

HALLIBURTON

30-025-21497

Cambrian Management Ltd
PO Box 272
Midland, Texas 79702

Eunice Plant AGD Well 1

Lea County, New Mexico
United States of America
API/UWI 3002521497

Cementing Cost Estimate

Prepared for: W. A. Baker
April 9, 2010
Version: 3

Submitted by:
Kyle Baros

Halliburton
4000 N. Big Spring, Ste 200
Midland, Texas 79705
432.202.6581

HALLIBURTON

*Halliburton appreciates the opportunity to present
this proposal and looks forward to being of service to you.*

Foreword

Halliburton is pleased to have this opportunity to present this proposal for your consideration. We earnestly request the service work to be performed on this well. These Service Coordinators can be reached in our District, at the following phone numbers:

MIDLAND SALES OFFICE

1-800-844-8451

ODESSA DISTRICT

1-800-417-5096

CEMENTING:

Scott Kerby / Joe Briseno
BJ Wheeler

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING & PERFORATING

Mike Wood / Josh Stumpner

COILED TUBING & NITROGEN

Larry Staples / Jerry Thurman
Gary Pacheco

TOOLS & TESTING, PROD. SVCS., TCP, COMPL. PRODUCTS

Steve Engleman / Kevin Warren

BAROID

Fernando Arizpe

PREPARED BY: Bruce Day

HOBBS DISTRICT

1-800-416-6081

CEMENTING

Jeremy Rey / Jaime Gonzales

STIMULATION:

Larry Staples / Jerry Thurman
Gary Pacheco

LOGGING & PERFORATING

Josh Mount / Vernon Reeve

DRILL BITS

Jeff Trantum

TOOLS & TESTING, PROD. SVCS., TCP, COMPL. PRODUCTS

John Breeden

BAROID

Freddy Redmon

We look forward to working with you to provide the very best quality services available in the Permian Basin.

Kyle Baros, Technical Professional

Cementing Best Practices

1. **Cement quality and weight:** You must choose cement slurry that is designed to solve the problems specific to each string of pipe.
2. **Waiting time:** You must hold the cement slurry in place and under pressure until it hardens. A cement slurry is a time-dependent liquid and must be allowed to undergo a hydration reaction to produce a competent cement sheath. A fresh cement slurry can be worked (thickening or pump time) as long as it is plastic, and the initial set of cement occurs during the rapid reaction stage. If the cement is not allowed to hydrate; it will be subject to changes in density, dilution, settling, water separation, and gas cutting that can lead to lack of zonal isolation with resultant bridging in the annulus.
3. **Pipe movement:** Pipe movement may be one of the single most influential factors in mud removal. Reciprocation and/or rotation mechanically breaks up gelled mud and constantly changes the flow patterns in the annulus for better cement bonding.
4. **Mud properties:** Plastic viscosity (PV) should be less than 15 centipoise (cp), and less than 10 cp, if possible, yield point (YP) should be less than 10 pound/100-square feet (lb/100ft²) decreasing down to about 5 lb/100 ft².
5. **Mud gel strength:** A nonthixotropic mud is desirable for good mud removal. Mud left in the hole prior to running casing should have 10-second/10-minute/30-minute gel strength such that the 10-minute is less than double the 10-second and the 30-minute is less than 20 lb/100 ft²). Sufficient shear strength may not be achieved on a primary cement job to remove mud left in the hole should the mud develop more than 25 lb/100 ft².
6. **Mud fluid loss:** Decreasing the filtrate loss into a permeable zone enhances the creation of a thin filter cake. This increases the fluid mud in the hole, which is more easily removed. Generally, an API fluid loss of 7 or 8 milliliter (ml) is sufficient with high-temperature/high-pressure fluid loss (HTHP) no more than double this amount.
7. **Circulation:** Circulate bottoms up twice, or until well conditioned mud is being returned to the surface. There should be no cuttings in the mud returns. An annular velocity of 260 feet per minute is optimum (SPE/IADC 18617), if possible.
8. **Flow rate:** Turbulent flow is more desirable flow regime for mud removal. If turbulence cannot be achieved, better mud removal is found when maximum flow energy is used. The maximum pump rate should be determined to obtain the best flow regime.
9. **Hole size:** The optimum hole size recommended for good mud removal is 1.5 to 2 inches larger than the casing or liner size. Hole sizes larger than 2 inches annular space can be dealt with, but those that are smaller than 1.5 inches present difficult problems.
10. **Pipe Centralization:** This helps to create a uniform flow area perpendicular to flow direction. Cement will take the path of least resistance so that centralization is important in keeping the pipe off the walls of the hole. At least a 70 percent standoff should be achieved for centralization.
11. **Rat hole:** When applicable, a weighted viscous pill in the rat hole prevents cement from swapping with lighter weight mud when displacement stops.
12. **Shoe joint:** A shoe joint is recommended on all primary casings and liners. The length of the shoe joint will vary, although the absolute minimum length is one joint of pipe. If conditions exist, such as not running a bottom plug, two joints should be the minimum length.

