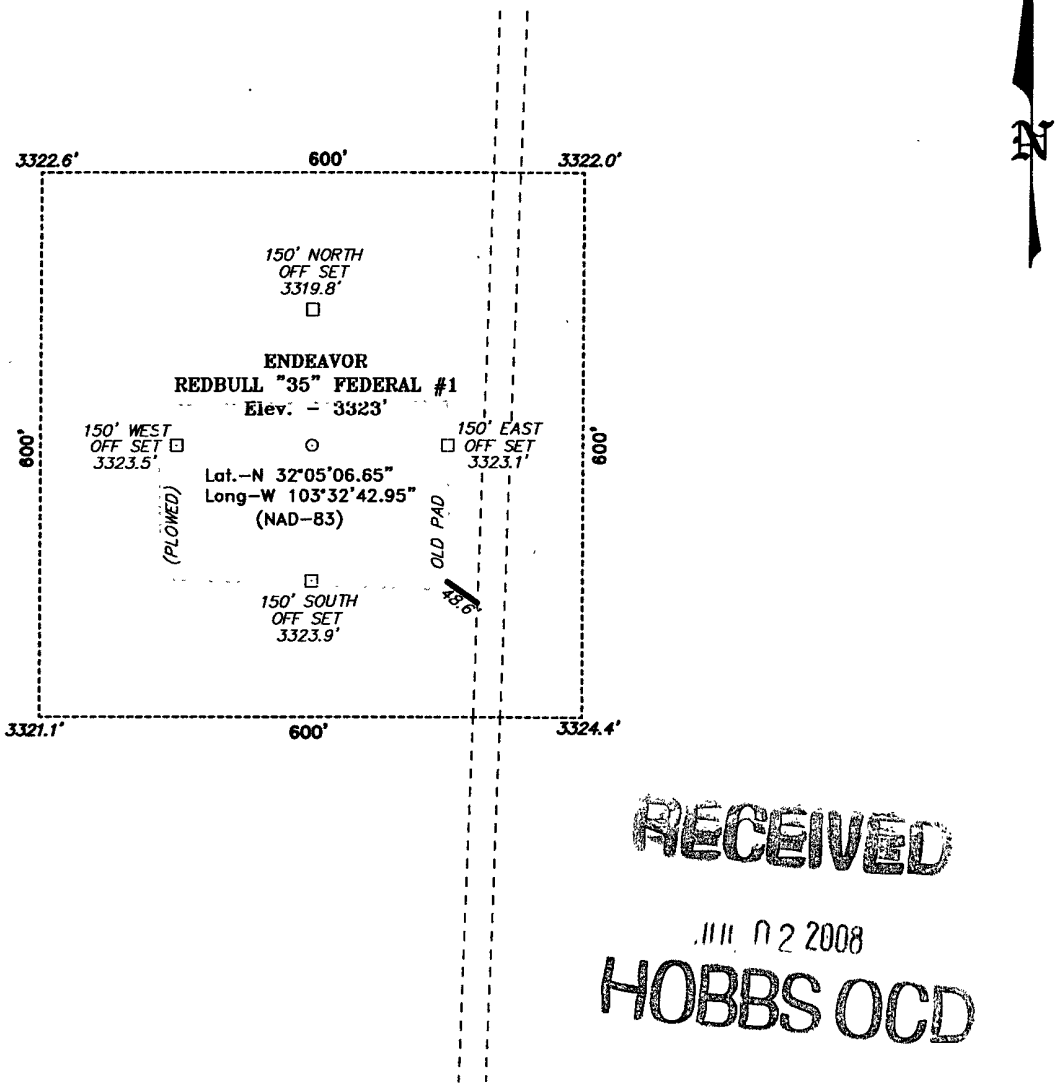
NEW MEXICO 7977 REGISTERED PROFESSIONAL LAND SURVEYOR

W.O.

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 35, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF STATE HWY 128 AND BATTLE AXE, GO SOUTHERLY ON BATTLE AXE FOR 13.6 MILES TO LEASE ROAD, ON LEASE ROAD GO NORTH WINDING EAST THENCE NORTH AGAIN FOR 1.5 MILES TO PROPOSED LEASE ROAD.

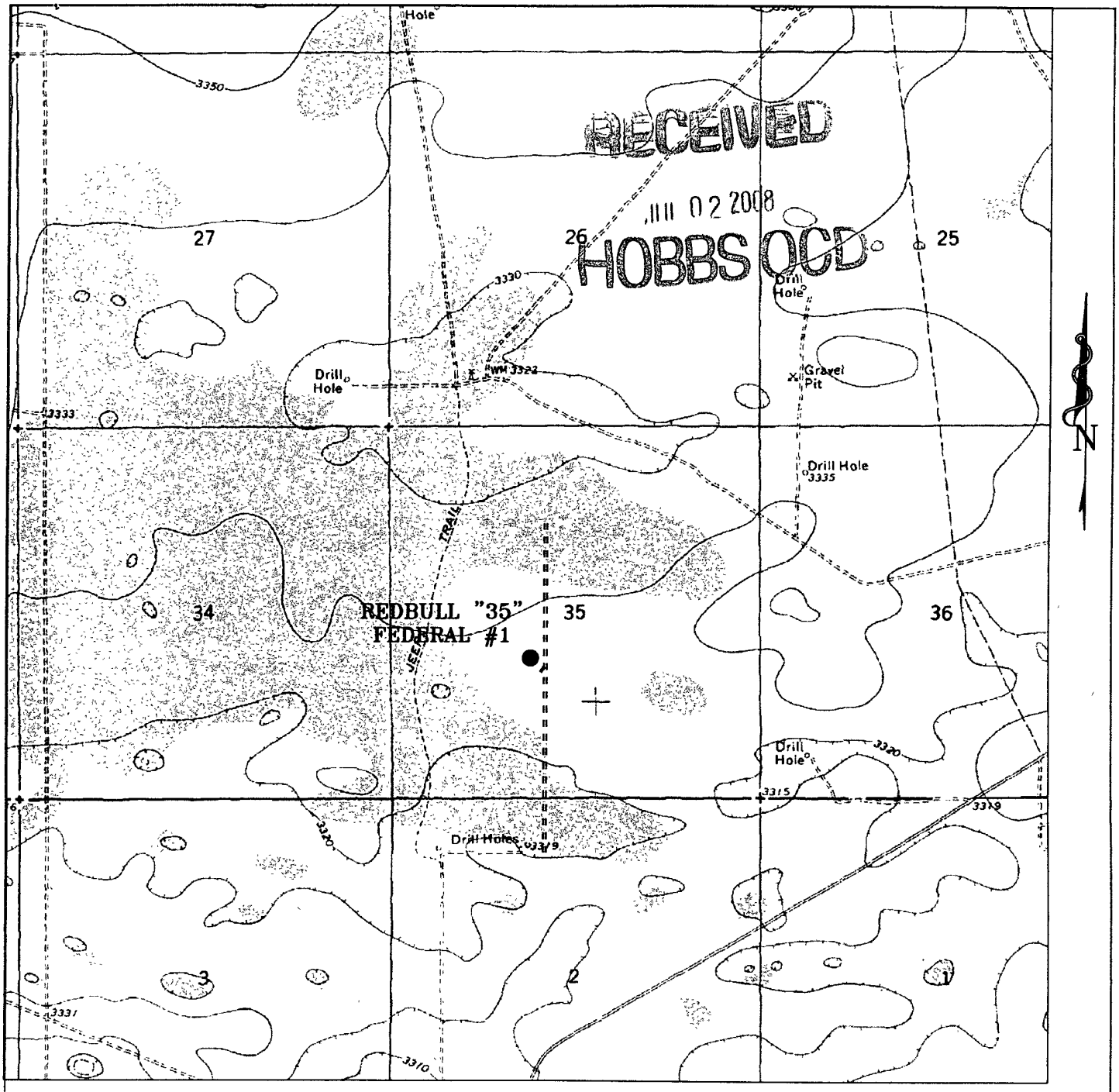
ENDEAVOR

REF: REDBULL "35" FEDERAL #1 / WELL PAD TOPO

THE REDBULL "35" FEDERAL #1 LOCATED 1980' FROM THE SOUTH LINE AND 1980' FROM THE WEST LINE OF SECTION 35, TOWNSHIP 25 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

W.O. Number: 19227	Drawn By: J. M. SMALL		
Date: 02-26-2008	Disk: 19227W JMS	Survey Date: 02-20-2008	Sheet 1 of 1 Sheets



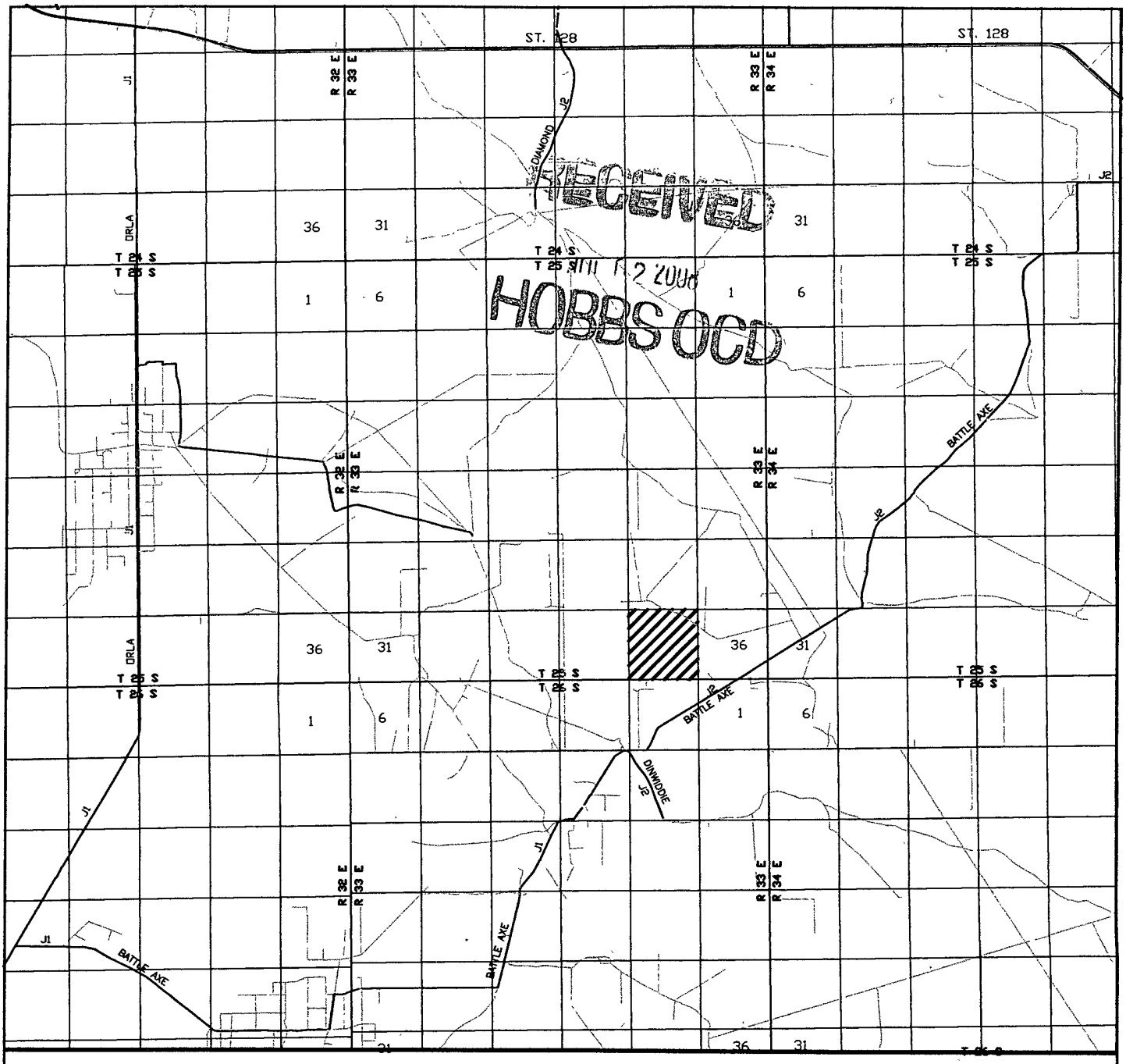
REDBULL "35" FEDERAL #1
Located at 1980' FSL AND 1980' FWL
Section 35, Township 25 South, Range 33 East,
N.M.P.M., Lea County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19227T
Survey Date:	02-20-2008
Scale:	1" = 2000'
Date:	02-26-2008

ENDEAVOR



REDBULL "35" FEDERAL #1
Located at 1980' FSL AND 1980' FWL
Section 35, Township 25 South, Range 33 East,
N.M.P.M., Lea County, New Mexico.

