Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR OCD-HOBBS
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

5. Lease Serial No.
NM 18306

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☒ Oil Well ☐ ☐ ☒ Gas Well ☐☐ ☐ Other

8. Well Name and No.
BACK BASIN #1

2. Name of Operator **Endurance Resources LLC**

9. API Well No.
30-025-27051

3a Address
P.O. BOX 1466, ARTESIA, NM 88211

3b. Phone No. *(include area code)*
575.308.0722

10. Field and Pool, or Exploratory Area
ANTELOPE RIDGE, ATOKA WEST

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
1980' FSL & 660 FEL SEC. 20, T23S-R34E

11. County or Parish, State
LEA

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other **DIRECTIONAL PLAN**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

DRILL OUT EXISTING PLUG AND FINISH LATERAL PREVIOSULY STARTED. ATTACHED DRILLING PLAN.

BLM BOND # NMB000640

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECEIVED
JUL 16 2010
HOBBSOCD

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* **RANDALL HARRIS** Title **GEOLOGIST**

Signature Date **06/28/2010**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Title Date **JUL 13 2010**

Conditions of approval, if any, are attached. Approval of this notice 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. Office

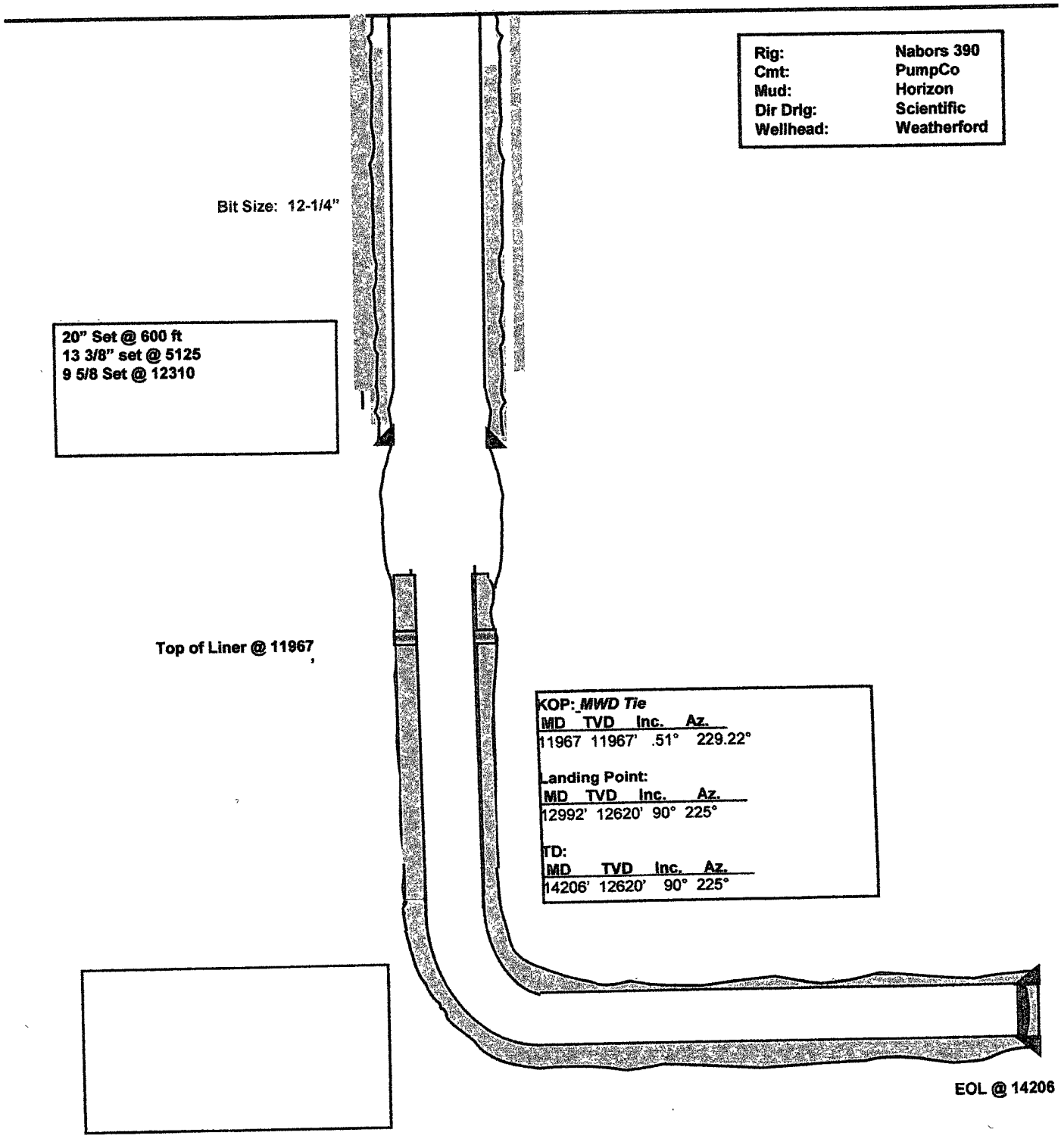
APPROVED
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
PETROLEUM ENGINEER

