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JUN 18 2010

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Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Split Estate

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
NM-119278

6. If Indian, Allotee or Tribe Name

1a. Type of work: [X] DRILL [ ] REENTER

7 If Unit or CA Agreement, Name and No.

1b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [X] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. (38227)
RED BULL "3" FEDERAL # 1

2. Name of Operator (190595)
ENDEAVOR ENERGY RESOURCES, LP. (KELVIN FISHER 432-262-4046)

9. API Well No.
30-025-39812

3a. Address 110 NORTH MARIENFELD SUIRE 200 MIDLAND, TEXAS 79701

3b. Phone No. *(include area code)*
432-262-4106

10. Field and Pool, or Exploratory (83600)
RED HILLS-WOLFCAMP GAS

4. Location of Well *(Report location clearly and in accordance with any State requirements.*)*
At surface 660' FNL & 660' FWL SECTION 3 T26S-R33E LEA CO. NM
At proposed prod. zone SAME Unit D

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 3 T26S-R33E

14. Distance in miles and direction from nearest town or post office*
Approximately 25 miles Southwest of Jal New Mexico

12. County or Parish
LEA CO.

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
660'	320	640

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
NA	13,900'	STATEWIDE ~~RLB 0007630~~ NM 2836

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3320' GL	WHEN APPROVED	45 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
Joe T. Janica	Joe T. Janica	04/30/10

Title: Permit Eng.

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Don Peterson	/s/ Don Peterson	JUN 16 2010

Title	Office
FIELD MANAGER	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)

Carlsbad Controlled Water Basin

JUN 29 2010

PETROLEUM ENGINEER

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

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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
1990 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1990 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-39812	83600	RED HILLS-WOLFCAMP GAS

Property Code	Property Name	Well Number
38222	RED BULL 3 FEDERAL	1

OGRID No.	Operator Name	Elevation
190595	ENDEAVOR ENERGY RESOURCES, L.P.	3320'

Surface Location

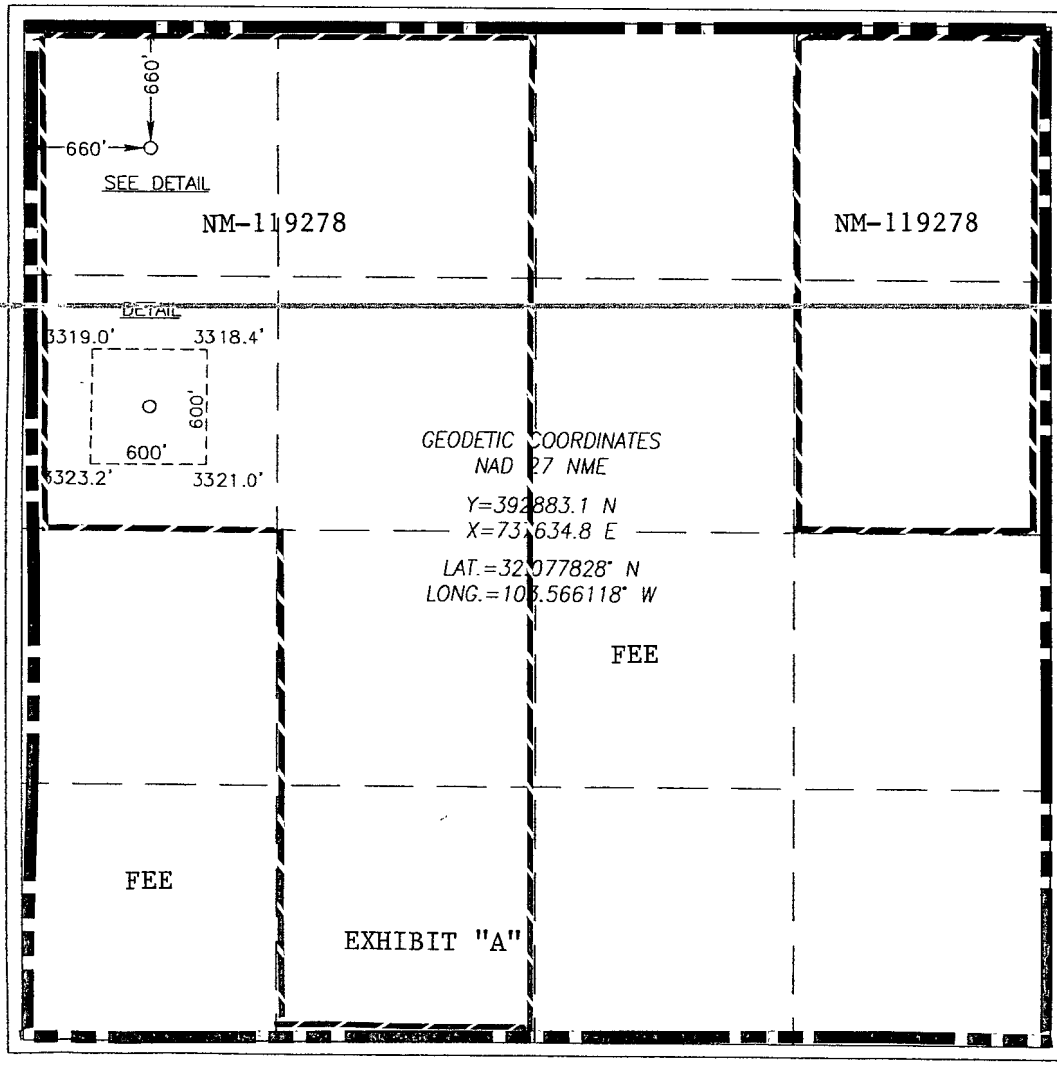
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	3	26-S	33-E		660	NORTH	660	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
640			

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



OPERATOR CERTIFICATION

I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Joe T. Janica 04/30/10

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 supervision, and that the same is true and correct to the best of my belief.