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P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	JMS 19227TR
Survey Date:	02-20-2008
Scale:	1" = 2 MILES
Date:	02-26-2008

ENDEAVOR

DRILLING PROGRAM

1. **Geologic Name of Surface Formation**
   a. Permian

2. **Estimated Tops of Geological Markers & Depths of Anticipated Fresh Water, Oil or Gas:**

a.	Upper Permian Sands	300'	Water
b.	Yates	540'	
c.	Capitan	925'	
d.	Delaware	2400'	Oil
e.	Bone Spring	4800'	Oil
f.	First Bone Spring Sand	6275'	Oil
g.	Second Bone Spring Sand	6940'	Oil
h.	Third Bone Spring Sand	8300'	Oil
i.	Wolfcamp	8825'	Gas
j.	Penn	9700'	Gas
k.	Strawn	10000'	Gas
l.	Atoka	10425'	Gas
m.	Morrow Clastics	10960'	Gas
n.	Lower Morrow	11250'	Gas
o.	Barnett Shale	11400'	Gas
p.	Total Depth	11600'	

No other formations are expected to yield oil, gas or fresh water in measurable volumes. The surface fresh water sands will be protected by setting 13 3/8" casing at 600' and circulating cement back to surface. Potash / fresh water sands will be protected by setting 9 5/8" casing at 2400' and circulating cement to surface. The Morrow intervals will be isolated by setting 5 ½" casing to total depth and circulating cement above the base of the 9 5/8" casing.

3. **Casing Program: I think the only thing lacking here is whether the new casing is new or used and the joint. You could put all the casing in this format and list the top two strings as existing under the new/used category. Provide safety factors for production casing.**

Hole Size	Depth	OD Csg	Weight	Collar	Grade	New/Used
17 1/2"	0' – 600'	13 3/8"	48#	ST&C	H-40	New
12 1/4"	0'– 2400'	9 5/8"	36#	LT&C	J-55	New
8 ¾"	**0' – 11600'**	**5 /12"**	**17#**	**LT&C**	**HCP110**	**New**

Safety factors: Burst 1.0 Collapse 1.125 Tension 1.8

4. Cement Program: (Note yields; and dv tool depths if multiple stages)

a.	13 3/8"	Surface	Show as existing with cement results.Cement to surface with 405SX 35:65 Poz C,2%CaCl,1/4pps Celloflake,6% Bentonite,12.8ppg Tail-250sx C,2%CaCl,1/4pps Celloflake 14.8ppg. ____ yield. _____ TOC.
b.	9 5/8"	Intermediate	Show as existing with cement results as known. Cement to surface with 200sx 35:65 Poz C,5% NaCl,1/4pps Celloflake,10pps LCM-1,6%Bentonie,12.7ppg. followed by 330sx 35:65 Poz C,5%NaCl,1/4pps Celloflake,6%Bentonite,12.7ppg ,Tail-250sx 60:40 Poz C,5%NaCl,0.5%Sodium Metasilicate,4%MPA-1,1/4pps Celloflake,13.8ppg, ____ yield, _____ TOC.
c.	5 1/2"	Production	**Need all specifics regarding cement. Comments in horizontal re-entry step 9 are confusing regarding cement as no sacks are mentioned for the lead and the cement yield of 2.79 seems light for the depth.** Cement with Stage 1: 863 sx 15:61:11 Poz C (CSE-2),3%KCl,0.75%EC-1,1/4pps Celloflake,0.4%CD-32,5ppsLCM-1,0.6%FL-25,0.6% FL-52A,0.1%Sodium Metasilicate,13.3ppg, DV @ 8000', Stage2:811sx 35:65 Poz C,6% Bentonite,0.5%FL-52A,3%NaCl,5ppsLCM-1,1/4 pps Celloflake,12.5ppg followed by 841 sx 60:40 Poz H,2% NaCL,0.75%BA-10,0.15%R-3, ¼ pps Celloflake,2pps KolSeal,4% MPA-1,13.8ppg, ____ yield, _____ TOC.

The above cement volumes could be revised pending the caliper measurement from the open hole logs. The top of cement is designed to reach approximately 500' above the 8 5/8" casing shoe.

5. Pressure Control Equipment:

The blowout preventor equipment (BOP) shown in Exhibit #1 will consist of a (5M system) double ram type (5000 psi WP) preventor and a bag-type (Hydril) preventor

(5000 psi WP) and rotating head. Both units will be hydraulically operated and the ram type preventor will be equipped with blind rams on top and 4 ½" drill pipe rams on bottom. The drilling head will be installed on the 13 3 8" surface casing and utilized continuously until total depth is reached. All BOP's and associated equipment will be tested to **1200 psi with the rig pump before drilling out the 13 3/8" casing shoe (70% of 48#, H-40 casing).** Prior to drilling out the 9 5 8" casing shoe, the BOP's and Hydril will be tested as per BLM Drilling Operations Order #2.

Pipe rams will be operated and checked each 24-hour period and each time the drill pipe is out of the hole. These functional tests will be documented on the daily drillers log. A 2" kill line and 3" choke line will be incorporated in the drilling spool below the ram-type BOP. Other accessory BOP equipment will include a Kelly cock, floor safety valve, choke lines and choke manifold having a 5000 psi WP rating.

6. Proposed Mud Circulation System

Depth	Mud Wt.	Visc	Fluid Loss	Type System
0' – 600'	8.4	32-40	NC	Fresh Water
600'– 2400'	8.4	29	NC	Fresh Water
2400'–8000'	8.5–9.3	29	NC	Cut Brine
8000'-9900'	9.3-10	29	NC	Cut Brine/Brine
9900'- 11600'	10-10.2	32-40	10-6	Brine/Polymer

The necessary mud products for weight addition and fluid loss control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment:

a. A Kelly cock will be in the drill string at all times.
b. A full opening drill pipe stabbing valve having the appropriate connections will be on the rig floor at all times.
c. Hydrogen Sulfide detection equipment will be in operation after drilling out the 13 3/8" casing shoe until the 5 1/2" casing is cemented. Breathing equipment will be on location upon drilling the 13 3/8" shoe until total depth is reached.

8. Logging, Coring, and Testing Program:

a. Drill stem tests will be based on geological sample shows.
b. The open hole electrical logging program will be:
   i. Total Depth to Intermediate Casing: Dual Laterolog-Micro Laterolog with SP and Gamma Ray. Compensated Neutron - Z Density log with Gamma Ray and Caliper.
   ii. Total Depth to Surface: Compensated Neutron with Gamma Ray

iii. No coring program is planned
iv. Additional testing will be initiated subsequent to setting the 5 ½" production casing. Specific intervals will be targeted based on log evaluation, geological sample shows and drill stem tests.

9. Potential Hazards:

a. No abnormal pressures or temperatures are expected. There is no known presence of H2S in this area. If H2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6 No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 4700 psi and Estimated BHT 180°. No H2S is anticipated to be encountered.

10. Anticipated Starting Date and Duration of Operations:

a. Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operations and drilling is expected to take 32 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flow lines in order to place well on production.

ENDEAVOR ENERGY RESOURCES, LP
110 N. Marienfeld St., Suite 200
Midland, TX 79701
Rev. 6: May 9, 2008

Horizontal Re-Entry Procedure
Red Bull 35 Federal #1

API# 30-025-34015
Formerly: Chambers 35 Fed. #1 (Pioneer Nat'l Resources)

Driving Directions: From Jal, NM: go W on hwy 128 +/-30 mi, turn L (at EOG Field Office) on Diamond Ranch Rd go +/-13 mi SW, turn R go W into location.

Surface Location: 1980 ft from S line & 1980 ft from W line (UL "K") of Sec. 35, T-25S, R-33E, Lea Co., NM

Permitted BHL: 330 ft from S line & 330 ft from W line (UL "M") of Sec. 34...

FORMATION TOPS:

Elevation: 3323 ft GL

Formation	Top	Base	Comments
8-5/8" casing shoe	*5050*		
Delaware	5090		Hydrocarbons expected.
Canyon	6300		Hydrocarbons expected.
Bone Spring lime	9450		Hydrocarbons expected.
3rd Bone Spring sand	12,140		Hydrocarbons expected.
Wolfcamp	12,260		Hydrocarbons expected.
Original TD	*12,495*		

DIRECTIONAL PLAN: Preliminary planning depths – will be revised after gyro.

Critical Point	Hole Size	MD	TVD	Vertical Section	Incl.	Build Rate	Comments
Start Curve	7-7/8"		11,625				
End of curve	7-7/8"	12,530	12,200	575		10	
PBHL	7-7/8"	19,080		7125			

EXISTING CASING:

Hole	Depth (ft)	Casing	Weight	Grade	COMMENT
26"	40' below GL	20"			Conductor
14-3/4"	Surf – 975	11-3/4"	42	H40	Circ 164 sx to surface.
11"	Surf – 5050	8-5/8"	32	J55 & HCK55	Cmt'd w/ 400 sx. TOC unknown. Burst rating = 3930 psi
7-7/8"	5050 – 12,495	Open Hole			See plugs below

PROPOSED CASING & CEMENTING PROGRAM:

Hole	Depth	Casing	Weight	Grade	Conn.	COMMENT
7-7/8"	Surf – TD	5-1/2"	17	P110	~~LT&C~~ UltraFJ	New casing. UltraFJ below KOP at ~11,600'. LT&C above.

See COA

Casing forces are estimated as follows:

- Collapse force of 5710 psi (9.0 MW at 12,200' TVD)
  - 5-1/2" 17# P110 collapse rating = 8580 psi (1.50 SF)
- Burst force of 5710 psi (9.0 MW at 12,200' TVD)
  - 5-1/2" 17# P110 burst rating = 10,640 psi (1.86 SF)
- Tension force of 207.4k lb in air (12,200' TVD x 17#), 178.9k lb in 9.0 ppg mud
  - 5-1/2" 17# ~~LT&C~~ joint strength = 445k lb (2.15 SF in air, 2.49 in 9.0 MW)

See COA

Cement 5-1/2" casing as follows:

Lead cement: 595 sx 50/50/10 Poz/H/gel (11.8 ppg, 2.5 cu ft/sk)
Interval: From 12,000' to 4,850' (200 ft into prev casing). Gauge hole (1239 cu ft) + 20% excess
Est. BHST at 4850' = 114°F.

Tail cement: 870 sx 50/50/2 Poz/H/gel + 50% D151 $CaCO_3$ (acid soluble cement) + fluid loss additive + retarder (14.8 ppg, 1.69 cu ft/sk)
Interval: From casing shoe (+/-19,080) to 12,000'. Gauge hole (1227 cu ft) + 20% excess.
WOC: 500 psi compressive strength in 12 hrs.
Est BHST at 12,200' TVD = 170°F.

Note: If TD is called earlier, tail volume will be proportionally reduced (min cement volume = gauge hole + 20% excess).

EXISTING PLUGS:

	Top (ft)	Bottom (ft)	Set in:	Comments
6	Surf	60	8-5/8" csg	10 sx H at 15.6 ppg (1.18 cu ft/sk)
5		1100	8-5/8" csg	Perf'd at 1100', circ behind 8-5/8" csg.
4	4982' (tagged)	5100	8-5/8" csg & 7-7/8" hole	150 sx.
3		9330	7-7/8" hole	100 sx

Below proposed KOP:

	Top (ft)	Bottom (ft)	Set in:	Comments
2		11,750	7-7/8" hole	200 sx
1		12,100	7-7/8" hole	100 sx

MUD PROGRAM:

Depth	Hole	MW	Vis.	WL	Synopsis
Surf – 5050	8-5/8" casing	8.4	28	N/A	Drill cement plugs inside casing with fresh water.
5050 - KOP	7-7/8"	8.4 – 8.6	28-30	N/A	Fresh water mud. Gel for vis. Add weight as req'd to hold back shale.
11,625 (KOP) - TD	7-7/8"	8.6-9.0	30-35	10-20	Add wt with brine. XC polymer mud-up prior to lateral.