Job Information**CorrosaCem - TL Production Cementing**

Well Name: Eunice Plant AGD Well

Well #: 1

Surface Casing 0 - 300 ft (MD)
Outer Diameter 10.750 in

Long String 0 - 4010 ft (MD)
Outer Diameter 7.000 in
Inner Diameter 6.456 in
Linear Weight 20 lbm/ft
Job Excess 10 %

DV Tool 4000 ft (MD)

Existing 6-1/4" Open Hole 4010 - 4550 ft (MD)
Inner Diameter 6.250 in
Job Excess 35 %

6-1/4" Hole 4550 - 5000 ft (MD)
Inner Diameter 6.250 in
Job Excess 35 %

Production Casing 0 - 4550 ft (MD)
Outer Diameter 5.500 in
Inner Diameter 4.892 in
Linear Weight 17 lbm/ft
Thread AB FL-4S
Casing Grade J-55

Technical Discussion CorrosaCem - TL Production Cementing

The CorrosaCem-TL volume is based on 450 feet of fill with 35% of the specified hole volume added. If more current data, such as an open hole volume caliper log, becomes available, then the volume should be modified to caliper plus 20% over gauge hole.

CorrosaCem-TL will require 0.4% (bwoc) FE-2 as a dispersant/retarder. The Fe-2 will need to be pre-mixed in the mix water, as well as the spacer water, prior to the job.

Recommended procedure for CorrosaCem-TL:

Prior to Job-

1. Blend Fe-2 with fresh water in a clean transport, mix thoroughly until all Fe-2 is dissolved.
2. The Fe-2 concentration will be based on laboratory pilot testing for desired cement slurry properties. (Estimated 0.09 ppg)
3. The Fe-2 water volume will include the required mix water volume, plus spacer volume, plus bottoms. (Estimated 50 bbl)
4. The mixture will be sampled, and used in the plant blend tests. Adjust Fe-2 concentration as required.
5. Load the CorrosaCem-TL bulk material into a clean, **cement free**, bulk truck. All cement residue **must be removed**, and the bulk tier inspected prior to loading the CorrosaCem-TL.

On Location-

1. Add the required Fe-2 mix water volume to the batchmixer. Add CorrosaCem-TL to batchmixer to obtain a 15.0 ppg slurry.
2. Pump the remaining Fe-2 water as a spacer.
3. Pump and displace the CorrosaCem-TL slurry.

Calculations**CorrosaCem - TL Production Cementing**

Stage 1

Cement : (550.00 ft fill)

$$\begin{aligned} 10.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 0.69 \text{ ft}^3 \\ 540.00 \text{ ft} * 0.0481 \text{ ft}^3/\text{ft} * 35 \% &= 35.04 \text{ ft}^3 \\ \text{First Stage Tail Cement} &= 35.72 \text{ ft}^3 \\ &= 6.36 \text{ bbl} \end{aligned}$$