APRIL 7, 2010

Date Surveyed LA

Signature & Seal of Professional Surveyor

Gary G. Eidson 4/13/10

10.11.0499

Certificate No. GARY G. EIDSON 12641
RONALD J. EIDSON 3239

APPLICATION TO DRILL

ENDEAVOR ENERGY RESOURCES, L.P.
RED BULL "3" FEDERAL #1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

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In responce to questions asked under Section II of Bulletin NTL-6, the following information on the above well will be provider.

1. LOCATION: 660' FNL & 660' FWL SECTION 3 T26S-R33E LEA CO. NM

2. ELEVATION ABOVE SEA LEVEL: 3320' GL

3. GEOLOGICAL NAME OF SURFACE FORMATION: Quaternery Aeolian Deposits;

4. DRILLING TOOLS AND ASSOCIATED EQUIPMENT: Conventional rotary drilling rig using drilling mud as a circulating medium for the removal of solids from hole.

5. PROPOSED DRILLING DEPTH: 13,900'

6. ESTIMATED TOPS OF GEOLOGICAL FORMATIONS:

Rustler Anhydrite	700'	Brushy Canyon	7580'	2nd Bone Spring Sd	10.600'
Lamar Lime	4800'	Bone Spring L.	9096'	3rd Bone Spring Sd.	11745'
Bell Canyon	5016'	Avalon Shale	9147'	Hz Target	12,062'
Cherry Canyon	6300'	!st Bone S. Sd.	10,099'	Wolfcamp	12,193'

7. POSSIBLE MINERAL BEARING FORMATIONS:

Cherry Canyon	Oil	2nd Bone Spring Sd.	Oil	Wolfcamp	Oil-Gas
Brushy Canyon	Oil	3rd Bone Spring Sd.	Oil		
1st Bone Spring Sd.	Oil	Hx Target	Oil		

8. CASING PROGRAM:

HOLE SIZE	INTERVAL	CASING OD	WEIGHT	THREAD	COLLAR	GRADE	CONDITION
26"	0-40	20"	NA	NA	NA	Conductor	New
See COA — 17½"	0-~~900~~ 945	13 3/8"	48#	8-R	ST&C	H-40	New
12¼"	0-3450'	9 5/8"	36#	8-R	ST&C	J-55	New
	3450-4900'	9 5/8"	36#	8-R	ST&C	HCK	New
8 3/4"	0-~~12,300'~~ 11,600'	7"	29#	8-R	LT&C	N-80	New
	11,600-~~12,300'~~	7"	29#		LT&C	P-110	New
6 1/8"	12,100-13,900'	5"	18#		Flush Joint	P-110	New

Per Operator RGH 6/14/10

SAFETY FACTORS:

Collapse	1.125	Burst	1.0	Body Yield	1.5	Joint Strength 8-R	1.8
						Buttress	1.6

APPLICATION TO DRILL

ENDEAVOR ENERGY RESOURCES, L.P.
RED BULL "3" FEDERAL #1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

9. CASING CEMENTING AND SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Run and set ~~900'~~ 945 of 13 3/8" 48# H-40 ST&C casing. cement with 580 Sx. of 15/85 CLASS "C" POZ cement + 4% Gel, + 2% CaCl, + 4#/Sx. kolite/gilsonite/phenoseal, Yield 1.69, tail in with 200 Sx. of Class "C" cement + 2% CaCl, Yield 1.34. Circulate cement to surface.
9 5/8"	Intermediate	Run and set 4900' of 9 5/8" casing as follows: 1450' of 9 5/8" 36# HCK ST&C, 3450' of 9 5/8" 36# J-55 ST&C. Cement with 980 Sx. of 35/65/6 Class "C" POZ cement + 6% Gel, + 5% BWOW salt, Yield 2.08, tail in with 200 Sx. of Class "C" cement + 1% CaCl. Yield 1.33 circulate cement to surface.
7"	2nd Intermediate	Run and set 12,300' of 7" 29# N-80 LT&C casing. Cement with 330 Sx. of 35/65/6 Class "H POZ cement + 6% Gel, + 5% BWOW salt Yield 2.24, tail in with 515 Sx. of 50/50/2 Class "H" POZ cement + 2% Gel, + 5% BWOW salt, Yield 1.33, estimate top of cement 4400' from surface. See COA
5"	Production liner	Run and set an 1800' 5" production liner, 13,900'-12,100'. Cement with 140 Sx. of Class "H" cement + fluid loss additive, + retarder, Yield 1.05, cement top of liner. — See COA

10. PRESSURE CONTROL EQUIPMENT:

~~Exhibit "E" shows a 5000 PSI B.O.P. consisting of an annular bag type preventor, top blind rams and bottom pipe rams. This B.O.P will be nippled up on the 13 3/8" casing and remain on the hole to 12,300' (till the 7" casing is run and cemented. Exhibit "E-1" shows a 5000 PSI choke manifold with remote and manually operated chokes. It also shows a hydraulically operated closing unit. Exhibit "F" shows a 10,000 PSI double ram B.O.P. with a 5,000 PSI annular with a Rotating Head. This B.O.P. will be nippled up on the 7" casing. Exhibit "F-1" shows a 10,000 PSI choke manifoldwith a remotely and manually operated chokes with a hydraulically operated closing unit. A kellycock will be in the drilling string at all times and a full opening stabbing valve with appropriate connections will be available on the derrick floor at all times.~~