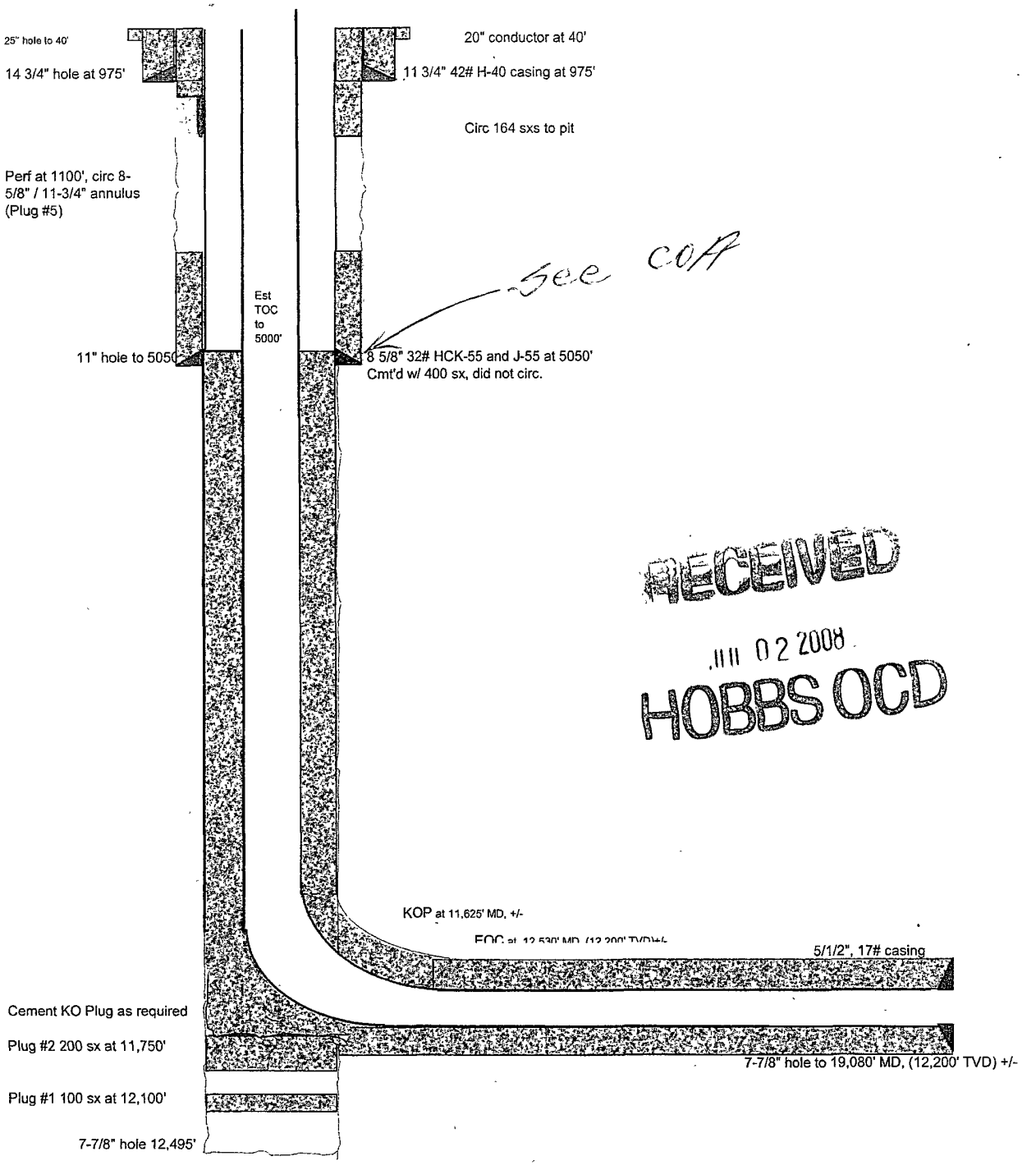
Logging: none

Horizontal Re-Entry Procedure

1. MIRU pulling unit.
2. Anticipated pressures:
   - Max anticipated BHP = 9.0 ppg MW at 12,200' TVD (5710 psi)
     - Minus 0.22 psi/ft = 3026 psi
   - 8-5/8" 32# J55 casing burst rating = 3930 psi
     - 70% = 2750 psi
3. Weld on 11" 5M x 8-5/8" SOW wellhead. Nipple up & test BOP.
4. Pick up 7-7/8" bit, 3-1/8" (or larger) DC's and 2-7/8" tubing. Drill out plugs as follows circulating fresh water:
   a. Plug #6 (60' to surface).
   b. Plug #5 (circulated thru squeeze holes at 1100').
   c. Tag plug #4 (tagged at 4982'). Pressure test casing (and squeezed perforations at 1100') to 1500 psi.
5. RDMO pulling unit. Nipple up capping flange.
6. MIRU drilling rig. Nipple up & test BOP.
7. Pick up 7-7/8" bit, 6" DC's and 4-1/2" DP. Drill plug #4 (prev. tagged in step 3c.) and plug #3 (set at 9330') circulating mud.
8. Tag plug #2 (set at 11,750'). Spot cement kick-off plug as required.
9. Dress cement plug, sidetrack hole with directional tools. Drill 7-7/8" curve and lateral circulating fresh water / cut brine mud.
10. Run and cement 5-1/2" production casing.
11. RDMO drilling rig.

Red Bull 35 Federal #1
As Planned
4/15/2008
API# 30-025-34015

Surface Location1980' FSL & 1900' FWL (UL "K") Sec 35 BLK T-25-S & R-33-E, Lea Co , New Mex.



Chamber 35 Federal #1
As Is
4/15/2008

API# 30-025-34015

Surface Location1980' FSL & 1 | Plug #6 Surf - 60' (10 sx) | 35 BLK T-25-S & R-33-E, Lea Co., New Mex.

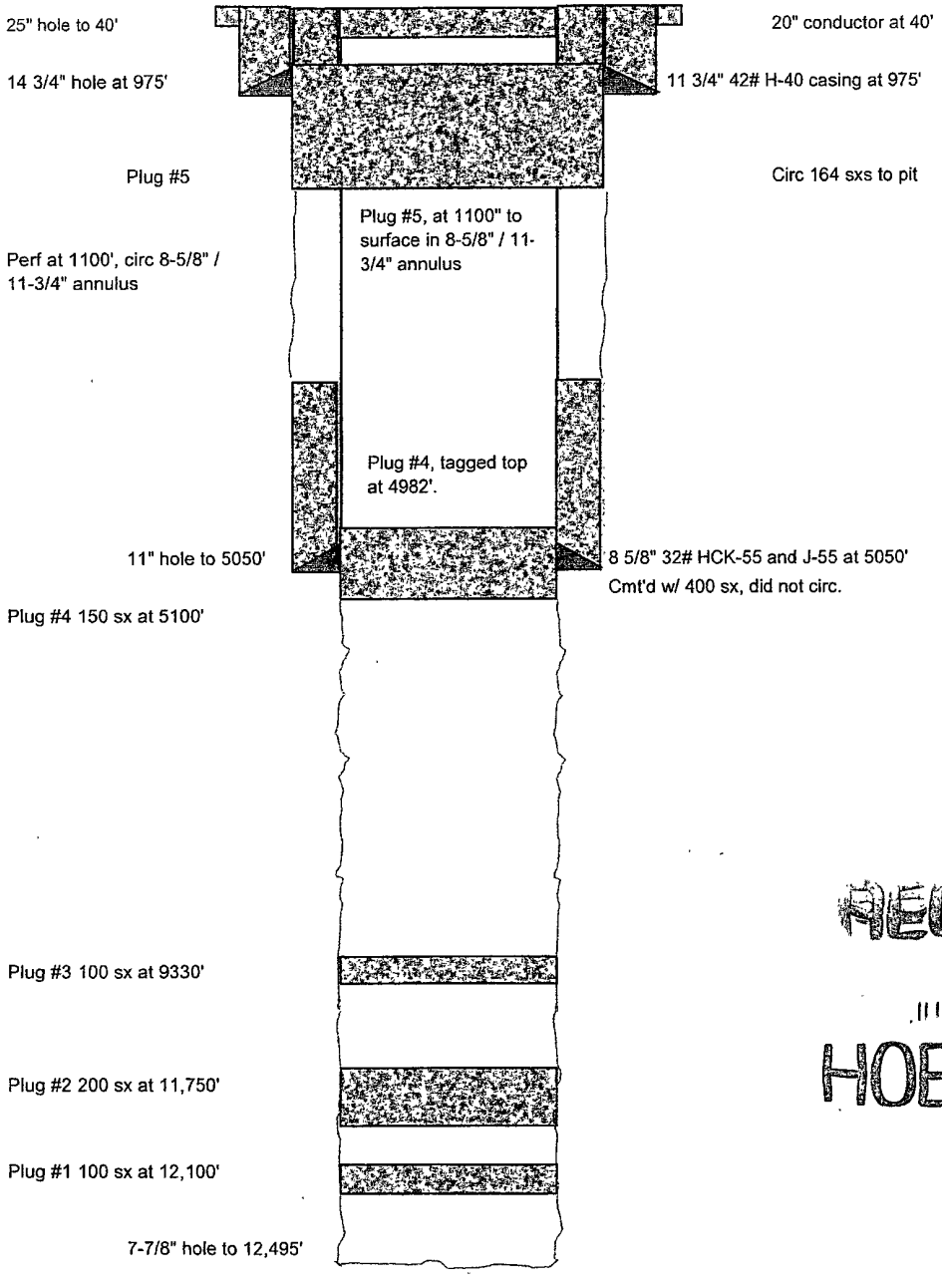


EXHIBIT "A-2"
Well Location
(Section 35, T-25-S, R-33-E, Lea County, New Mexico)

1980' FSL & 1980' FWL

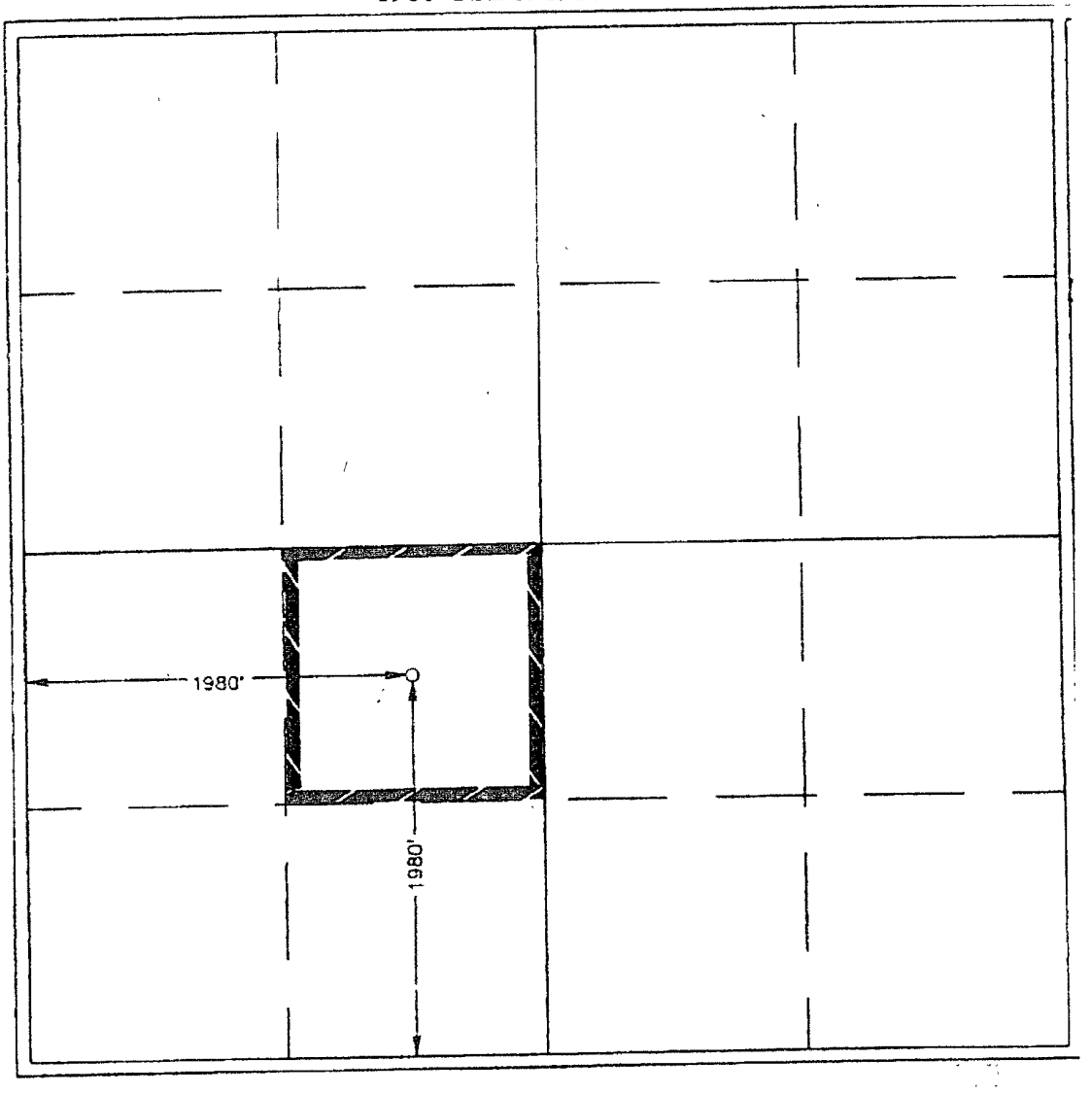
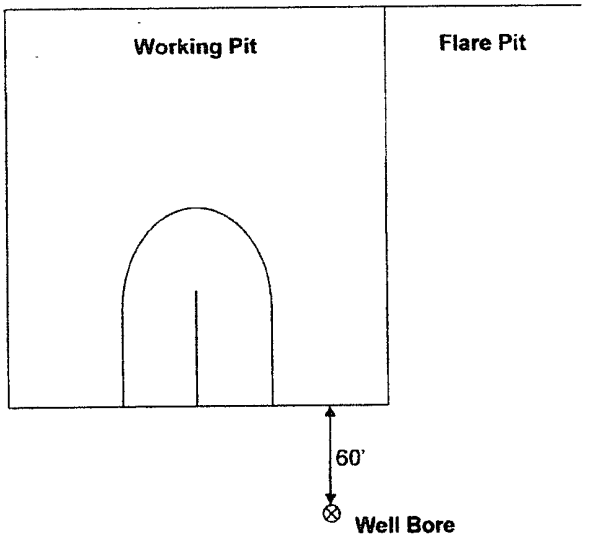