Shoe Joint Volume: (40.00 ft fill)

$$\begin{aligned} 40.00 \text{ ft} * 0.1305 \text{ ft}^3/\text{ft} &= 5.22 \text{ ft}^3 \\ &= 0.93 \text{ bbl} \\ \text{Tail plus shoe joint} &= 40.95 \text{ ft}^3 \\ &= 7.29 \text{ bbl} \\ \text{Total Tail} &= 45 \text{ sks} \end{aligned}$$

Stage 2

Cement : (3033.00 ft fill)

$$\begin{aligned} 3033.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 207.99 \text{ ft}^3 \\ \text{Total Second Stage Lead Cement} &= 207.99 \text{ ft}^3 \\ &= 37.04 \text{ bbl} \\ \text{Sacks of Cement} &= 81 \text{ sks} \end{aligned}$$

Cement : (967.00 ft fill)

$$\begin{aligned} 967.00 \text{ ft} * 0.0623 \text{ ft}^3/\text{ft} * 10 \% &= 66.31 \text{ ft}^3 \\ \text{Second Stage Tail Cement} &= 66.31 \text{ ft}^3 \\ &= 11.81 \text{ bbl} \\ \text{Total Tail} &= 50 \text{ sks} \end{aligned}$$

Job Recommendation CorrosaCem - TL Production Cementing

Install floating equipment, run casing to bottom, and circulate a minimum of 2-3 hole volumes prior to cementing as follows:

Fluid Instructions**Stage 1**

Fluid 1: Pump 20 bbl

Dispersant Spacer

0.09 lbm/bbl Fe-2 (Dispersant)

Fluid Density: 0 lbm/gal

Fluid Volume: 20 bbl

Fluid 2: Mix and pump 50 sks

CorrosaCem - TL

0.4 % Fe-2 (Dispersant)