Replaced see next page

APPLICATION TO DRILL

ENDEAVOR ENERGY RESOURCES, L.P.
RED BULL "3" FEDERAL #1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

10. PRESSURE CONTROL EQUIPMENT: - See Diagrams

Exhibit "E" shows a 5000 PSI b.o.p. consisting of an annular bag type preventor, top blind rams and bottom pipe rams. This b.o.p. will be nippled up on the 13 3/8" casing and remain on the hole to 12,300'. The b.o.p. will be tested after installation to API specifications and remain on hole till the 7" casing is run and cemented. Exhibit "E-1" shows a 5000 PSI choke manifold with a remote and manually operated chokes. It also shows a hydraulically operated closing unit. Exhibit "F" shows a 10,000 PSI B.O.P. consisting of a rotating head, bag type annular preventor with top blind rams and bottom pipe rams. this B.O.P. will be nippled up on the 7" casing. After B.O.P. installation it will be tested to API specifications. Exhibit "F-1" shows a 10,000 PSI choke manifold with remotely and manually operated chokes with a hydraulically operated closing unit. A kelly cock will be in the drilling string at all times and a full opening stabbing valve with appropriate connections will be on the derrick floor at all times.

APPLICATION TO DRILL

ENDEAVOR ENERGY RESOURCES, L.P.
RED BULL "3" FEDERAL #1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

11. PROPOSED MUD CIRCULATING SYSTRM: – See COA

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
See COA 40-900' 945	8.4-9.0	28-34	NC	Fresh water add paper to control seepage, Fresh Gel to increase viscosity to clean hole.
945 900-4900'	10.0-10.2	28-32	NC	Brine water add paper to control seepage and high viscosity sweeps to clean hole.
4900-12,300'	9.2-9.6	28-32	NC	Drill out with fresh water add brine to increase weight, use high viscosity sweeps to clean hole.
12,300-13,900'	13.0-15.0	30-35	10-20 cc or less	Brine based XC Polymer mud system

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's, open hole logs, cut cores and casing, the viscosity,water loss and other properties may have to be altered to meet these requirements.

THIS WELL WILL BE DRILLED USING A CLOSED MUD SYSTEM.

APPLICATION TO DRILL

ENDEAVOR ENERGY RESOURCES, L.P.
RED BULL "3" FEDERAL #1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

See COA — A. Open hole logs: Triple Combo from 12,300-4900' Triple Combo Gamma Ray, Neutron to surface. (6¼" hole) 12,300-13,900' Triple Combo.

B. No DST's or Cores are planned at this time.

C. Mud logger will be put on hole at 9000±' and remain on hole to TD.

13. POTENTIAL HAZARDS: — See COA

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S 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 9875 PSI, and Estimated BHT 185°±.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

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 operation and drilling is expected to take 45 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The Wolfcamp formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

ENDEAVOR ENERGY RESOURCES, LP
110 N. Marienfeld St., Suite 200
Midland, TX 79701
Rev. 1: April 5, 2010

VERTICAL DRILLING PLAN
Red Bull 3 Federal #1

API# 30-025-xxxx

Driving Directions: From Jal, NM: Go W on hwy #128, turn L on CR J1 (Orla Hwy), go 11.0 mi S. Turn L on El Paso Pipeline Rd and go 6.1 mi E, turn L and go 0.8 mi N, turn E into location ~150 ft.

Surface Location: 660 ft from N line & 660 ft from W line (UL "D") of Sec. 3, T-26S, R-33E, Lea Co., NM

FORMATION TOPS:

Elevation: 3322 ft GL, 3341 ft KB elevation (18.5 ft RKB).

Formation	Top	Base	Comments
Rustler anhydrite	~700		
Surface casing point	*900*		
Salt	~1120		
Lamar Lime	~4800		
Bell Canyon	5016		
Cherry Canyon	~6300		Oil
Brushy Canyon	7580		Oil
Bone Spring lime	9096		
Avalon shale	9147		
1st Bone Spring sand	10,099		Oil
2nd Bone Spring sand	10,660		Oil
3rd Bone Spring sand	11,745		Oil
Hz Target	12,062		Oil
Wolfcamp	12,193		Oil & gas

LOGGING / TESTING:

17-1/2" surface hole (0-900'): None
12-1/4" hole (900-4900'): None
8-3/4" hole (4900-12,300'): Triple combo TD – 4900', gamma ray & neutron to surface
6-1/8" hole (12,300-13,900): Triple combo

DST's: None.

MUD PROGRAM:

Depth	Hole	MW	Vis.	WL	Synopsis
Surf – 900	17-1/2"	8.4-9.0	28-34	N/C	Fresh water, add vis w/ fresh gel.
900 – 4900'	12-1/4"	10	28-32	N/C	Brine water. Add vis with salt gel.

be off

Kelvin Fisher
Direct: (432) 262-4046
kelvin@eeronline.com

Depth	Hole	MW	Vis.	WL	Synopsis
4900 – 12,300'	8-3/4"	9.2 - 9.6	28	N/C	Drill out with fresh water. Raise weight with brine.
12,300 – 13,900'	6-1/8"	13 – 15.0	30-35	10-20	Brine based XC polymer mud system.