EXHIBIT "A-3"
Pit and Equipment Diagram

The reserve pit will be to the North. The Southeast corner of the pit will be approximately 40' North of the well bore. The pit will be 60' x 60' and 3' deep with a capacity of 2,000 bbls.



WELLHEAD:

Existing: Cut off casing.

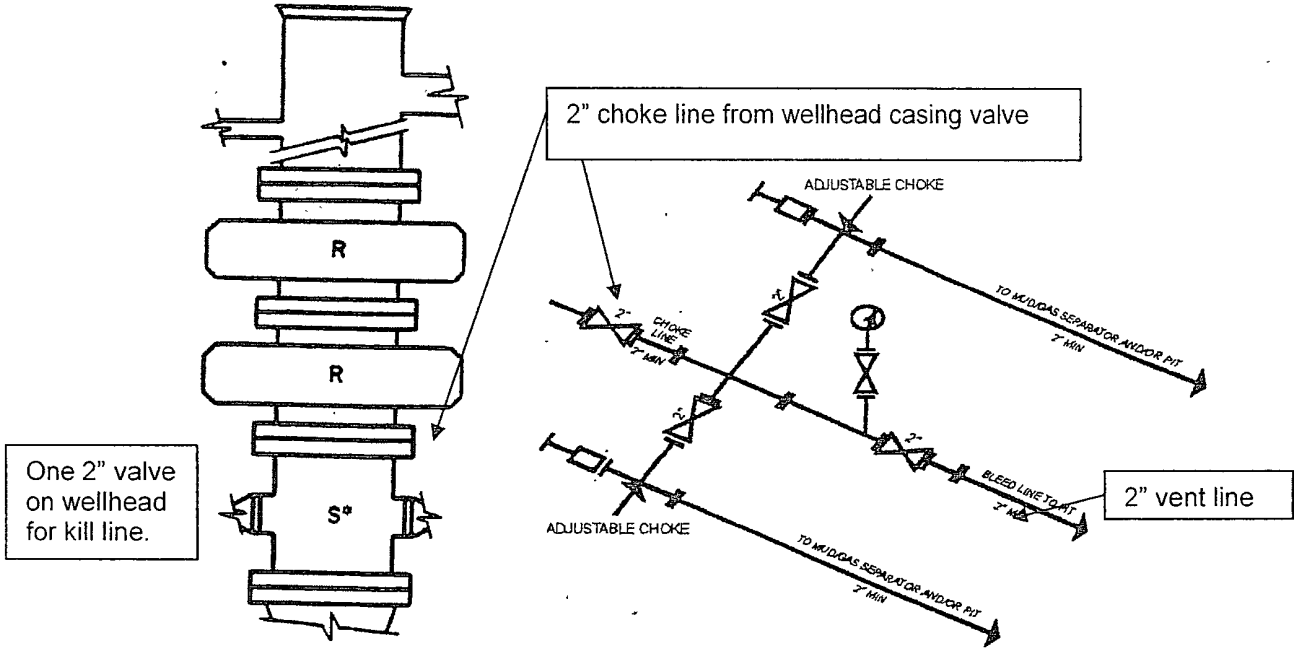
Proposed:

---------- Ground Level ----------

'A' Section: 11" 5M x 8-5/8" SOW starting head
- One 2-1/16" 5M valve on both outlets

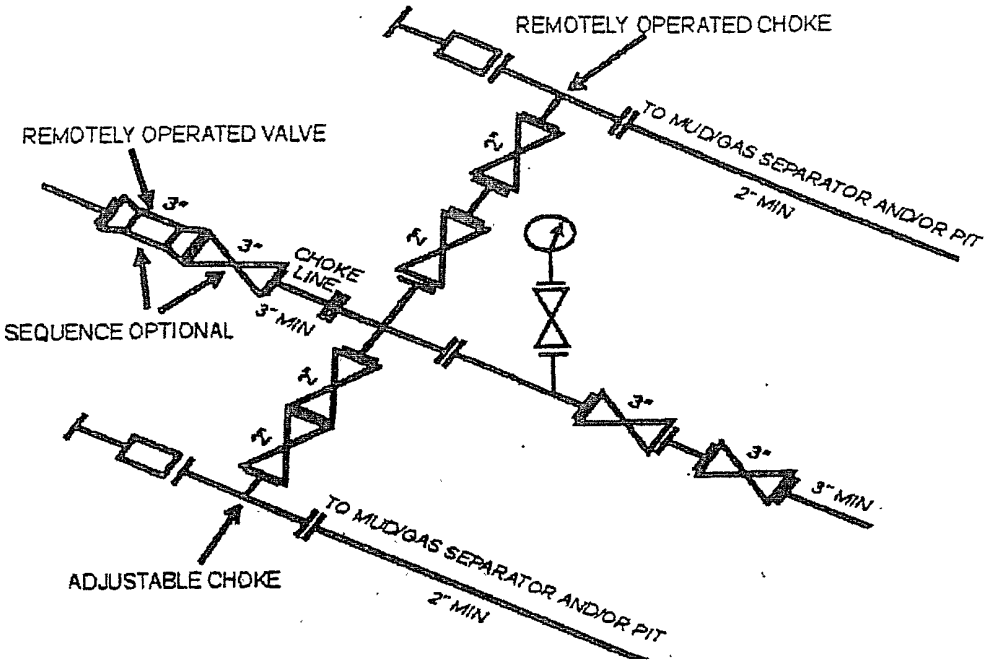
BOP'S: Pulling Unit

11" 3M double BOP and 2" manifold



Blind rams and pipe rams. Test rams to 3,000 psi. Rams will be functioned on each trip (not more than once per day). BOP drills will be performed weekly with each crew.

BOP'S: Drilling Rig
11" 5M hydraulic double BOP and choke manifold



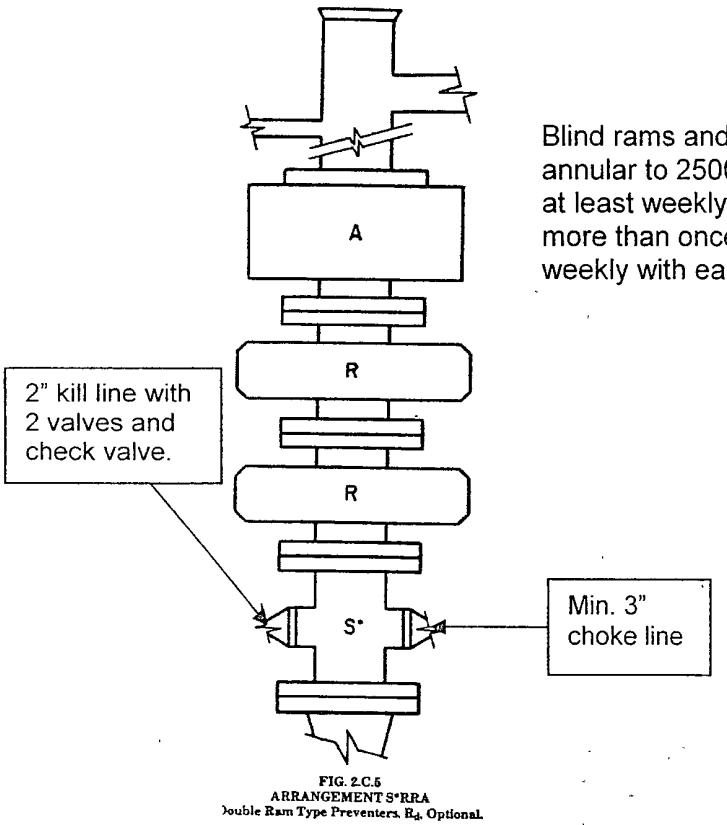


FIG. 2.C.5
ARRANGEMENT S"RRA
Double Ram Type Preventers, Rd. Optional

Blind rams and pipe rams. Test rams to 5,000 psi. Test annular to 2500 psi. Annular preventer will be functioned at least weekly. Rams will be functioned on each trip (not more than once per day). BOP drills will be performed weekly with each crew.

BC Operating, Inc.

Chambers "35" Federal #1 (Existing)