Fluid Weight 15 lbm/gal

Slurry Yield: 0.91 ft³/sk

Total Mixing Fluid: 3.44 Gal/sk

Top of Fluid: 4000 ft

Calculated Fill: 550 ft

Volume: 7.29 bbl

Calculated Sacks: 45.09 sks

Proposed Sacks: 50 sks

DV Tool @ 4000 ft (MD)**Stage 2**

Fluid 1: Pump 20 bbl

Fresh Water

Fluid Volume: 20 bbl

Fluid 2: Lead with 85 sks

EconoCem - C

Fluid Weight 11.70 lbm/gal

Slurry Yield: 2.57 ft³/sk

Total Mixing Fluid: 14.93 Gal/sk

Top of Fluid: 0 ft

Calculated Fill: 3033 ft

Volume: 37.05 bbl

Calculated Sacks: 81.00 sks

Proposed Sacks: 85 sks

Fluid 3: Tail-in with 50 sks

HalCem - C

Fluid Weight 14.80 lbm/gal

Slurry Yield: 1.33 ft³/sk

Total Mixing Fluid: 6.34 Gal/sk

Top of Fluid: 3033 ft

Calculated Fill: 967 ft

Volume: 11.81 bbl

Calculated Sacks: 50 sks

Proposed Sacks: 50 sks

HALLIBURTON

Cost Estimate

CorrosaCem - TL Production Cementing

Mtrl Nbr	Description	Qty	U/M	Unit Price	Gross Amt	Discount	Net Amt
1	MILEAGE FOR CEMENTING EQUIPMENT NUMBER OF UNITS	50 1	MI	9.79	489.50	332.86	156.64
2	MILEAGE FOR CEMENTING CREW NUMBER OF UNITS	50 1	MI	5.76	288.00	195.84	92.16
7	ENVIRONMENTAL SURCHARGE	1	JOB	134.00	134.00	0.00	134.00
372867	DOT VEHICLE CHARGE	3	EA	241.00	723.00	0.00	723.00
16093	MSC PUMP CHARGE (1ST STAGE) DEPTH FEET/METERS (FT/M)	1 4550 FT	EA	5,392.00	5,392.00	3,666.56	1,725.44
16	MSC ADDITIONAL STAGES NUMBER OF UNITS	1 1	STG	4,635.00	4,635.00	3,151.80	1,483.20
141	RCM w/RA DENSOMETER NUMBER OF UNITS	1 1	JOB	1,990.00	1,990.00	1,353.20	636.80
116	BOOSTER PUMP-SKID/DAY NUMBER OF DAYS	1 1	EA	1,362.00	1,362.00	926.16	435.84
74038	PLUG CONTAINER RENTAL-1ST DAY DAYS OR FRACTION (MINI)	1 1	EA		1,322.00	898.96	423.04
100001615	FE-2	2	LB	11.92	23.84	17.40	6.44
452967	CORROSACEM (TM) SYSTEM	50	SK		16,360.00	11,942.80	4,417.20
100001615	FE-2	15	LB	11.92	178.80	130.52	48.28
452992	ECONOCEM (TM) SYSTEM	85	SK		3,391.50	2,475.80	915.70
452986	HALCEM (TM) SYSTEM	50	SK		2,087.50	1,523.88	563.62
76400	MILEAGE,CMT MTLs DEL/RET NUMBER OF TONS	25 8.45	MI	3.35	707.69	516.61	191.08
3965	SVC CHRg, CMT & ADDITIVES NUMBER OF EACH	206 1	CF	5.49	1,130.94	825.59	305.35
	Total	USD					40,215.77
	Discount 68/73	USD					27,957.98
	Discounted Total	USD					12,257.79

Primary Plant: Hobbs, NM, USA
Secondary Plant: Hobbs, NM, USA

Price Book Ref: 09 Permian Basin
Price Date: 3/31/2010

Conditions

NOTE

The cost in this analysis is good for the materials and/or services outlined within and shall be valid for 30 days from the date of this proposal. In order to meet your needs under this proposal with a high quality of service and responsive timing, Halliburton will be allocating limited resources and committing valuable equipment and materials to your area of operations. Accordingly, the discounts reflected in this proposal are available only for materials and services awarded on a first-call basis. Alternate pricing may apply in the event that Halliburton is awarded work on any basis other than as a first-call provider.

The unit prices stated in the proposal are based on our current published prices. The projected equipment, personnel, and material needs are only estimates based on information about the work presently available to us. At the time the work is actually performed, conditions then existing may require an increase or decrease in the equipment, personnel, and/or material needs. Charges will be based upon unit prices in effect at the time the work is performed and the amount of equipment, personnel, and/or material actually utilized in the work. Taxes, if any, are not included. Applicable taxes, if any, will be added to the actual invoice.

It is understood and agreed between the parties that with the exception of the subject discounts, all services performed and equipment and materials sold are provided subject to Halliburton's General Terms and Conditions contained in our current price list, (which include LIMITATION OF LIABILITY and WARRANTY provisions), and pursuant to the applicable Halliburton Work Order Contract (whether or not executed by you), unless a Master Service and/or Sales Contract applicable to the services, equipment, or materials supplied exists between your company and Halliburton, in which case the negotiated Master Contract shall govern the relationship between the parties. A copy of the latest version of our General Terms and Conditions is available from your Halliburton representative or at:

<http://www.halliburton.com/terms> for your convenient review, and we would appreciate receiving any questions you may have about them. Should your company be interested in negotiating a Master Contract with Halliburton, our Law Department would be pleased to work with you to finalize a mutually agreeable contract. In this connection, it is also understood and agreed that Customer will continue to execute Halliburton usual field work orders and/or tickets customarily required by Halliburton in connection with the furnishing of said services, equipment, and materials.

Any terms and conditions contained in purchase orders or other documents issued by the customer shall be of no effect except to confirm the type and quantity of services, equipment, and materials to be supplied to the customer.