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)

JUL 19 2010

Back Basin 1
Leas County New Mexico
Suspended Wellbore



ENDURANCE RESOURCES LLC

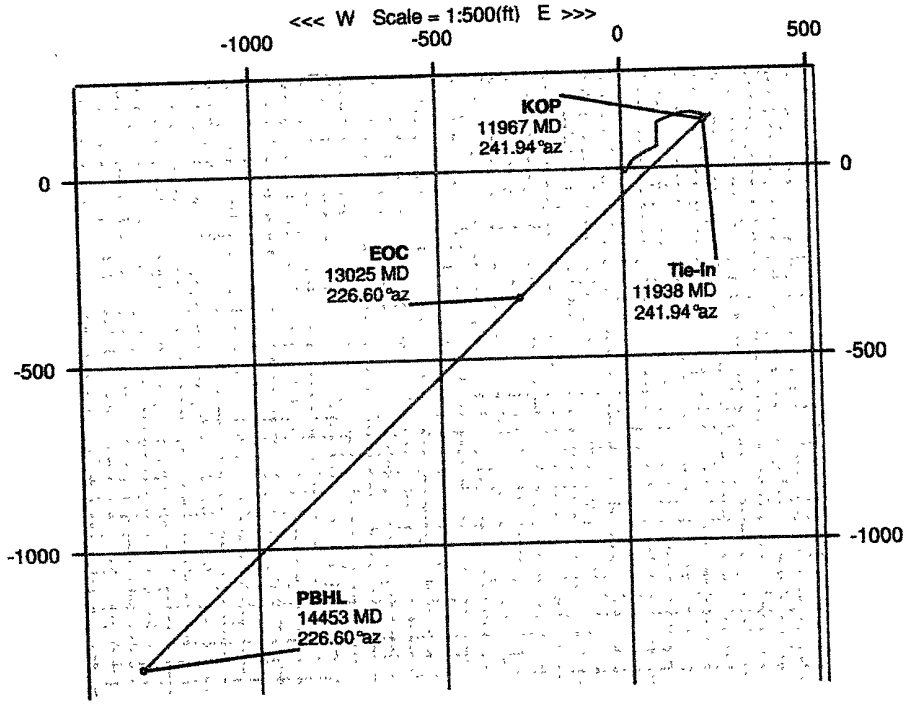
~~Ray Westall~~

WELL	FIELD	STRUCTURE
Back Basin #1	Lea County, NM	Back Basin #1

Magnetic Parameters: Model: IGRF 2005 | Dip: 60.876° | Mag Dec: +8.147° | Date: June 15, 2006 | FS: 48927.3 nT