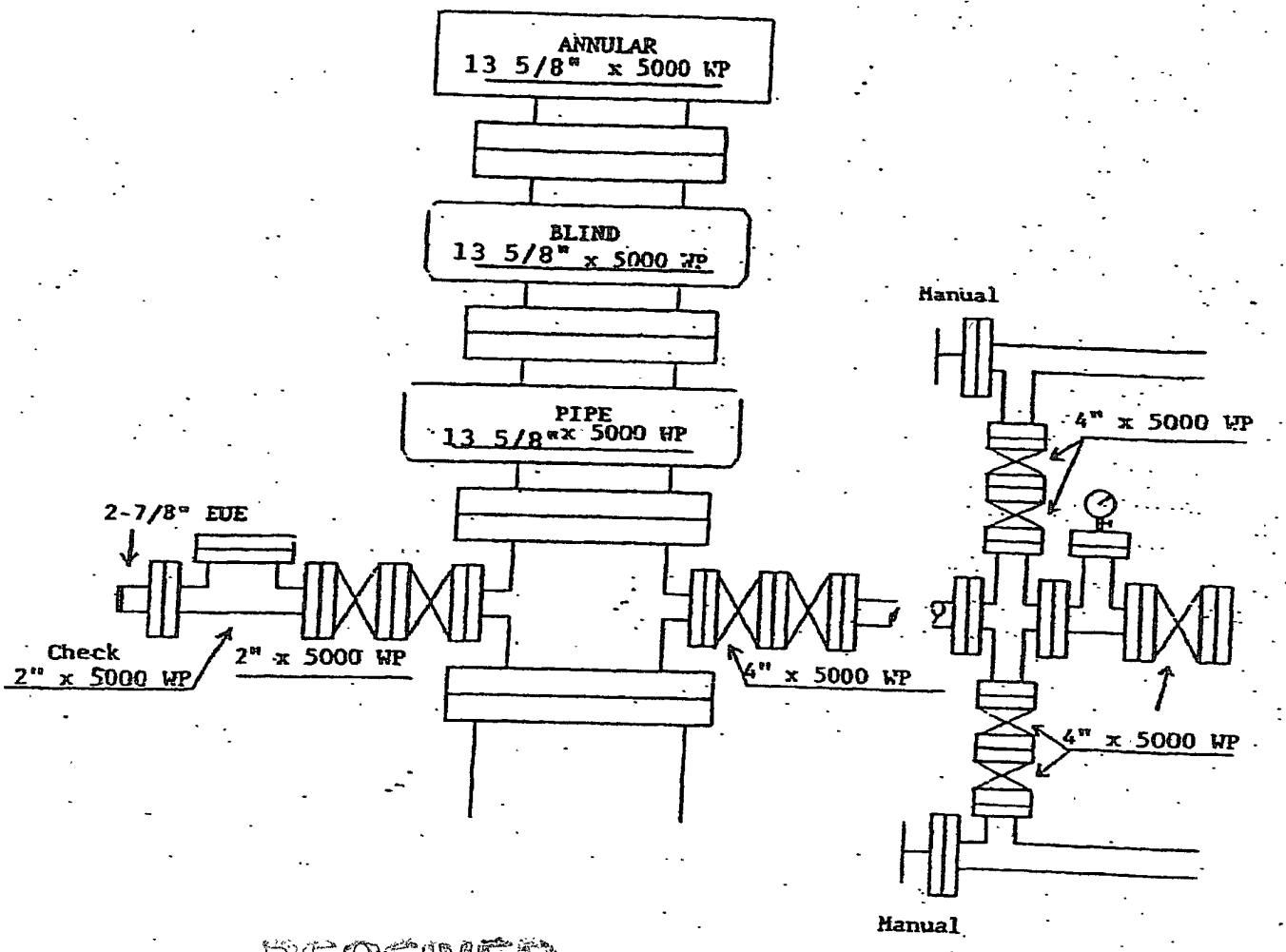
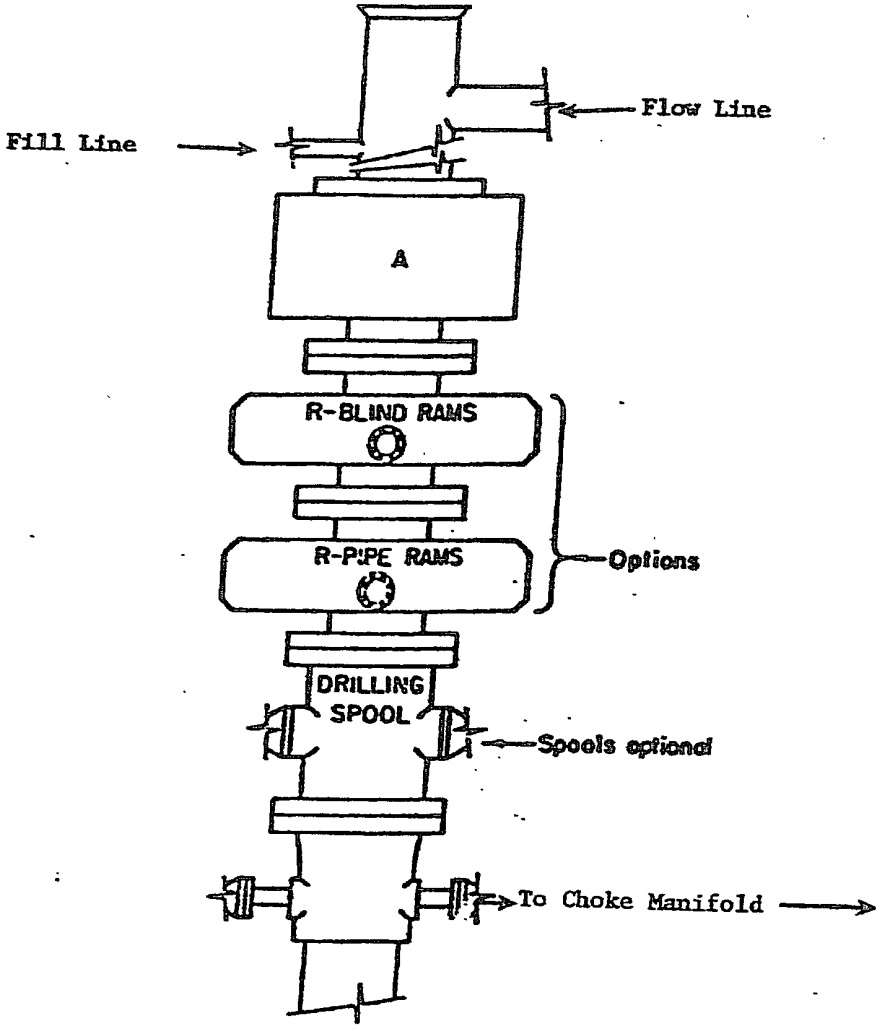


Exhibit 1

(Existing)



ARRANGEMENT SRRA

1500 Series

5000# Working Pressure

EXHIBIT "E"
B.O.P. SKETCH TO BE USED ON
BC Operating, Inc.
CHAMBERS "35" FEDERAL #1
UNIT "K" SECTION 35
T24S-R33E LEA CO. NM

Proposal

Report Date:	February 6, 2008	Survey / DLS Computation Method:	Minimum Curvature / Lubinski
Client:	Endeavor	Vertical Section Azimuth:	256.610°
Field:	Lea County, NM NAD 83	Vertical Section Origin:	N 0.000 ft, E 0.000 ft
Structure / Slot:	Red Bull 35 Federal #1 / Red Bull 35 Federal #1	TVD Reference Datum:	RKB
Well:	Red Bull 35 Federal #1	TVD Reference Elevation:	0 0 ft relative to
Borehole:	Red Bull 35 Federal #1	Sea Bed / Ground Level Elevation:	0.000 ft relative to
UWI/API#:		Magnetic Declination:	7 949°
Survey Name / Date:	Red Bull 35 Federal #1_r1 / February 6, 2008	Total Field Strength:	49366.251 nT
Tort / AHD / DDI / ERD ratio:	90 000° / 7123.73 ft / 6.002 / 0 584	Magnetic Dip:	60.842°
Grid Coordinate System:	NAD83 New Mexico State Planes, Eastern Zone, US Feet	Declination Date:	February 06, 2008
Location Lat/Long:	N 32 47 44.736, W 103 24 54 324	Magnetic Declination Model:	IGRF 2005
Location Grid N/E Y/X:	N 654454.610 ftUS, E 823501.214 ftUS	North Reference:	Grid North
Grid Convergence Angle:	+0.49739335°	Total Corr Mag North -> Grid North:	+7 452°
Grid Scale Factor:	1 00000027	Local Coordinates Referenced To:	Well Head

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Mag / Grav Tool Face (deg)	Build Rate (deg/100 ft)	Walk Rate (deg/100 ft)
Tie-In	0.00	0.00	256.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	100.00	0.00	256.61	100.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	200.00	0.00	256.61	200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	300.00	0.00	256.61	300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	400.00	0.00	256.61	400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	500.00	0.00	256.61	500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	600.00	0.00	256.61	600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	700.00	0.00	256.61	700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	800.00	0.00	256.61	800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	900.00	0.00	256.61	900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1000.00	0.00	256.61	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1100.00	0.00	256.61	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1200.00	0.00	256.61	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1300.00	0.00	256.61	1300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1400.00	0.00	256.61	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1500.00	0.00	256.61	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1600.00	0.00	256.61	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1700.00	0.00	256.61	1700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	1800.00	0.00	256.61	1800.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	1900.00	0.00	256.61	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2000.00	0.00	256.61	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2100.00	0.00	256.61	2100.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2200.00	0.00	256.61	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2300.00	0.00	256.61	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2400.00	0.00	256.61	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2500.00	0.00	256.61	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2600.00	0.00	256.61	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2700.00	0.00	256.61	2700.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	2800.00	0.00	256.61	2800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	2900.00	0.00	256.61	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3000.00	0.00	256.61	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3100.00	0.00	256.61	3100.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	3200.00	0.00	256.61	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3300.00	0.00	256.61	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3400.00	0.00	256.61	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3500.00	0 00	256.61	3500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3600.00	0.00	256.61	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3700.00	0.00	256.61	3700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3800.00	0.00	256.61	3800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	3900 00	0.00	256.61	3900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	4000.00	0.00	256.61	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Mag / Grav Tool Face (deg)	Build Rate (deg/100 ft)	Walk Rate (deg/100 ft)
	4100.00	0.00	256.61	4100.00	0 00	0 00	0.00	0.00	0.00	0 00	---	0.00	0.00
	4200.00	0 00	256.61	4200.00	0.00	0.00	0.00	0 00	0.00	0.00	---	0.00	0 00
	4300.00	0 00	256.61	4300.00	0.00	0.00	0.00	0 00	0.00	0.00	---	0.00	0.00
	4400.00	0.00	256.61	4400 00	0.00	0 00	0 00	0 00	0 00	0.00	---	0 00	0.00
	4500.00	0.00	256.61	4500.00	0.00	0.00	0.00	0 00	0 00	0.00	---	0 00	0.00
	4600.00	0.00	256.61	4600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0 00
	4700.00	0.00	256.61	4700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	4800 00	0.00	256.61	4800.00	0.00	0.00	0.00	0 00	0.00	0.00	---	0.00	0 00
	4900.00	0.00	256.61	4900.00	0.00	0 00	0.00	0.00	0.00	0 00	---	0 00	0 00
	5000 00	0 00	256.61	5000.00	0 00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	5100.00	0.00	256.61	5100.00	0.00	0 00	0 00	0.00	0.00	0.00	---	0 00	0.00
	5200.00	0 00	256.61	5200.00	0 00	0 00	0.00	0.00	0.00	0.00	---	0 00	0.00
	5300.00	0.00	256.61	5300.00	0.00	0.00	0 00	0.00	0.00	0.00	---	0.00	0.00
	5400.00	0.00	256.61	5400.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0 00	0.00
	5500.00	0.00	256.61	5500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	5600.00	0.00	256.61	5600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0 00	0.00
	5700.00	0.00	256 61	5700.00	0.00	0.00	0 00	0.00	0.00	0.00	---	0.00	0.00
	5800.00	0.00	256.61	5800.00	0.00	0.00	0 00	0.00	0.00	0.00	---	0.00	0.00
	5900.00	0.00	256.61	5900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0 00	0.00
	6000 00	0.00	256.61	6000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	6100.00	0.00	256.61	6100.00	0.00	0 00	0.00	0 00	0.00	0.00	---	0.00	0 00
	6200.00	0.00	256.61	6200.00	0.00	0.00	0.00	0 00	0.00	0.00	---	0.00	0.00
	6300.00	0.00	256.61	6300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	6400.00	0.00	256.61	6400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	6500.00	0.00	256.61	6500.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0 00
	6600.00	0.00	256.61	6600.00	0.00	0 00	0 00	0.00	0.00	0.00	---	0 00	0.00
	6700.00	0.00	256.61	6700.00	0 00	0.00	0.00	0 00	0 00	0.00	---	0.00	0.00
	6800.00	0.00	256.61	6800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	6900.00	0.00	256.61	6900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7000.00	0 00	256.61	7000.00	0.00	0 00	0.00	0 00	0.00	0.00	---	0.00	0.00
	7100.00	0.00	256.61	7100.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7200.00	0.00	256.61	7200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7300.00	0.00	256 61	7300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7400.00	0.00	256.61	7400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0 00	0.00
	7500.00	0.00	256.61	7500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7600.00	0.00	256.61	7600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0 00
	7700.00	0.00	256.61	7700.00	0.00	0.00	0.00	0 00	0.00	0 00	---	0.00	0.00
	7800.00	0.00	256.61	7800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	7900.00	0.00	256.61	7900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0 00
	8000.00	0.00	256.61	8000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8100.00	0.00	256.61	8100.00	0.00	0.00	0.00	0 00	0.00	0 00	---	0.00	0.00
	8200.00	0.00	256.61	8200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8300.00	0.00	256.61	8300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8400.00	0.00	256.61	8400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8500.00	0.00	256.61	8500.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	8600.00	0.00	256.61	8600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8700.00	0.00	256.61	8700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	8800.00	0.00	256.61	8800.00	0.00	0.00	0.00	0.00	0.00	0 00	---	0.00	0.00
	8900.00	0.00	256.61	8900.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9000.00	0.00	256.61	9000.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9100.00	0.00	256.61	9100.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9200.00	0.00	256.61	9200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9300.00	0.00	256.61	9300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9400.00	0.00	256.61	9400.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9500.00	0.00	256.61	9500.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9600.00	0.00	256.61	9600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9700.00	0.00	256.61	9700.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	9800.00	0.00	256.61	9800.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00