No reserve pit will be utilized during drilling of this well. All drill cuttings will be hauled off for disposal. Sufficient mud materials will be kept on location at all times to control lost circulation or unexpected kicks.

CASING PROGRAM:

Hole	Depth	Casing	Weight	Grade	Conn.	Cond.	COMMENT
	As req'd	20					Conductor. Depth as req'd.
17-1/2"	0 - 900 → 945	13-3/8"	48	H40	ST&C	New	
12-1/4"	0 - 4900	9-5/8"	36	J55 HCK	ST&C	New	HCK for collapse below 3450'.
8-3/4"	0 – 12,300'	7"	29	N80	LT&C	New	
6-1/8"	12,100 – 13,900	5"	18	P110	Flush	New	

See COA –

Per operator RGH 6/14/10
0 - 11,600 7" 29# N-80 LT&C
11,600 - 12,300 7" 29# P-110 LT&C

CEMENTING PROGRAM:

20" Conductor:

- Cement to surface with Redi-Mix cement

13-3/8" Surface Casing: (annular volume = 0.6947 cu ft/ft)

- Lead cement: 580 sx 15/85 Poz/C + 4% gel + 2% $CaCl_2$ + 4 pps kolite/gilsonite/phenoseal (13.5 ppg, 1.69 cu ft/sk, 980 cu ft of slurry)
  - Circulate cement to surface with 100% excess
- Tail cement: 200 sx C + 2% $CaCl_2$ (14.8 ppg, 1.34 cu ft/sk, 268 cu ft of slurry)
  - Interval: 900' shoe to 707 ft (calculated with 100% excess)
  - WOC time prior to drill-out: 500 psi compressive strength in 6.5 hr.

9-5/8" Intermediate Casing: (annular volume = 0.3132 cu ft/ft)

- Lead cement: 980 sx 35/65/6 Poz/C/gel + 6% gel + 5% BWOW salt (12.6 ppg, 2.08 cu ft/sk, 2038 cu ft of slurry)
  - Interval: 4333' to surface (calc. with 50% excess)
- Tail cement: 200 sx C + 1% $CaCl_2$ (14.8 ppg, 1.33 cu ft/sk, 266 cu ft of slurry)
  - Interval: 4900' shoe to 4333 ft (calc. with 50% excess)
  - Est BHST = 114°F
  - WOC time prior to drill-out: 500 psi compressive strength in 6 hr.

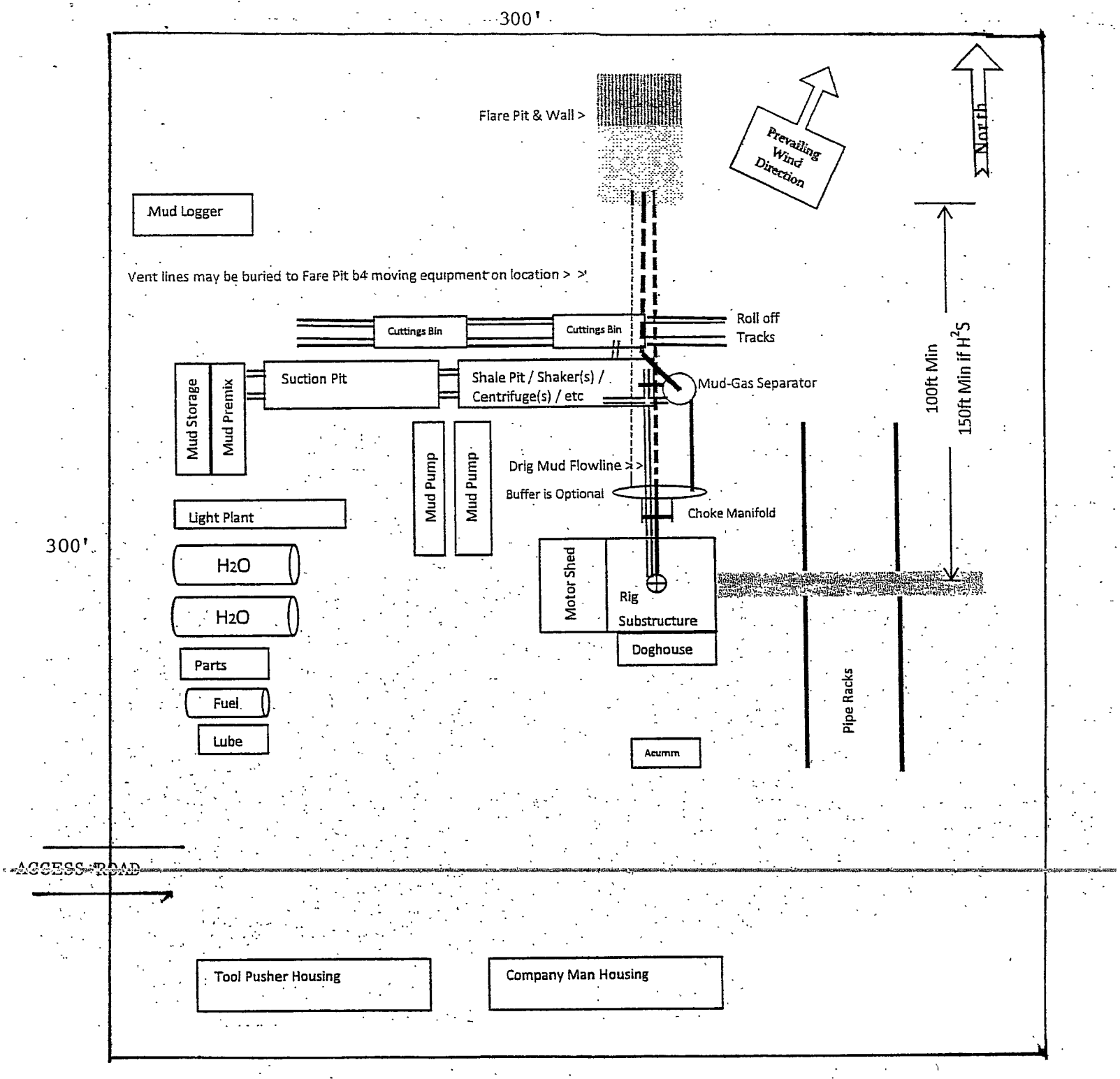
7" Production Casing: (annular volume = 0.1503 cu ft/ft)