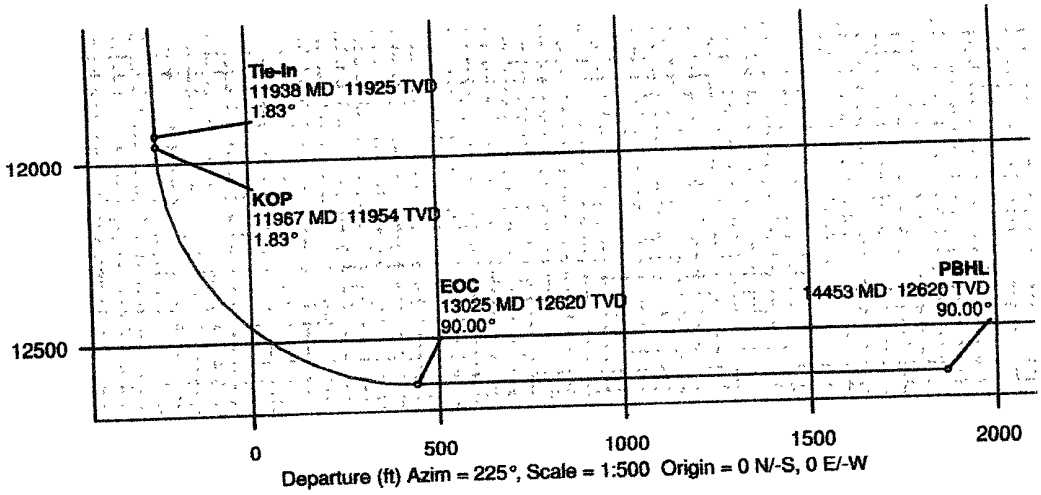
Surface Location: Lat: N32 47 44.736 | Lon: W103 24 54.324 | NAD27 New Mexico State Planes, Eastern Zone, US Feet | Northing: 654433.26 flUS | Easting: 782169.95 flUS | Grid Conv: +0.49736338° | Scale Fact: 1.0000002899

Miscellaneous: Slot: Back Basin #1 | Plan: Back Basin #1 r2 | TVD Ref: RKB (0.00 ft above) | Srvy Data: Thu 07:01 PM June 15, 2006



Critical Points

Critical Point	MD	INCL	AZIM	TVD	VSEC	N(+) / S(-)	E(+) / W(-)	DLS
Tie-In	11938.00	1.83	241.94	11924.93	-247.60	129.18	220.98	0.00
KOP	11967.00	1.83	241.94	11953.91	-246.72	128.74	220.16	0.00
EOC	13025.18	90.00	226.60	12619.89	439.65	-339.05	-282.70	8.34
PBHL	14452.85	90.00	226.60	12620.00	1866.76	-1320.00	-1320.00	0.00