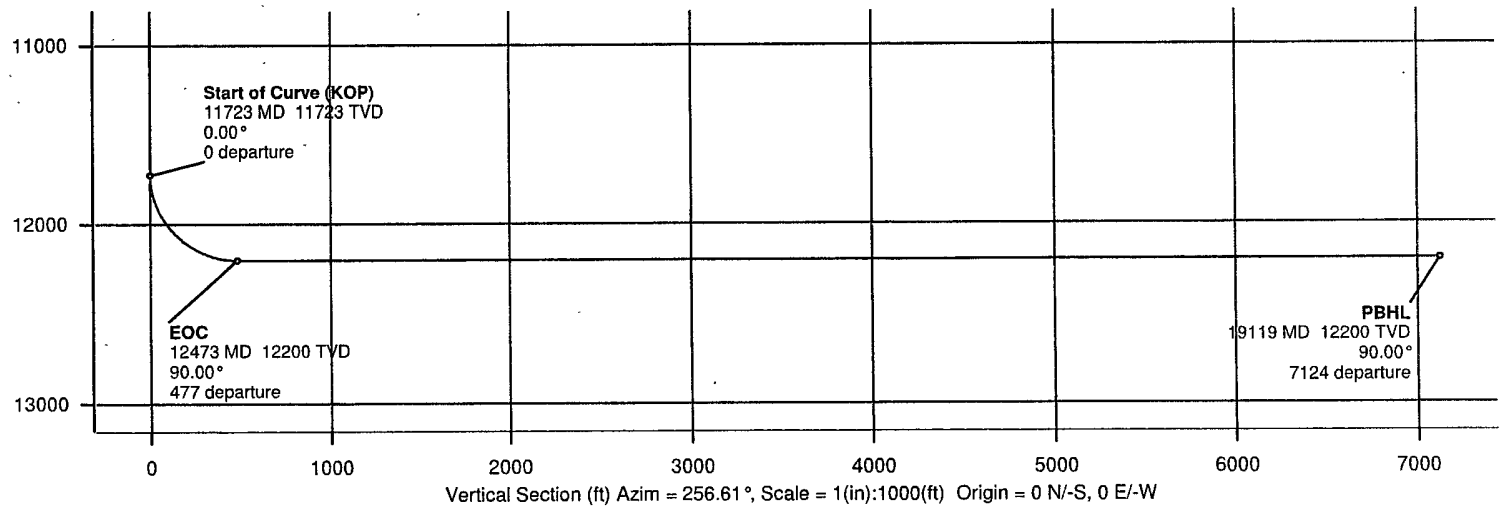
Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Mag / Grav Tool Face (deg)	Build Rate (deg/100 ft)	Walk Rate (deg/100 ft)
	9900 00	0.00	256 61	9900.00	0.00	0 00	0.00	0.00	0 00	0 00	---	0 00	0.00
	10000.00	0.00	256.61	10000.00	0.00	0.00	0 00	0 00	0 00	0.00	---	0 00	0.00
	10100.00	0.00	256.61	10100.00	0.00	0.00	0.00	0.00	0.00	0 00	---	0 00	0.00
	10200.00	0.00	256.61	10200.00	0.00	0.00	0 00	0 00	0 00	0.00	---	0.00	0.00
	10300 00	0 00	256.61	10300.00	0.00	0 00	0 00	0.00	0.00	0.00	---	0.00	0.00
	10400.00	0.00	256.61	10400.00	0.00	0.00	0.00	0.00	0.00	0 00	---	0.00	0.00
	10500.00	0 00	256 61	10500.00	0.00	0.00	0.00	0.00	0.00	0 00	---	0 00	0 00
	10600.00	0.00	256.61	10600.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0 00	0.00
	10700.00	0.00	256.61	10700.00	0 00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	10800 00	0.00	256.61	10800.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0 00
	10900.00	0.00	256.61	10900.00	0.00	0.00	0.00	0 00	0 00	0.00	---	0 00	0 00
	11000.00	0.00	256.61	11000.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0 00	0.00
	11100.00	0 00	256.61	11100.00	0.00	0 00	0.00	0.00	0.00	0.00	---	0.00	0.00
	11200.00	0.00	256.61	11200.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	11300.00	0.00	256.61	11300.00	0.00	0.00	0.00	0.00	0.00	0.00	---	0.00	0.00
	11400.00	0.00	256.61	11400.00	0 00	0.00	0.00	0.00	0.00	0.00	---	0 00	0.00
	11500.00	0.00	256.61	11500.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
	11600 00	0.00	256.61	11600.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0 00	0.00
	11700 00	0.00	256.61	11700.00	0.00	0.00	0.00	0.00	0 00	0.00	---	0.00	0.00
Start of Curve (KOP)	11722.54	0.00	256.61	11722.54	0.00	0.00	0.00	0.00	0.00	0.00	256.61M	0.00	0.00
	11800.00	9 30	256.61	11799.66	6.27	-1 45	-6.10	6.27	256.61	12.00	HS	12 00	0.00
	11900.00	21.30	256.61	11895.94	32.60	-7.55	-31.72	32.60	256.61	12.00	HS	12.00	0.00
	12000.00	33.30	256.61	11984.64	78.38	-18.15	-76.25	78.38	256.61	12.00	HS	12.00	0.00
	12100.00	45.30	256.61	12061.89	141.59	-32.80	-137.74	141.59	256.61	12.00	HS	12 00	0 00
	12200.00	57.30	256.61	12124.31	219.49	-50.84	-213.52	219.49	256.61	12.00	HS	12.00	0.00
	12300.00	69.30	256.61	12169.16	308.66	-71 49	-300.27	308.66	256.61	12.00	HS	12.00	0.00
	12400.00	81.30	256.61	12194.50	405.21	-93.85	-394.19	405.21	256.61	12.00	HS	12.00	0.00
EOC	12472.54	90 00	256.61	12200.00	477.46	-110.59	-464.48	477.46	256.61	12.00	---	12.00	0.00
	12500.00	90.00	256.61	12200.00	504.93	-116.95	-491.20	504.93	256.61	0.00	---	0.00	0.00
	12600 00	90.00	256.61	12200.00	604.93	-140.11	-588.48	604.93	256.61	0.00	---	0.00	0.00
	12700.00	90.00	256.61	12200.00	704.93	-163.28	-685.76	704.93	256.61	0.00	---	0.00	0.00
	12800.00	90.00	256.61	12200.00	804.93	-186.44	-783.04	804.93	256.61	0.00	---	0 00	0.00
	12900.00	90.00	256.61	12200.00	904.93	-209.60	-880.32	904.93	256.61	0 00	---	0.00	0.00
	13000.00	90.00	256.61	12200.00	1004.93	-232.76	-977.60	1004.93	256.61	0.00	---	0.00	0.00
	13100.00	90.00	256.61	12200.00	1104.93	-255.92	-1074.88	1104.93	256.61	0.00	---	0.00	0.00
	13200.00	90.00	256.61	12200.00	1204.93	-279.09	-1172.16	1204.93	256.61	0.00	---	0.00	0.00
	13300.00	90.00	256.61	12200.00	1304.93	-302.25	-1269.44	1304.93	256.61	0.00	---	0.00	0.00
	13400.00	90.00	256.61	12200.00	1404.93	-325.41	-1366.72	1404.93	256.61	0.00	---	0.00	0.00
	13500.00	90.00	256.61	12200.00	1504.93	-348.57	-1464.00	1504.93	256.61	0.00	---	0.00	0.00
	13600.00	90.00	256.61	12200.00	1604.93	-371.73	-1561.29	1604.93	256.61	0.00	---	0 00	0.00
	13700.00	90.00	256 61	12200.00	1704.93	-394.90	-1658.57	1704.93	256 61	0 00	---	0.00	0.00
	13800.00	90.00	256.61	12200.00	1804.93	-418.06	-1755.85	1804.93	256.61	0.00	---	0.00	0.00
	13900.00	90.00	256.61	12200.00	1904.93	-441 22	-1853.13	1904.93	256.61	0.00	---	0.00	0.00
	14000.00	90.00	256.61	12200.00	2004.93	-464.38	-1950.41	2004.93	256.61	0.00	---	0.00	0.00
	14100.00	90 00	256.61	12200.00	2104.93	-487.54	-2047.69	2104.93	256.61	0.00	---	0.00	0.00
	14200.00	90.00	256.61	12200.00	2204.93	-510.71	-2144.97	2204.93	256 61	0.00	---	0.00	0.00
	14300 00	90.00	256.61	12200.00	2304.93	-533.87	-2242.25	2304.93	256.61	0.00	---	0.00	0.00
	14400.00	90.00	256.61	12200.00	2404.93	-557.03	-2339.53	2404.93	256.61	0.00	---	0.00	0.00
	14500.00	90.00	256.61	12200.00	2504.93	-580.19	-2436.81	2504.93	256.61	0.00	---	0.00	0.00
	14600.00	90.00	256.61	12200.00	2604.93	-603.36	-2534.09	2604.93	256.61	0.00	---	0.00	0.00
	14700.00	90.00	256.61	12200.00	2704.93	-626.52	-2631.37	2704.93	256 61	0.00	---	0.00	0.00
	14800.00	90.00	256.61	12200.00	2804.93	-649.68	-2728.65	2804.93	256 61	0.00	---	0.00	0.00
	14900.00	90.00	256.61	12200.00	2904.93	-672.84	-2825.93	2904.93	256.61	0.00	---	0.00	0.00
	15000.00	90.00	256.61	12200.00	3004.93	-696.00	-2923.21	3004.93	256.61	0.00	---	0.00	0.00
	15100.00	90.00	256.61	12200.00	3104.93	-719.17	-3020.49	3104.93	256.61	0.00	---	0.00	0.00
	15200.00	90.00	256.61	12200.00	3204.93	-742.33	-3117.78	3204.93	256.61	0.00	---	0.00	0.00
	15300.00	90.00	256.61	12200.00	3304.93	-765.49	-3215.06	3304.93	256.61	0.00	---	0.00	0.00