- Lead cement: 330 sx 35/65/6 Poz/H/gel + 6% gel + 5% BWOW salt (12.4 ppg, 2.24 cu ft/sk, 739 cu ft of slurry)
  - Interval: 8500 ft to 4400' (calc. with 20% excess) – See COA

- Tail cement: 515 sx 50/50/2 Poz/H/gel + 2% gel + 5% BWOW salt (14.4 ppg, 1.33 cu ft/sk, 685 cu ft of slurry)
  - Interval: 12,300' shoe to 8500 ft (calc. with 20% excess)
  - Est BHST = 175^{0}F
  - WOC time prior to drill-out: 500 psi compressive strength in 8 hr

5" Production Liner: (annular volume = 0.0683 cu ft/ft)

- Tail cement: 140 sx H + fluid loss additive + retarder (16.5 ppg, 1.05 cu ft/sk, 147 cu ft of slurry)
  - Interval: 13,900' to 12,100' (liner top) calc. w/ 20% excess — See COA
  - Est BHST = 185^{0}F
  - WOC time prior to drill-out: N/A

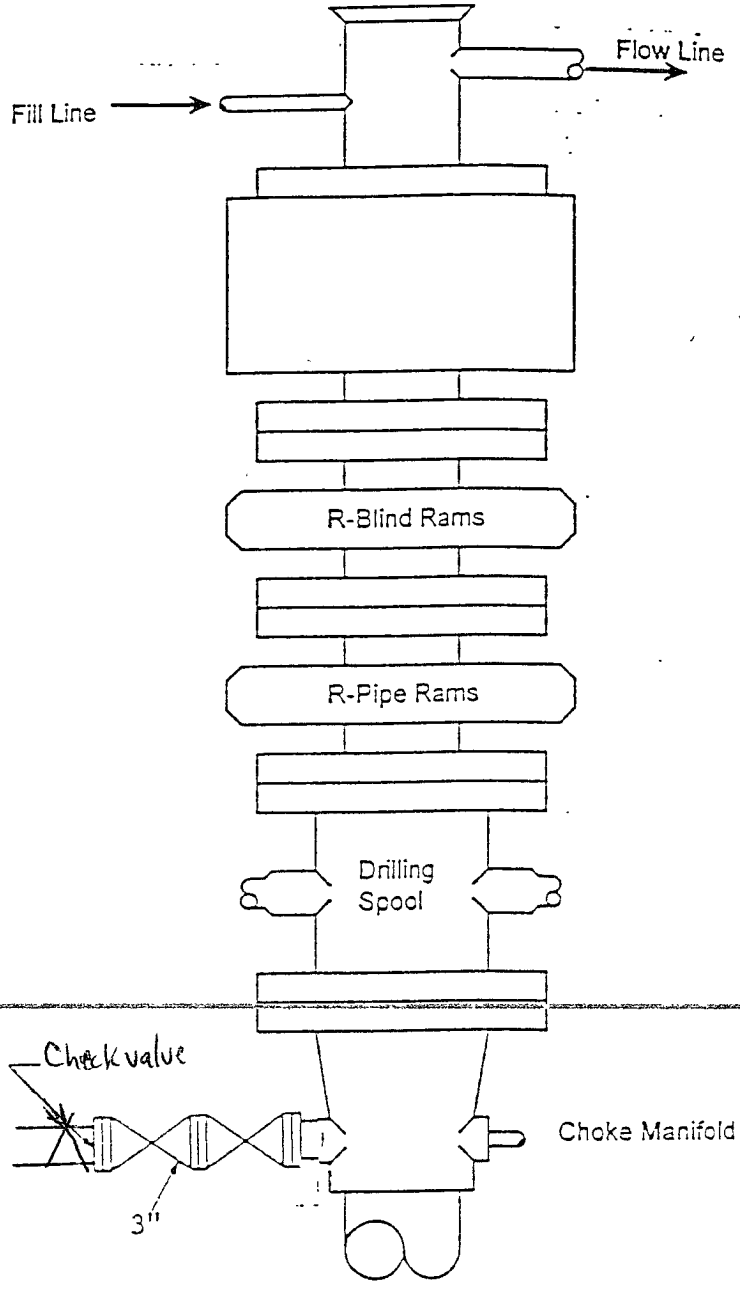


Preplanning reasonable spacing accommodations for a useable "Closed Loop" drillsite layout is challenging. Particular site specific conflicts need to be resolved. This generic APD plat was prepared to demonstrate several necessary elements. The plat should include: a north arrow, prevailing wind direction, spacing access for truck removal of cutting bins, flare pit location, and piping provision to vent all combustible gas to the flare pit. Include the choke manifold and mud-gas separator location and their connection routing.

