

United States Department of the Interior

BUREAU OF LAND MANAGEMENT Carlsbad Field Office 620 E. Greene Street Carlsbad, New Mexico 88220

March 17, 2010

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HOBBSOCD

30-025-34015

IN REPLY REFER TO NM-124500 3107 (P0220)

Memorandum

To: State Director (9200)

From: Legal Instrument Examiner (P0220)

Subject: First Production, Lease NM-124500

Date of Completion: December 17, 2008

Field:

Operator/Well Name & No: Endeavor Energy Resources, LP/ 1-Red Bull 35 Federal

Wildcat/Bone Springs

Location: NESW Sec. 35, T. 25 S., R. 33 E., NMPM, Lea County, New Mexico

Total Depth: 18220' MD, 12227 TVD

Total Elevation: 3322' GL

Production Formation: Bone Spring

Well Capable of Production In Paying Quantities:

Initial Daily Production: 481 BO, 0 MCFG And 2561 BWPD

Yes

Current Status: Producing Oil Well

Remarks: CA NM124500 involving 40 ac Fed Lease NM05792 and 80 ac Fee Land and 240 ac Fed Lease NM119277 for a 360 ac well spacing, all rights to crude oil and associated natural gas from Bone Spring in the S2S2 & N2SE Sec. 34-T25S-R33E and N2SW & SWSW Sec. 35-T25S-R33E, effective 12/19/2008.

If you have any questions regarding this memorandum, please call Debbie McKinney at (575) 234-5931.

/S/ Debbie McKinney

cc: MMS-Denver First Production File NM (P0220 File Room)