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Mag / Grav Tool Face (deg)	Build Rate (deg/100 ft)	Walk Rate (deg/100 ft)
	15400 00	90 00	256.61	12200.00	3404 93	-788.65	-3312.34	3404.93	256.61	0 00	---	0.00	0.00
	15500.00	90.00	256.61	12200.00	3504 93	-811.81	-3409.62	3504.93	256 61	0.00	---	0.00	0 00
	15600.00	90 00	256 61	12200.00	3604.93	-834 98	-3506 90	3604.93	256.61	0.00	---	0.00	0 00
	15700 00	90.00	256.61	12200.00	3704 93	-858.14	-3604.18	3704 93	256.61	0.00	---	0 00	0 00
	15800.00	90 00	256 61	12200.00	3804.93	-881 30	-3701 46	3804.93	256.61	0.00	---	0 00	0.00
	15900.00	90.00	256.61	12200.00	3904.93	-904.46	-3798.74	3904.93	256.61	0.00	---	0.00	0.00
	16000.00	90.00	256.61	12200.00	4004.93	-927.62	-3896.02	4004.93	256.61	0.00	---	0.00	0.00
	16100 00	90.00	256.61	12200.00	4104.93	-950.79	-3993.30	4104.93	256.61	0.00	---	0.00	0 00
	16200.00	90 00	256 61	12200.00	4204.93	-973.95	-4090.58	4204 93	256.61	0.00	---	0.00	0 00
	16300.00	90.00	256.61	12200.00	4304.93	-997.11	-4187.86	4304 93	256.61	0.00	---	0.00	0 00
	16400.00	90.00	256 61	12200.00	4404.93	-1020.27	-4285.14	4404.93	256.61	0.00	---	0 00	0.00
	16500.00	90.00	256.61	12200.00	4504.93	-1043.43	-4382.42	4504.93	256.61	0.00	---	0.00	0 00
	16600.00	90.00	256.61	12200.00	4604 93	-1066.60	-4479.70	4604.93	256.61	0.00	---	0.00	0.00
	16700.00	90.00	256.61	12200.00	4704 93	-1089.76	-4576.98	4704.93	256.61	0 00	---	0.00	0.00
	16800.00	90.00	256.61	12200.00	4804.93	-1112.92	-4674.27	4804.93	256.61	0.00	---	0.00	0.00
	16900.00	90.00	256.61	12200 00	4904.93	-1136.08	-4771.55	4904 93	256.61	0.00	---	0 00	0.00
	17000 00	90 00	256.61	12200.00	5004.93	-1159.24	-4868.83	5004.93	256.61	0.00	---	0.00	0.00
	17100.00	90.00	256.61	12200.00	5104.93	-1182.41	-4966.11	5104.93	256.61	0.00	---	0.00	0 00
	17200 00	90.00	256 61	12200.00	5204.93	-1205 57	-5063.39	5204.93	256.61	0.00	---	0.00	0.00
	17300.00	90 00	256.61	12200.00	5304.93	-1228 73	-5160.67	5304.93	256.61	0.00	---	0.00	0.00
	17400.00	90.00	256 61	12200.00	5404.93	-1251.89	-5257.95	5404.93	256.61	0.00	---	0 00	0.00
	17500.00	90.00	256.61	12200.00	5504 93	-1275.05	-5355.23	5504.93	256.61	0.00	---	0.00	0.00
	17600.00	90.00	256.61	12200.00	5604.93	-1298.22	-5452.51	5604.93	256.61	0.00	---	0.00	0.00
	17700.00	90.00	256.61	12200.00	5704.93	-1321.38	-5549.79	5704.93	256.61	0.00	---	0.00	0.00
	17800.00	90.00	256.61	12200.00	5804.93	-1344.54	-5647.07	5804.93	256.61	0.00	---	0.00	0.00
	17900.00	90.00	256.61	12200.00	5904.93	-1367.70	-5744.35	5904.93	256.61	0.00	---	0.00	0.00
	18000.00	90.00	256.61	12200.00	6004.93	-1390.86	-5841.63	6004.93	256.61	0.00	---	0.00	0.00
	18100.00	90.00	256 61	12200.00	6104.93	-1414.03	-5938.91	6104.93	256.61	0.00	---	0.00	0.00
	18200.00	90.00	256.61	12200.00	6204.93	-1437.19	-6036.19	6204.93	256.61	0.00	---	0.00	0.00
	18300.00	90.00	256.61	12200.00	6304.93	-1460.35	-6133 47	6304.93	256.61	0.00	---	0.00	0 00
	18400.00	90.00	256.61	12200.00	6404.93	-1483.51	-6230.76	6404.93	256.61	0.00	---	0.00	0.00
	18500.00	90.00	256.61	12200.00	6504.93	-1506.68	-6328.04	6504.93	256.61	0.00	---	0.00	0.00
	18600.00	90.00	256.61	12200.00	6604.93	-1529.84	-6425.32	6604.93	256 61	0.00	---	0.00	0 00
	18700.00	90.00	256.61	12200.00	6704.93	-1553.00	-6522.60	6704.93	256 61	0.00	---	0.00	0 00
	18800.00	90.00	256.61	12200.00	6804.93	-1576.16	-6619.88	6804.93	256.61	0.00	---	0.00	0.00
	18900.00	90.00	256.61	12200.00	6904.93	-1599.32	-6717.16	6904.93	256.61	0.00	---	0.00	0.00
	19000.00	90.00	256.61	12200.00	7004.93	-1622.49	-6814.44	7004.93	256.61	0.00	---	0.00	0.00
	19100.00	90.00	256.61	12200.00	7104.93	-1645 65	-6911.72	7104.93	256.61	0.00	---	0.00	0.00
PBHL	19118.80	90.00	256.61	12200.00	7123.73	-1650.00	-6930.01	7123.73	256.61	0.00	---	0.00	0.00

Endeavor

WELL	FIELD	STRUCTURE
Red Bull 35 Federal #1	Lea County, NM NAD 83	Red Bull 35 Federal #1

Magnetic Parameters				Surface Location				NAD83 New Mexico State Planes, Eastern Zone, US Feet				Miscellaneous			
Model	IGRF 2005	Dip	60 842°	Lat	N32 47 44 736	Northing	654454 61 ftUS	Grid Conv	+0 49739335°	Slot	Red Bull 35 Federal #1	TVD Ref	RKB (0 00 ft above)
		Mag Dec	+7 949°	Lon	W103 24 54 324	Easting	823501 21 ftUS	Scale Fact	1 0000002551	Plan	Red Bull 35 Federal #1_r1	Srvy Date	February 06, 2008
		Date	February 06 2008										
		FS	49366 3 nT										

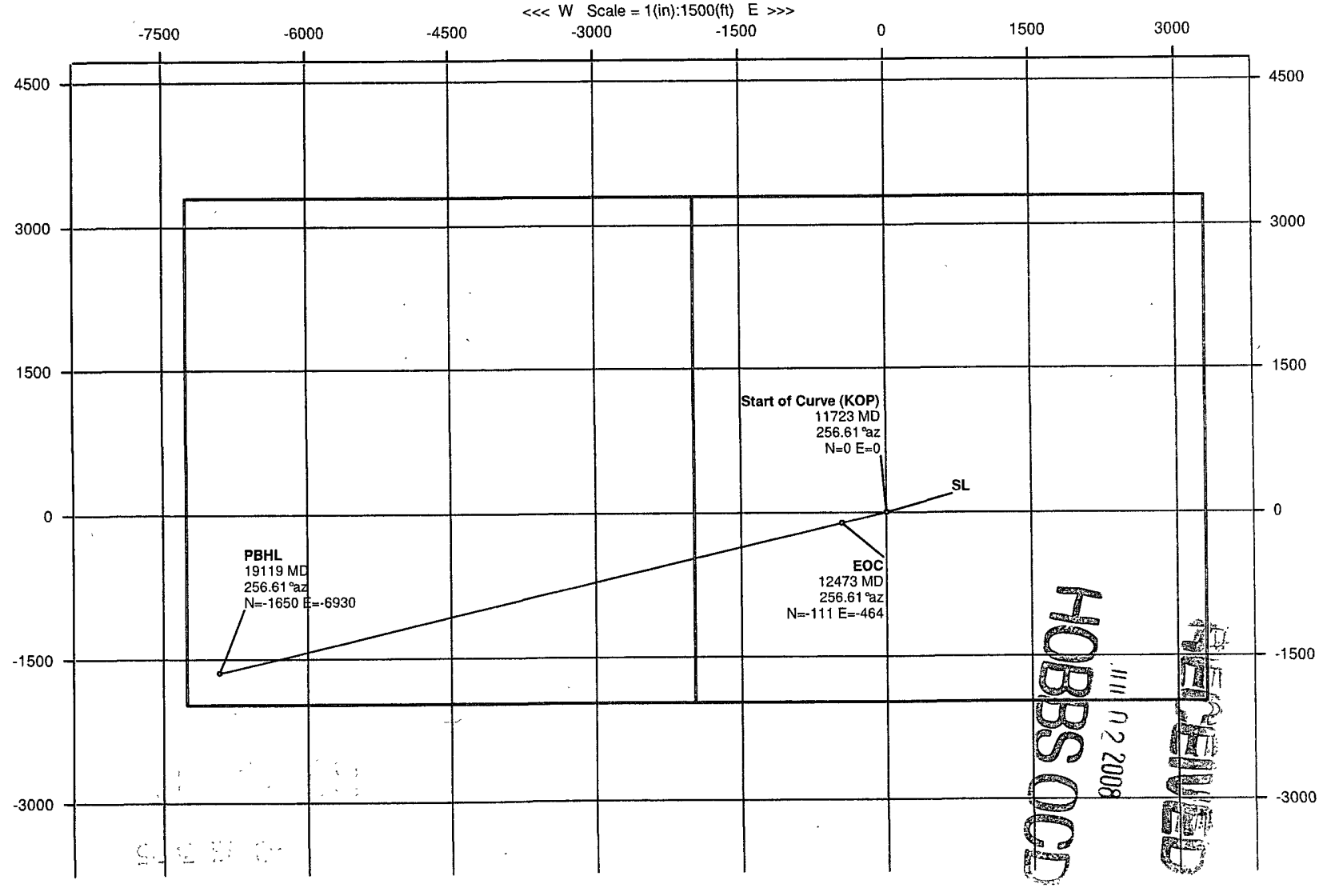


INTREPID
Directional Drilling Specialists

Endeavor

WELL	FIELD	STRUCTURE
Red Bull 35 Federal #1	Lea County, NM NAD 83	Red Bull 35 Federal #1

Magnetic Parameters				Surface Location				NAD83 New Mexico State Planes, Eastern Zone, US Feet				Miscellaneous			
Model	IGRF 2005	Dip	60 842°	Date	February 06 2008	Lat	N32 47 44 736	Northing	654454 61 ftUS	Grid Conv	+0 49739335°	Slot	Red Bull 35 Federal #1	TVD Ref	RKB (0 00 ft above)
		Mag Dec	+7 949°	FS	49366 3 nT	Lon	W103 24 54 324	Easting	823501 21 ftUS	Scale Fact	1 0000002651	Plan	Red Bull 35 Federal #1_r1	Srvy Date	February 06, 2008



INTREPID
Directional Drilling Specialists

ENDEAVOR ENERGY RESOURCES, L.P.

110 N. MARIENFELD, SUITE 200
MIDLAND, TEXAS 79701-4412
432. 687.1575 - MAIN
432. 687.2521 – FACSIMILE

April 22, 2008

RED BULL PROSPECT
SECTION 35-T25S-R33E, N.M.P.M.
Lea County, New Mexico

This well and its production facility are not expected to encounter Hydrogen Sulfide releases. There has not been any Hydrogen Sulfide releases on any wells drilled in the immediate area including the Red Hills Unit operated by Matador Operating Company, 310 W. Wall, Ste. 906, Midland, TX 79701 (Sections 33, 34 et al. T-25S-R33E) and the Rojo No. 1 (NW/4 Section 27 T-25S – R33E) operated by BTA Oil Producers, 104 S. Pecos, Midland, TX 79701. Endeavor Energy Resources, L.P. and its affiliate, LCX Energy, LLC, will have a company representative on location while drilling and completing this well.

Any questions regarding the above can be answered by either of the following:

Kelvin Fisher
Drilling & Completions Engineer
Endeavor Energy Resources, LP
LCX Energy, LLC
Direct: (432) 262-4046
Mobile: (432) 634-5621
fisherk@eeronline.com

Dave Kvasnicka
Geologist
Endeavor Energy Resources, LP
LCX Energy, LLC
Direct: (432) 262-4007
dave@eeronline.com

Endeavor Energy Resources, L.P.

110 N. Marienfeld St., Suite 200
Midland, TX 79701
(432) 687-1575

"SUFACE USE AND COMPENSATION AGREEMENT"

January 12 2008

Dinwiddie Cattle Company, LLC
661 Bogle Road
Capitan, NM 88316

ATTN: Mr. Tommie Dinwiddie

Re: Red Bull Federal # 1
1980' FSL and 1980' FWL Section 35,
T25S, R33E, Lea County, New Mexico

To Whom It May Concern:

By this Surface Use and Compensation Agreement ("SUCA"), the undersigned, **Dinwiddie Cattle Company, LLC**("Landowner"), for consideration hereinafter stated, grants **Endeavor Energy Resources, L.P.**, its successors and assigns ("Operator"), the rights and privileges to utilize lands owned by the Landowner in the **Section 35, T-25-S, R-33-E, County of Lea, State of New Mexico** (the "subject Property"), as may be reasonably necessary and convenient to perform the operations described below and in the exhibits attached hereto.

This SUCA complies with House Bill 827 known as the New Mexico Surface Owners Protection Act (the "ACT"), a copy of which is enclosed, which ACT is incorporated by reference herein. By execution of this SUCA, Landowner waives the provisions under the ACT. Landowner represents that the undersigned is the owner of the surface estate of the Subject Property and is not aware of any equitable title to the Subject Property held by any other parties.

It is agreed that the operator shall have the right to construct a well pad, install cathodic protection system(s), drill, complete, operate, maintain and abandon the above referenced well, and install equipment or facilities related to the operation of, or production of oil, gas and other hydrocarbons, and its products or by-products thereof, from the referenced well located on the well pad (collectively, the "Planned Operations"), located on the Subject Property. The placement, specifications, maintenance and design of the Planned Operations are more fully described and disclosed in Exhibits "A-1" through "A-4" attached hereto and made a part hereof. Landowner shall not use the Subject Property occupied by the Operator for any purpose that could potentially interfere with the Operator's Planned Operations. Operator shall have use of the full disturbed area, up to and including the construction zone, in the future if needed. Operator shall tender to Landowners consideration in the amount of Five Thousand and NO/100 Dollars ($5,000.00), which shall be a one time, payment in full covering (i) the rights herein granted or confirmed and (ii) any of the following that may be applicable: loss of agricultural production and income, lost land value, lost use of and lost access to the land and lost value of production and income, lost land value, lost use of and lost access to the land and lost value of improvements. Compensation for additional surface

damages, if any, that may occur outside of the reasonable scope of operation contemplated by this SUCA shall be negotiated between Landowner and Operator, but shall not affect the term or validity of this SUCA.