Generic Drill Site Layout

EXHIBIT "D"
RIG LAYOUT PLAT

ENDEAVOR ENERGY RESOURCES, LP.
RED BULL "3" FEDERAL # 1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM



Type 1500 SERIES
5000 psi WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

ENDEAVOR ENERGY RESOURCES, LP.
RED BULL"3" FEDERAL # 1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

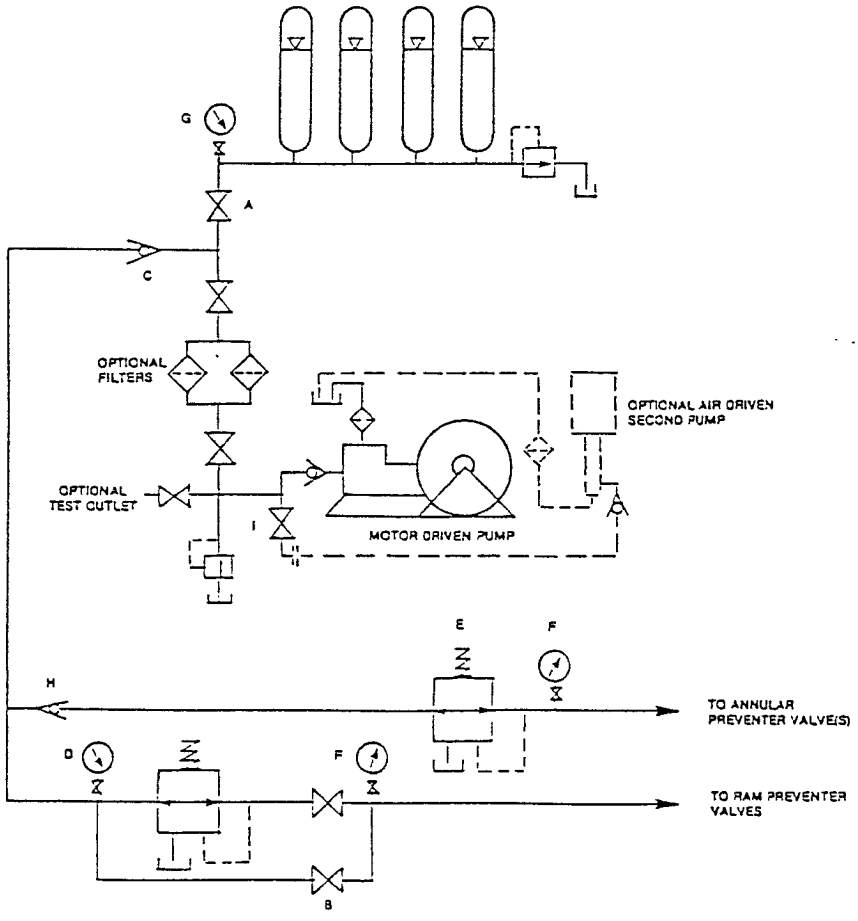


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

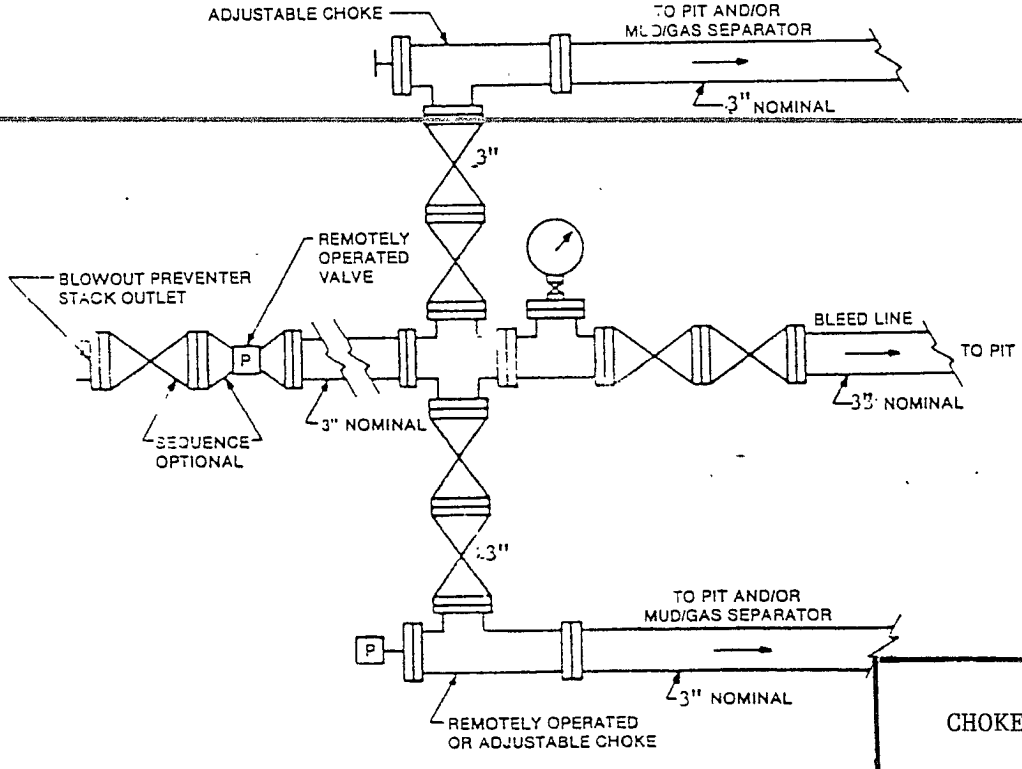


FIGURE K4-2. Typical choke manifold assembly for 5M rated working pressure service — surface installation.