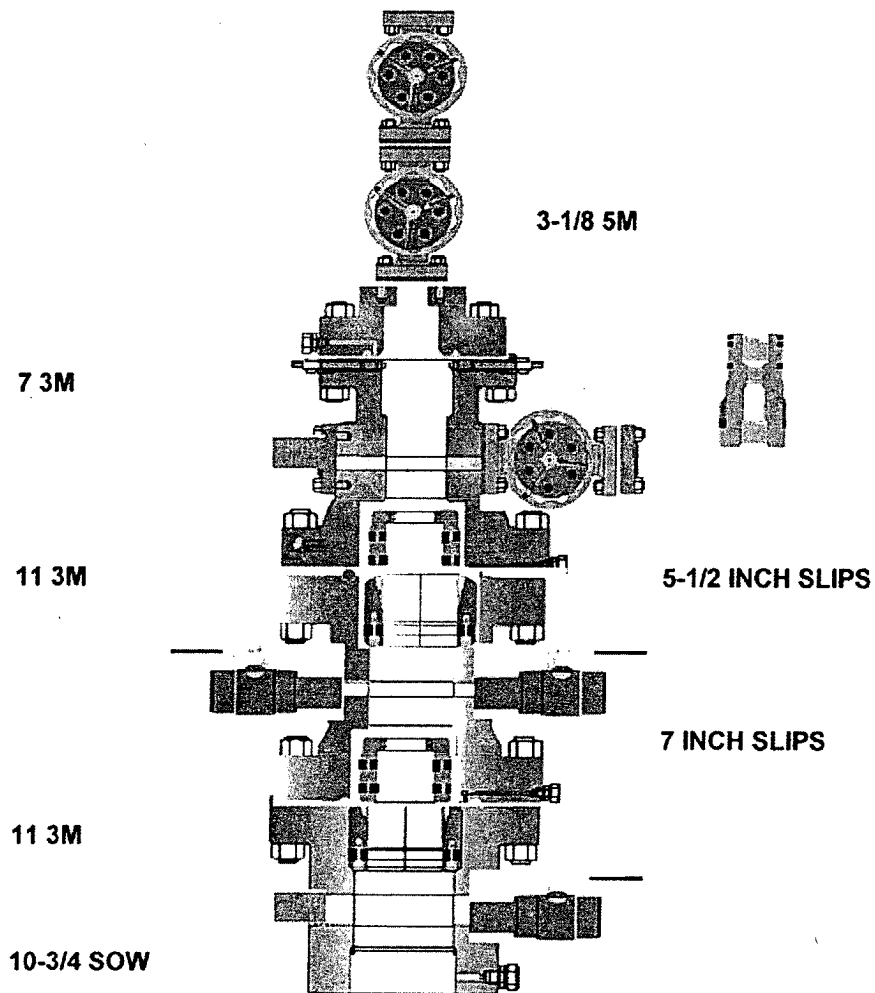
If customer does not have an approved open account with Halliburton or a mutually executed written contract with Halliburton, which dictates payment terms different than those set forth in this clause, all sums due are payable in cash at the time of performance of services or delivery of equipment, products, or materials. If customer has an approved open account, invoices are payable on the twentieth day after date of invoice.

Customer agrees to pay interest on any unpaid balance from the date payable until paid at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event Halliburton employs an attorney for collection of any account, customer agrees to pay attorney fees of 20% of the unpaid account, plus all collection and court costs.

T3 Energy Services
WELLHEAD & PRODUCTION SYSTEMS

TARGA MIDSTREAM

QUOTE BE 165
8/30/2010
CASING PROGRAM
10-3/4 X 7 X 5-1/2 X 2-7/8





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Quote Response Form

Wellhead & Production Systems
Houston, TXEstimate No. BE00000165
Warehouse ID: ODES - ODESSA
7311 Andrews Highway
Odessa, TX 79765
Phone: 432-552-0695
Fax: 432-362-4363

Customer:

Ship to:

Customer Info:

Targa Midstream

Phone:

Thank you for the opportunity to quote your equipment needs. If you have any questions. Please call.