The Operator, its contractors, agents, and assigns, shall have the non-exclusive right of ingress and egress to the location of the Planned Operations with said access route and any site-specific terms being more fully described by Exhibits **"A-1" through A-4**, attached hereto and made a part hereof. Any newly constructed roadway surface shall not exceed twenty feet (20') in width from edge to edge and shall be constructed with existing or native material. In addition, Landowner grants to the Operator the right, without any further compensation to Landowner, to clear and use up to four feet (4') on each side of such road surface for construction, maintenance, barrow ditches and other water diversions.

Upon completion (plugging and abandonment) of the Planned Operations, the Operator shall reclaim and restore disturbed areas as close to their original condition as reasonably practicable. A Bureau of Land Management ("BLM") recommended reseeding mixture shall be used for the onsite reclamation unless otherwise and reasonably specified by the Landowner; provided that, in the case of a well, the Operator shall only be required to reseed areas that are greater than ten feet (10') outside of the established anchor pattern of the well and greater than ten feet (10') outside of any equipment used by Operator in connection with the well.

To the extent circumstances are known at the time of signing this SUCA, and to the extent applicable to the subject Property, the operator agrees:

- To construct, maintain and place all pits and equipment generally as set forth in Exhibit "A-3";
- To utilize reasonable practices to control/manage noise, weeds dust, litter, unnecessary interference with the Landowner's use of the surface, and possible trespass by Operator's contractors or third-parties;
- To prudently use/impound water on the surface of the land, if applicable;
- To perform any applicable interim and final reclamation;
- To limit and control, to the extent reasonably practical, precipitation runoff, erosion and surface water drainage changes;
- To remove and restore plant life where feasible and as required by the BLM or New Mexico Oil Conservation Division;
- To make reasonable attempts to minimize surface disturbance due to operations while complying with any applicable federal and state laws and regulations and providing for a safe operations area;
- To place gravel, caliche or any other reasonable material ("Construction Material"), on roadway and the Well location as may be needed to minimize potential damage. Any Construction Material utilized from lands owned by Landowner shall be purchased from the Landowner at the rate of $4.00 per cubic yard for caliche, fill dirt and/or top soil;
- To restore any existing roads to as close to the original condition as practically possible;

- When requested by Landowner, Operator shall install, at Operator's expense, a cattleguard at an intersection where fences cross any newly constructed roads. Furthermore, when requested by Landowner, Operator agrees to install locking devices, at Operator's expense, on gates that are being used in connection with its operations on the Subject Property;

- Operator shall promptly restore all fences which may have been damaged during Planned Operations on the Subject Property to as good as a condition as such fences were prior to said operations. When any fence upon the Subject Property is required to be opened, such opening shall not be left unattended unless a good and sufficient gate or cattleguard capable of turning domestic livestock of ordinary disposition shall be installed. All openings in fences shall be made by using "H" braces six fee (6') in width, and constructed of pipe at lest four inches (4') in diameter on both sides of such opening; and

- Operator shall not permit its agents, employees, guests, contractors, subcontractors, or service company personnel to carry alcoholic beverages, firearms, archery equipment, wildlife calls weapons, spotting, optical or night vision equipment (other than as required for oil and gas operation), or to bring dogs or other animals on the Subject Property.

The Operator does hereby covenant and agree to indemnify and hold Landowner free and harmless against and from any and all loss, damage, claims demands and suits which the Landowner may suffer as a direct result of the Planned Operations, expressly excluding from such indemnity/hold harmless obligation any claim or cause of action, or alleged or threatened claim or cause of action, damage, judgment, interest, penalty, or other loss arising or resulting from the negligence or willful acts or omissions of the Landowner, its agents, invitees, licensees, or third parties.

This SUCA is a clarifying and confirming document and shall not be construed as a waiver of any rights Operator has under any other agreement or instrument pertaining to the Subject Property. If it becomes necessary or desirable to utilize locations different from those agreed upon due to regulatory requirements or otherwise, the parties will negotiate a modification of this SUCA. In the event the parties are unable to agree to such modification, both parties reserve their respective rights under any existing and applicable leases, contracts, rules and regulations pertaining to the use of the surface of the Subject Property.

Operator's offer of compensation made at the inception of this SUCA is not an acceptance of liability for any provisions mentioned above which may occur over the course of operations upon the Subject Property.

The terms, conditions and provisions of this SUCA shall extend to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

Operator shall have the right to record, in the public records of the county in which the Subject Property is located, the Memorandum of Surface Use and Compensation Agreement in the form attached as Exhibit 'B' hereto.

The terms of this SUCA shall be effective as of the date it is fully executed, and shall continue for so long as Operator conducts the operations described hereunder; provided, however, that any obligation or liability of either party hereunder that arises or accrues during the term of this SUCA shall survive such termination.

Landowner hereby warrants and represents that Landowner shall not disclose or publish in any form or fashion the amounts or details of the SUCA reached between the parties herein, it being understood that such warranty and representation forms part of the consideration in this SUCA.

This SUCA may be assigned in whole or in part by Operator and any assignee shall be bound by and subject to the terms and provisions of this SUCA.

If the Landowner finds the terms and conditions contained herein acceptable and agreeable, please execute and date this SUCA in the space provided below.

If this SUCA is not accepted by the Landowner within twenty (20) days from the date hereof, it shall be deemed to have been rejected.

Thank you,

Tye Orr
Consulting Landman

Enclosures: ACT
Attachment: Exhibit A-1 through A-4 – Project Information
Exhibit B – Memorandum for Recording

AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 2008

Dinwiddie Cattle Company, LLC

By: _____
Tommie Dinwiddie

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO §
§
COUNTY OF _____ §

On this ____ day of _____, 2008, _____, personally appeared before me, who is personally known to me to be the signer of the foregoing document, and he/she executed the same.

_____
NOTARY PUBLIC

My Commission Expires:

_____

EXHIBIT "A-1"

Planned Operations

Endeavor Energy Resources, L.P. ("Operator") plans on using and maintaining an existing roadway, well pad and associated pits for the drilling, completing, operating, maintenance and abandonment of its Red Bull Federal # 1, located 1,980' FSL and 1,980' FWL, Section 35, T-25-S, R-33-E, Lea County, New Mexico (Well"). The location for the Well is more particularly identified by Exhibits "A-2". The Well pad will be constructed using native materials and the dimensions of the well pad and associated pits are more particularly defined by Exhibit "A-3". The proposed access route is identified by Exhibit "A-4". The rights to utilize this portion of the roadway will be obtained under a separate Roadway Right-of-Way and Easement. Materials that may be necessary for operator's use in the construction of the well pad and roadway may be obtained from the Landowner at a site and location that is mutually agreeable to both parties.

The Well will be drilled to an approximate depth of 12,500' utilizing fresh water and brine water with additives to control wellbore pressures and maintain wellbore stability. After the Well is deemed to be commercial quality, production casing will be set and cemented. The drilling time is expected to take approximately thirty to forty-five days. Fresh water used during the drilling operations will be purchased i) from the Landowner, ii) from a third party or iii) transported utilizing trucks. Brine water will be transported utilizing trucks.

After the drilling rig has been removed from the well pad, a completion rig will be moved in to complete and test the Well. The completion process should take between two to three weeks. Fresh water used during the completion operations will be purchased i) from the Landowner, ii) from a third party or iii) from transport, utilizing trucks.

After the marketability of the Well has been proven, operator will set production equipment on the well pad, including but not limited to, wellhead, separation and metering equipment and above ground piping as may be necessary to connect the Well to the production equipment.

After the well has been completed and commences producing, daily maintenance operations will apply.

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CERTIFICATION

I HEREBY CERTIFY THAT I OR PERSONS UNDER MY SUPERVISION HAVE INSPECTED THE PROPOSED DRILL SITE AND THE ACCESS ROUTES, THAT I AM FAMILIAR WITH THE CONDITIONS THAT CURRENTLY EXIST, AND THAT THE STATEMENTS MADE IN THIS PLAN ARE TO THE BEST OF MY KNOWLEDGE ARE TRUE AND CORRECT, AND THAT THE WORK ASSOCIATED WITH THE OPERATIONS PROPOSED HEREIN WILL BE PERFORMED BY ENDEAVOR ENERGY RESOURCES, L.P. OR ITS SUBSIDIARY, LCX ENERGY, LLC. ITS CONTRACTORS OR ITS SUBCONTRACTORS IS IN CONFORMANCE WITH THIS PLAN AND THE TERMS AND THE CONDITIONS UNDER WHICH IT IS APPROVED. THIS STATEMENT IS SUBJECT TO THE PROVISIONS OF U.S.C. 1001 FOR THE FILING OF A FALSE STATEMENT.

OPERATORS REPRESENTATIVES

BEFORE CONSTRUCTION

Nash J. Dowdle, Jr.
Endeavor Energy Resources, L.P.
110 N. Marienfeld Ste. 200
Midland, TX 79701
432-262-4106 OFF.
512-785-3391 CEL.

DURING AND AFTER CONSTRUCTION

Kelvin Fisher
LCX Energy, LLC
110 N. Marienfeld Ste. 200
Midland, TX 79701
432-262-4046 OFF.
432-634-5621 CEL

NAME: Nash J. Dowdle, Jr. DATE: June 23, 2008

TITLE: Sr. Land Advisor, Endeavor Energy Resources, L.P.

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Endeavor Energy Resources LP
LEASE NO.:	NM-05792
WELL NAME & NO.:	1-Red Bull 35 Federal
SURFACE HOLE FOOTAGE:	1980' FSL & 1980' FWL
BOTTOM HOLE FOOTAGE	330' FSL & 330' FWL
LOCATION:	Section35, T. 25 S., R 33 E., NMPM
COUNTY:	Lea County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (505) 234-5972 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall stockpile the topsoil of the well pad. The topsoil to be stripped is approximately 4 inches in depth. The topsoil shall not be used to backfill the reserve pit and will be used for interim and final reclamation.

C. RESERVE PITS

The reserve pit shall be constructed and closed in accordance with the NMOCD rules.

The reserve pit shall be constructed 100' X 50' on the North side of the well pad.

The reserve pit shall be constructed, so that upon completion of drilling operations, the dried pit contents shall be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level has been met. The operator shall properly dispose of the excess contents at an authorized disposal site.

The reserve pit shall be constructed and maintained so that runoff water from outside the location is not allowed to enter the pit. The berms surrounding the entire perimeter of the pit shall extend a minimum of two (2) feet above ground level. At no time will standing fluids in the pit be allowed to rise above ground level.

The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

VI. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

a. Spudding well – **This includes the re-entry process.**
b. Setting and/or Cementing of all casing strings
c. BOPE tests

☒ **Lea County**
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(575) 393-3612

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a possible hazard and has been reported within the Township. It is recommended that monitoring equipment be onsite for potential Hydrogen Sulfide. If Hydrogen Sulfide is encountered, please report measured amounts and formations to the BLM.**

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING – RE-ENTRY

Changes to the approved APD casing and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.

Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string.

Possible lost circulation in the Castile and Delaware Mountain Group.
Possible water flows in the Castile and Delaware Mountain Group.

1. **The 11-3/4" surface casing is in place and cemented to the surface.**

2. **The 8-5/8" intermediate casing is in place and has cement at the shoe and also from 1100' to surface.**

A CIT is to be performed on the 8-5/8" casing per Onshore Oil and Gas Order 2.III.B.1.h prior to drilling the plug at 4982'.

Formation below the 8-5/8" shoe to be tested according to Onshore Order 2.III.B.1.i.

Centralizers required on horizontal leg, must be type for horizontal service and minimum of one every other joint.

NOTE: THE JOINT TYPE FOR THE P-110 5 ½" CASING MUST BE BTC TO MEET THE BLM TENSION SAFETY FACTOR OF 1.6 DRY AND 1.8 BUOYANT.

3. The minimum required fill of cement behind the **5-1/2** inch production casing is:

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Although 20% excess has been calculated, it is recommended that additional cement be available to avoid having to perforate the production casing to bring cement to required height.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **8-5/8"** intermediate casing shoe shall be **5000 (5M)** psi.

4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

    a. The tests shall be done by an independent service company.

    b. The results of the test shall be reported to the appropriate BLM office.

    c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.

    d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

WWI 061108

VII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures
The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

VIII. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The see mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

Species	lb/acre
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

*Pounds of pure live seed:

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.