INTREPID

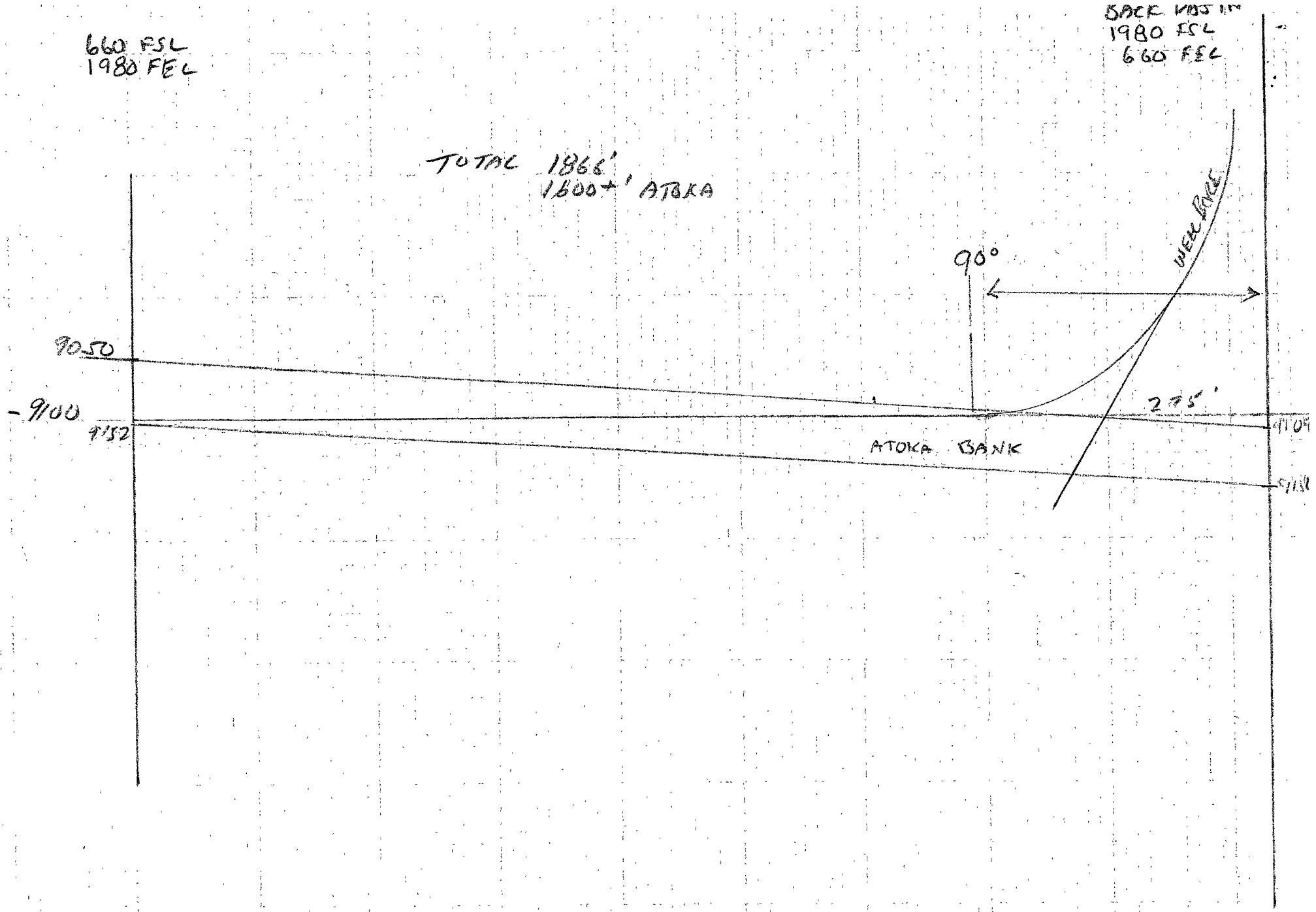
INTREPID
Directional Drilling Specialists

Proposal

Report Date:	July 25, 2006
Client:	~~Ray Westall~~ ENDURANCE
Field:	Lea County, NM
Structure / Slot:	Back Basin #1 / Back Basin #1
Well:	Back Basin #1
Borehole:	Back Basin #1
UWI/API#:	
Survey Name / Date:	Back Basin #1_r2 / June 15, 2006
Tort / AHD / DDI / ERD ratio:	137.229° / 2486.98 ft / 5.592 / 0.197
Grid Coordinate System:	NAD27 New Mexico State Planes, Eastern Zone, US Feet
Location Lat/Long:	N 32 47 44.736, W 103 24 54.324
Location Grid N/E Y/X:	N 654433.257 ftUS, E 782169.865 ftUS
Grid Convergence Angle:	+0.49739336°
Grid Scale Factor:	1.00000027