Estimate	Terms	Quote Date	Expiration Date	Salesperson	Customer Currency
BE00000165		5/11/2010		Fikes, Gerald	USD

Casing Head Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
10	1.00	EA	20353625 CASING HEAD BODY, C-22, 11" 3K FLANGED TOP X 10-3/4" SOW (W/ ORING GROOVE) BTM, W/ TWO 2" LPO OUTLETS, U, DD, PSL 1, PR1	1,725.00	1,725.00
20	1.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	25.00
30	1.00	EA	20364831 BULL PLUG, 2" LP, SOLID, XXH	25.00	25.00
40	1.00	EA	20391949 BALL VALVE, 3K, 2" LP, SE, NACE TRIM	120.00	120.00
213	1.00	EA	20384272 COLLAR-CASING 10-3/4 SOW X 10-3/4 SOW J-55	395.00	395.00
Casing Head Assembly Total:					2,290.00

Casing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
201	1.00	EA	20365360 CASING SPOOL ASSEMBLY, C-22-BG, 11" 3K FLANGE BTM X 11" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PR1	5,330.00	5,330.00
202	2.00	EA	20365431 BALL VALVE, 3K, 2" LP, SE, STANDARD TRIM	120.00	240.00
203	2.00	EA	20365450 NIPPLE, PIPE, 2" LP X 6" LONG XXH	25.00	50.00
204	1.00	EA	20391954 SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 7" ID, W/PEROXIDE CURED RUBBER, U, AA, PSL 1, PR 1	700.00	700.00
205	1.00	EA	20365793 RING GASKET, R-53, S316-4, OVAL, API 6A	95.00	95.00



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206	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
207	2.00	EA	20366688	115.00	230.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
208	2.00	EA	20358839	35.00	70.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
209	1.00	EA	20391952	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-21 SLIP, 11" C-21 BOWL, 7" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PR1		

Casing Spool Assembly Total: 7,925.08

Tubing Spool Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
50	1.00	EA	20365368	3,291.67	3,291.67
			TUBING HEAD ASSEMBLY, TCM, 11" 3K FLANGE BTM X 7-1/16" 3K FLANGED TOP, W/ TWO 2-1/16" 5K SSO OUTLETS, L-U, DD, PSL 1, PR1		
60	3.00	EA	20358839	35.00	105.00
			RING GASKET, R-24, S316-4, OVAL, API 6A		
70	1.00	EA	20365472	75.00	75.00
			VALVE REMOVAL PLUG, 1-1/2 LP		
80	2.00	EA	20366688	550.00	1,100.00
			FLANGE COMPANION, BODY, 2-1/16" 5K X 2" LP, U, FF		
90	1.00	EA	20367048	2,400.00	2,400.00
			GATE VALVE ASSEMBLY, JMP-W5, M, 2-1/16" 5K WEDGE FE HWO, L-U, FF, PSL 2, PR1		
100	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		
110	1.00	EA	20391951	1,000.00	1,000.00
			CASING HANGER ASSEMBLY, C-22 SLIP, 11" C-22 BOWL, 5-1/2" OD CASING, W/PEROXIDE CURED RUBBER GOODS, U, AA, PSL 1, PR1		
120	1.00	EA	20391953	700.00	700.00
			SECONDARY SEAL ASSEMBLY, BG-PE, 9" NOM X 5-1/2" ID, W/PEROXIDE CURED RUBBER, U, AA, PSL 1, PR1		
130	1.00	EA	20365793	95.00	95.00
			RING GASKET, R-53, S316-4, OVAL, API 6A		
140	16.00	EA	20366131	13.13	210.08
			STUD ASSEMBLY, ALL-THREAD, 1.375-8UN-2A X 10.00 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
211	1.00	EA	20391950	25.00	25.00
			BULL PLUG, 2" LP, SOLID, NICKEL PLATED		

Tubing Spool Assembly Total: 9,026.75

Tree Assembly

Line	Quantity	UM	Item	Unit Price	Extended Price
150	1.00	EA	20373199	16,780.00	16,780.00
			TUBING HEAD ADAPTER ASSEMBLY, A5P, 7-1/16" 3K STUDDER BTM X 3-1/8" 5K STUDDER, W/ ONE 1/4" CCL PORT, U, HH, PSL 2, PR1		