EXHIBIT"E-1"
CHOKE MANIFOLD & CLOSING UNIT

ENDEAVOR ENERGY RESOURCES, LP.
RED BULL "3" FEDERAL # 1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

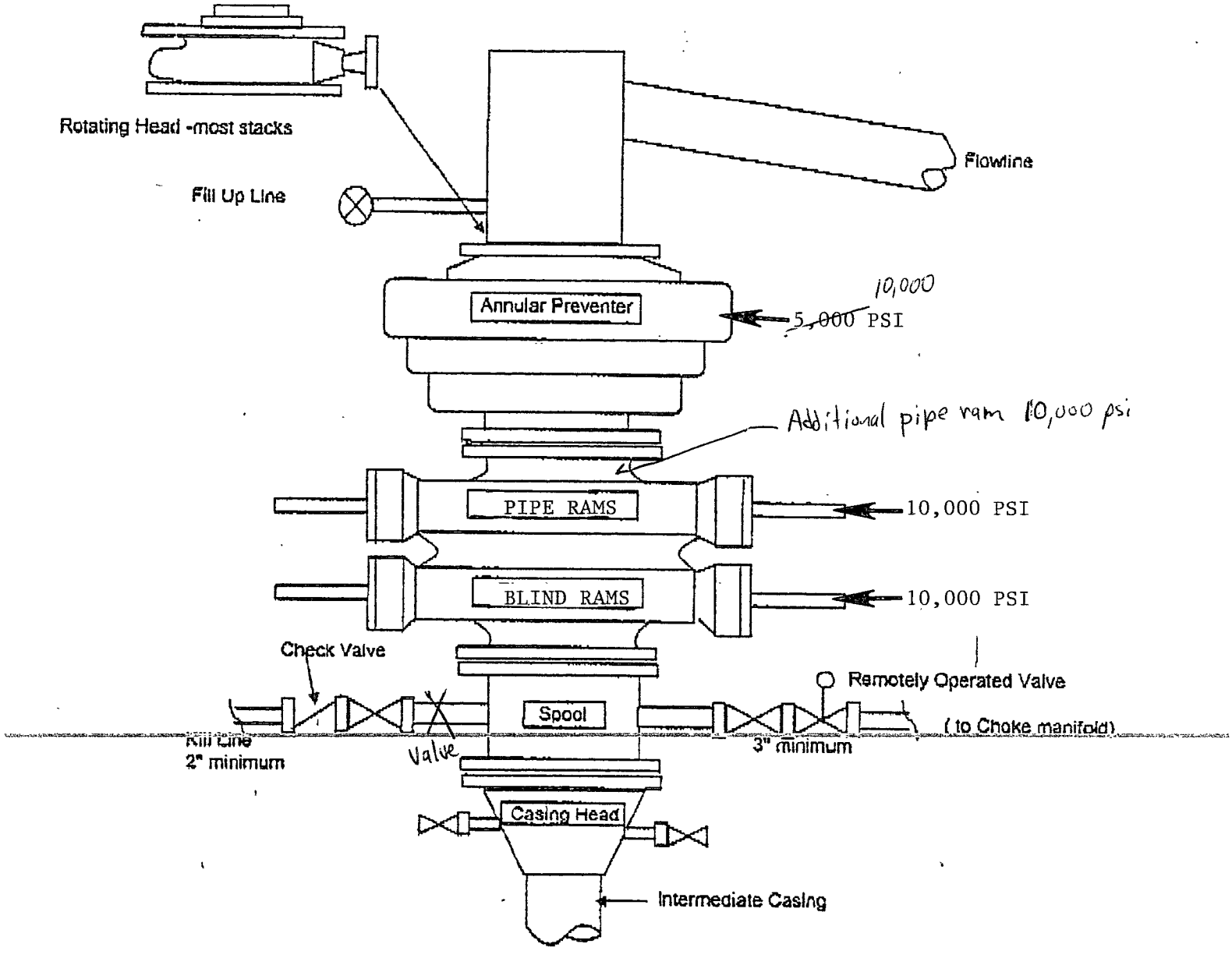


EXHIBIT "F"
SKETCH OF B.O.P. TO BE USED ON
10,000 PSI

ENDEAVOR ENERGY RESOURCES. LP.
RED BULL "3" FEDERAL # 1
UNIT "D" SECTION 3
T26S-R33E LEA CO. NM

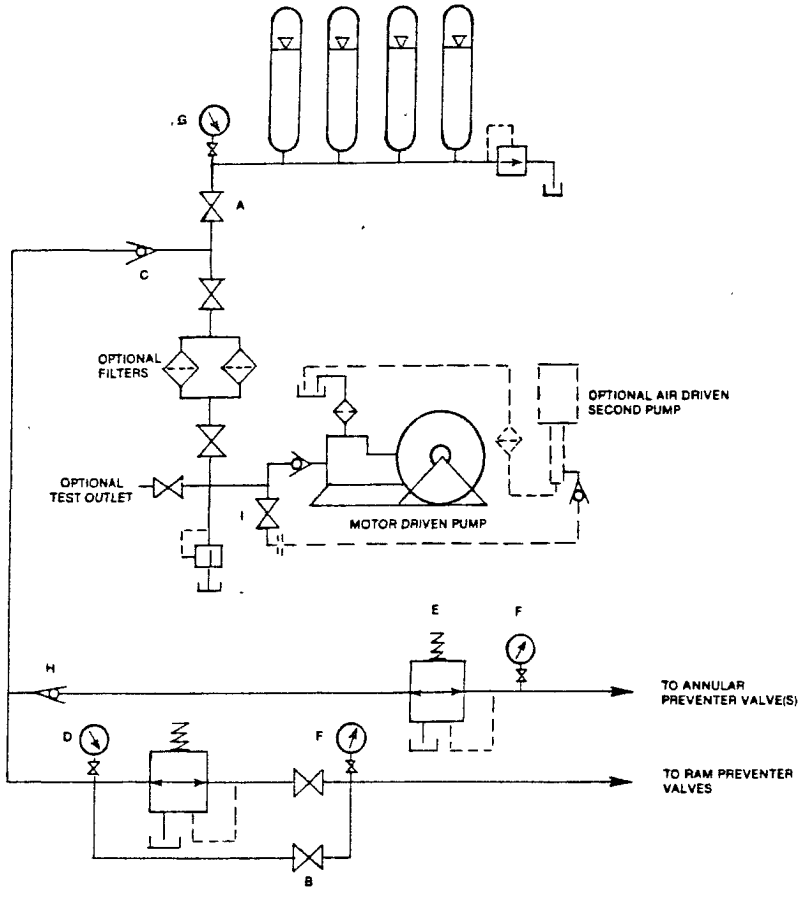


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

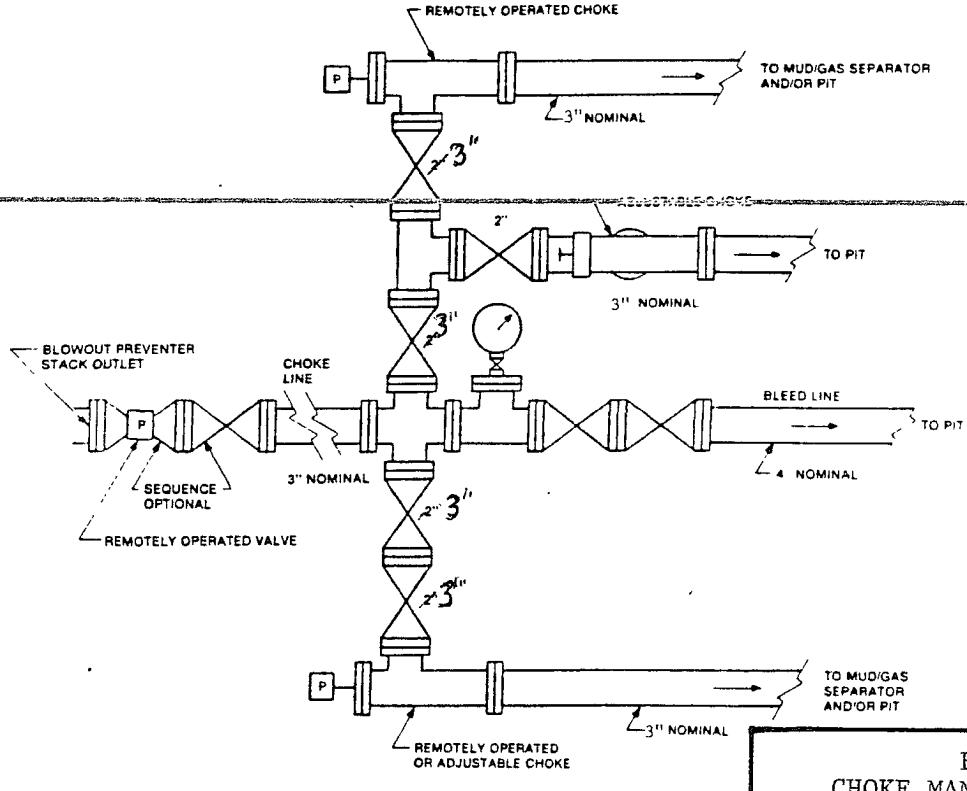


FIGURE K4-3. Typical choke manifold assembly for 10M and 15M rated working pressure service — surface installation.

EXHIBIT "F-1"
CHOKE MANIFOLD & CLOSING UNIT
10,000 PSI

ENDEAVOR ENERGY RESOURCES, LP.
RED BULL "3" FEDERAL # 1
UNIT "D" SECTION 3
T26S=R33E LEA CO. NM

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ENDEAVOR ENERGY RESOURCES, LP
Hydrogen sulfide contingency plan
For drilling/workover/facility.

This well and it's anticipated facility are not expected to have Hydrogen Sulfide releases there is no known presence of Hydrogen Sulfide in this area. There are no dwellings in the close proximity of this location. However if an indication of any Hydrogen Sulfide should be encountered a plan is in place to monitor the situation. ENDEAVOR ENERGY RESOURCES, LP. Will have a company representative available to the rig personnel throughout the drilling and completion operation. If Hydrogen Sulfide should be detected monitoring equipment will be available for monitoring and testing.