Survey / DLS Computation Method:	Minimum Curvature / Lubinski
Vertical Section Azimuth:	225.000°
Vertical Section Origin:	N 0.000 ft, E 0.000 ft
TVD Reference Datum:	RKB
TVD Reference Elevation:	0.0 ft relative to
Sea Bed / Ground Level Elevation:	0.000 ft relative to
Magnetic Declination:	8.147°
Total Field Strength:	49527.271 nT
Magnetic Dip:	60.878°
Declination Date:	June 15, 2006
Magnetic Declination Model:	IGRF 2005
North Reference:	Grid North
Total Corr Mag North -> Grid North:	+7.650°
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)	Tool Face (deg)
Tie-In	11938.00	1.83	241.94	11924.93	-247.60	129.18	220.98	255.97	59.69	0.00	-118.06M
KOP	11967.00	1.83	241.94	11953.91	-246.72	128.74	220.16	255.04	59.68	0.00	-133.40M
	12000.00	4.54	232.71	11986.86	-244.92	127.71	218.66	253.22	59.71	8.34	-133.40M
	12100.00	12.86	228.72	12085.62	-229.86	117.95	207.12	238.35	60.34	8.34	-2.18G
	12200.00	21.20	227.85	12181.15	-200.64	98.43	185.32	209.84	62.02	8.34	-1.34G
	12300.00	29.53	227.45	12271.43	-157.88	69.58	153.70	168.72	65.64	8.34	-0.98G
	12400.00	37.87	227.22	12354.55	-102.49	32.01	112.94	117.39	74.18	8.34	-0.79G
	12500.00	46.21	227.06	12428.75	-35.63	-13.51	63.90	65.31	101.94	8.34	-0.67G
	12600.00	54.55	226.94	12492.47	41.28	-65.99	7.61	66.43	173.42	8.34	-0.59G
	12700.00	62.88	226.85	12544.35	126.62	-124.34	-54.72	135.85	203.75	8.34	-0.54G
	12800.00	71.22	226.76	12583.31	218.57	-187.32	-121.80	223.43	213.03	8.34	-0.51G
	12900.00	79.56	226.69	12608.51	315.21	-253.59	-192.19	318.19	217.16	8.34	-0.49G
	13000.00	87.90	226.62	12619.43	414.48	-321.76	-264.41	416.46	219.41	8.34	-0.48G
EOC	13025.18	90.00	226.60	12619.89	439.65	-339.05	-282.70	441.45	219.82	8.34	0.00G
PBHL	14452.85	90.00	226.60	12620.00	1866.76	-1320.00	-1320.00	1866.76	225.00	0.00	0.00G


660 FSL
1980 FEL
BACK HOLE IN
1980 FSL
660 FEL
TOTAL 1866'
1600+' ATOKA
90°
WELLBORE
9050
-9100
9152
2775'
ATOKA BANK

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Endurance Resources LLC**
LEASE NO.:	**NM18306**
WELL NAME & NO.:	**Back Basin #1**
SURFACE HOLE FOOTAGE:	**1980' FSL & 660' FEL**
BOTTOM HOLE FOOTAGE	**660' FSL & 1980' FEL**
LOCATION:	**Section 20, T. 23 S., R 34 E., NMPM**
COUNTY:	**Lea County, New Mexico**

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

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

a. Rig being moved in
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. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling out the CIBP. H2S has been reported in zones shallower and deeper than the planned horizontal. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values 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. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.**

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

Changes to the approved 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.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

A CIT is to be performed on this casing per Onshore Oil and Gas Order 2.III.B.1.h prior to drilling the shoe plug. Test pressure to be 1500 psi.

1. The **20** inch surface casing is set at **600 feet** and cemented to the surface.

2. The **13-3/8** inch intermediate casing is set at **5125 feet** and cemented to the surface.

3. The **9-5/8** inch production casing is set at **12310 feet** and cemented to 5100 feet.

Drill out CIBP at 11900'. BLM to witness a tag of the CIBP at 12300' to verify depth.

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

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

   ☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

5. 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 **CIBP** shall be **5000 (5M)** psi. **5M system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.**

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

    a. Casing cut-off and BOP installation will not be initiated until the cement has had a minimum of 8 hours setup time for a water basin. The casing shall remain stationary and under pressure for at least eight hours after the operator places the cement. In the potash area, the minimum time is 12 hours and the casing shall remain stationary and under pressure during this time period. In addition, for the potash area, no tests are to be initiated prior to 24 hours (R-111-P regulations). Casing shall be under pressure if the operator uses some acceptable means of holding pressure or if the operator employs one or more float valves to hold the cement in place. Testing the BOP/BOPE against a plug can commence after meeting the above conditions plus the BOP installation time.

    b. The tests shall be done by an independent service company utilizing a test plug.

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

    d. 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.**

    e. 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.

DHW 070710