Email: zjennings@t3energy.com

All Items Subject to Availability

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160	2.00	EA	20376136	36,000.00	72,000.00
			GATE VALVE, 3-1/8", 5K, IPT, MANUAL, R-35 FLG X FLG INCONEL, 625 ALL WETTED SURFACES, HH TRIM, API 6A, TEMP, CLASS, P+U, H2S SERVICE PER NACE, MR-01-75 C, /W HANDWHEEL (EEC DRAWING AL-0121)		
170	3.00	EA	20362703	57.00	171.00
			RING GASKET, R-35, S316-4, OVAL, API 6A		
180	8.00	EA	20366128	6.67	53.36
			STUD ASSEMBLY, ALL-THREAD, 1.125-8UN-2A X 8.50 LONG, ASTM A193 GR B7 STUD, W/ TWO ASTM A194 2H NUTS, BLACK		
190	1.00	EA	20362707	80.00	80.00
			RING GASKET, R-45, S316-4, OVAL, API 6A		
200	1.00	EA	20373406	26,760.00	26,760.00
			TUBING HANGER ASSEMBLY, 7-1/16" BOWL X 3-1/2" EUE, W/ 3" HBPV INCONEL, U, DD, PSL-2, PRI		
212	1.00	EA	20388385	3,675.00	3,675.00
			CROSSOVER SUB BODY, 3-1/2 EUE MALE THREAD X 2-7/8 EUE FEMALE THREAD, 718 INCONEL		

Tree Assembly Total: 119,519.36

NOTES:

1. All equipment is FOB T3 Energy, Inc. Houston, Texas USA.
2. Freight and crating expenses are not included as part of this quotation.
3. All pricing, as indicated in this quotation, is based on standard equipment deliveries; an expediting fee will be applied if the equipment is required prior to the date (s) indicated above.
4. T3 Energy will not be liable for penalties due to late deliveries that are not agreed upon and authorized by T3 Energy prior to acceptance of the purchase order.
5. This quotation is valid for your acceptance for a period of 30 days.
6. Disclaimer - this is a general terms and conditions for the purpose of advancing to a commercial request.
7. Rental - Rental is charged in complete days from shipment from the T3 Energy facility until returned to the T3 Energy facility. The renter is responsible for returning the equipment to original condition after use. This includes repair labor and parts as required.

Section Summary:	Section Casing Head Assembly Total:	2,290.00
	Section Casing Spool Assembly Total:	7,925.08
	Section Tubing Spool Assembly Total:	9,026.75
	Section Tree Assembly Total:	119,519.36
	Order Total:	138,761.19



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Quote Response Form

Estimate No. BE00000165

THANK YOU FOR THE OPPORTUNITY TO QUOTE YOUR EQUIPMENT NEEDS.

THIS QUOTE DOES NOT INCLUDE PRO-RATED FREIGHT, SERVICE, OR TAXES

IF YOU HAVE ANY QUESTION PLEASE CALL

TOMMY MILLER
BRANCH MANGER
432-661-5810

TMILLER@T3ENERGY.COM

The estimated delivery schedule below is ARO and after T3 Energy's acceptance of the purchase order.

Casing Head Assembly - 6-8 weeks, ARO
Tubing Spool Assembly - 6-8 weeks, ARO
Tree Assembly - 6-8 weeks, ARO

Sale Amount:	138,761.19
Sales Tax:	0.00
Misc Charges:	0.00
Total Amount:	138,761.19



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Estimate No. BE00000165

Limited Warranty and Limitation of Liability

T3 Energy Services warrants the products it manufactures and/or remanufactures and the services it performs to be free from defects in materials and workmanship which materially and adversely impact performance or safety under normal use and services for a period of:

- One year after initial installation, or 18 months from invoice date for manufactured or remanufactured products, whichever comes first;
- One year after the date services are provided (the "Work") as described in a T3 Energy Services service ticket or services invoice.

Products found to be defective will be repaired or replaced, at T3 Energy Services option, in a timely fashion at no charge to the customer for such repair or replacement by T3 Energy Services.

T3 Energy Services will not be responsible for product damage caused by the process service conditions or damage caused by customer misapplication or improper maintenance. T3 Energy Services also shall not be responsible for normal wear and tear.

T3 Energy Services warrants that the services when performed will be of good quality, will be free from defects in material and workmanship, shall have been properly performed in accordance with applicable industry standards and, and shall be in accordance with any written specifications which were provided by the customer to T3 Energy Services and accepted by T3 Energy Services prior to the commencement of the Work. If customer notifies T3 Energy Services within 12 months after the date of service that it has discovered that any portion of the Work does not conform to the foregoing warranty T3 Energy Services shall, at its option:

- promptly repair any such non-conforming work, or
- promptly replace any such non-conforming work, or
- provide customer with a refund or any equitable portion of the price paid for the work after an allowance for reasonable wear and tear.

The performance by T3 Energy Services of the repair or replacement Work or the equitable refund, described in the previous paragraph shall constitute customer's sole remedy for any defect in the Work. **T3 ENERGY SERVICES HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EITHER EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE.**

If customer fails to properly operate and maintain the product in accordance with the instructions of T3 Energy Services, or the original equipment supplier or manufacturer, as applicable, or if customer otherwise fails to adhere to applicable industry standards in operating and maintaining the product, customer's failure shall void the foregoing warranty.

In the event T3 Energy Services does not receive payment as agreed, T3 Energy Services may impose a 1.5% per month finance charge to any unpaid past due balance on all open accounts.

In no event shall any T3 Energy Services or any of its respective affiliates be liable for any loss of use, revenue, or anticipatory profit, or for any direct, indirect, or incidental or consequential damages arising out of, or connected with, any portion of the Work.

The foregoing is the only obligation of T3 Energy Services with respect to the Work and customer's exclusive remedy for breach of warranty, and is customer's exclusive remedy hereunder by way of breach of contract, tort, strict liability or otherwise.

Any action or breach of this limited warranty or otherwise with respect to the Work must be commenced one (1) year after the cause of action has accrued.

THIS LIMITED WARRANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ANY PRINCIPLES OF TEXAS LAW WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION.

Confirming Signature

Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

RLB0013711

Lease Serial Number (For Individual Bond Only)

871184

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Targa Midstream Services Limited Partnership

(name)

of 1000 Louisiana, Suite 4300, Houston, TX 77002

(address)

as principal, and RLI Insurance Company

(name)

of 8 Greenway Plaza, Suite 400, Houston, TX 77046

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of Ten Thousand and No/100

dollars (\$ 10,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

- ☐ NATIONWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.
- ☐ STATEWIDE BOND — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of _____.
- ☒ INDIVIDUAL BOND — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.
- NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:
- ☐ NPR-A LEASE BOND — The terms and conditions of a single lease.
- ☐ NPR-A WIDE BOND — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 22nd day of February, 20 11, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

By: Julie Jackson
1000 Louisiana, Ste 4300, Houston, TX 77002

By: Laura DeLeon
1000 Louisiana, Ste 4300, Houston, TX 77002

By: Nancy G
8 Greenway Plaza, Suite 400, Houston, TX 77046

By: Robbie Duley
8 Greenway Plaza, Suite 400, Houston, TX 77046

If this bond is executed by a corporation, it must bear the seal of that corporation.

Targa Midstream Services Limited Partnership

[Signature] (Principal) (I.S.)

1000 Louisiana, Suite 4300, Houston, TX 77002
RLI Insurance Company (Business Address)

Greg E. Chilson (Surety) (I.S.)
Greg E. Chilson, Attorney-in-Fact

8 Greenway Plaza, Suite 400, Houston, TX 77046
(Business Address)



RLI Surety
A division of RLI Insurance Company

RLB0013711

POWER OF ATTORNEY RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$10,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

State of Illinois)
) SS
County of Peoria)



RLI INSURANCE COMPANY

Michael J. Stone
PRESIDENT

On this 22 day of Feb. 2011 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public



SPA026 (02/08)



RLI Insurance Company
Peoria, Illinois 61615

TEXAS POLICYHOLDER NOTICE

TEXAS IMPORTANT NOTICE

To obtain information or make a complaint:

You may call RLI Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-444-0406

You may also write to RLI Insurance Company at:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may also write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

TEXAS AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de RLI Insurance Company's para informacion o para someter una queja al:

1-800-444-0406

Usted tambien puede escribir a RLI Insurance Company:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.