

STEPHENS & JOHNSON OPERATING CO.
UNIVERSITY 15A No. 5
ANDREWS COUNTY, TEXAS

Location: 1294' FSL & 330' FWL of Sec 15, Blk 13, ULS

API No: 42-003-41095

Elevation: 3294' GR 3308' KB

Drlg Permit #: 683135

Casing Record: 8 5/8" - 24# J-55 ST&C csg set @ 1702' w/500 sx Class "C"
lite & 200 sx Class "C". TOC - circ
5 1/2" - 17# J-55 LT&C csg set @ 7323' w/700 sx Class "H"
lite & 700 sx Class "H".
TOC - surface.

Perforations: LCF - 6862-66', 6882-92', 6906-20', 6926-50', 6960-7044',
7060-80', 7106-14', 7122-42, 4 SPF.

Lift Equipment Information:

Lufkin C-456D-365-120 Holes: 3 Rotation: Clockwise
Weights: 4 ea. - 1RO's
Bull Gear Sheave: 6C-50"
Gear Ratio: 29.04
Motor: World Wide 60 HP-1130 RPM-405T frame-5C/9.0" sheave
Belts: 5 ea. - C-255's
Stroke length: 120" SPM: 7 3/4 Hole Position: Long hole
Long hole: 120" - Middle hole: 105" - Short hole: 90"
Well head: 6" 900 series flanged

DRILLING REPORT

08/06/09 MIRU Robinson Drilling of Texas Rig #5. Current depth - 619'.
(Thu.) 619' made last 24 hrs. Current operation: Drilling. Dev Surv -
1/2° @ 297'. Bit No. 1 - QH04 - 12 1/4". WOB - 40, RPM - 95, PP
- 900 psi, MW - 8.6, Vis - 33. Activity last 24 hrs: MIRU - 17
1/4 hrs, Drilling - 6 1/2 hrs, Surv - 1/4 hr. Est Cost: Surface
damages - \$8,000; Location - \$20,000; Water - \$5,000; Line pits
- \$2,000; Drilling - \$15,425; DC & CC - \$50,425.

08/07/09 Current depth - 1702'. 1083' made last 24 hrs. Current
(Fri.) operation: WOC. Ran 8 5/8" saw tooth guide shoe, float collar,
15 centralizers w/1706' 8 5/8" 24 lb/ft J-55 ST&C csg. Casing
set at 1702' KB Quasar cemented csg w/500 sx Class 'C' light w/
1/8 #/sx cello flakes & 2% CC mixed @ 12.6 PPG w/2 cuft/sx
yield, tailed in w/200 sx Class 'C' w/2% CC @ 14.8 PPG w/1.32
cuft/sx yield. Circ @ 213 sx to pit. Dev Surv - 3/4° @ 1197',
1° @ 1339', 3/4° @ 1662'. Bit No. 1 - QH04 - 12 1/4". WOB - 40,
RPM - 80, PP - 1050 psi, MW - 9, Vis - 33. Activity last 24
hrs: Drilling - 12 3/4 hrs, Tripping - 2 3/4 hrs, Surv - 3/4
hr, Running csg - 3 1/2 hrs, (41 jts), Cond mud - 1 1/4 hrs,
Cementing - 1 1/2 hrs, WOC - 1 1/2 hrs. Est Cost: Drilling -
\$27,075; Csg - \$27,000; Cement - \$19,000; DC - \$73,075; PC -
\$50,425; CC - \$123,500.

08/08/09 Current depth - 2227'. 525' made last 24 hrs. Current
(Sat.) operation: Drilling. Dev Surv - 1° @ 1997. Bit No. 2 -
FMRX653ZR - 7 7/8" PDC, SN 11263378. Hrs on bit #2 - 10 1/4.
WOB - 25, RPM - 68, PP - 825 psi, MW - 9.9, Vis - 29. Activity
last 24 hrs: WOC - 6 1/2 hrs, C/O weld on head - 2 1/2 hrs, NU

Stephens & Johnson Operating Co.
University 15A No. 5
(cont'd)

& test BOP - 3 1/2 hrs, Test csg - 1/2 hr, Drlg plug & cmt - 3/4 hr, Drilling - 10 1/4 hrs. Est Cost: Drilling - \$13,125; DC - \$13,125; PC - \$123,500; CC - \$136,625.

08/09/09 Current depth - 3843'. 1616' made last 24 hrs. Current operation: Drilling. Dev Surv - 1° @ 2472', 3/4° @ 2788', 1 1/2° @ 3327', 1° @ 3612'. Hrs on bit #2 - 29 3/4. WOB - 20/25, RPM - 68, PP - 975 psi, MW - 10, Vis - 29. Activity last 24 hrs: Drilling - 22 3/4 hrs, Surv - 1 1/4 hrs. Est Cost: Drilling - \$40,400; DC - \$40,400; PC - \$136,625; CC - \$177,025.

08/10/09 Current depth - 5040'. 1197' made last 24 hrs. Current operation: Drilling. Dev Surv - 3/4° @ 4112', 1 1/2° @ 4627', 1 1/4° @ 4912'. Hrs on bit #2 - 52 1/4 hrs. WOB - 20/25, RPM - 68, PP - 1000 psi, MW - 10, Vis - 29. Activity last 24 hrs: Drilling - 22 1/2 hrs, Surv - 1 1/2 hrs. Est Cost: Drilling - \$29,925, Mud logger - \$800. DC - \$30,725; PC - \$177,025; CC - \$207,775.

08/11/09 Current depth - 6124'. 1084' made last 24 hrs. Current operation: Drilling. Dev Surv - 1 1/4° @ 5199', 3/4° @ 5482', 1° @ 5957'. Hrs on bit #2 - 74 3/4 hrs. WOB - 25, RPM - 68, PP - 1100 psi, MW - 10, Vis - 29. Activity last 24 hrs: Drilling - 22 1/2 hrs, Surv - 1 1/2 hrs. Est Cost: Drilling - \$27,100, Mud logger - \$800. DC - \$27,900; PC - \$207,775; CC - \$235,675.

08/12/09 Current depth - 6896'. 772' made last 24 hrs. Current operation: Drilling. Dev Surv - 1 1/4° @ 6432'. Hrs on bit #2 - 97 3/4 hrs. WOB - 25, RPM - 65, PP - 1100 psi, MW - 10, Vis - 29. Activity last 24 hrs: Drilling - 23 hrs, Surv - 1 hrs. Est Cost: Drilling - \$19,300, Mud logger - \$800. DC - \$20,100; PC - \$235,675; CC - \$255,775.

08/13/09 Current depth - 7322' TD. 426' made last 24 hrs. Current operation: WO loggers. Dev Surv - 1° @ 7287', 1° @ 6907'. Hrs on bit #2 - 113 hrs. WOB - 25, RPM - 68, PP - 1100 psi, MW - 10.1, Vis - 35. Activity last 24 hrs: Drilling - 15 1/2 hrs, Installing Rotary head - 3/4 hr, Tripping - 3 1/2 hrs, Circ - 2 hrs, WO Loggers - 2 1/4 hrs. Est Cost: Drilling - \$10,650, Day Work - \$3,365, Mud logger - \$800, Mud - \$12,000. DC - \$26,815; PC - \$255,775; CC - \$282,590.

08/14/09 7322' TD. Current operation: Cementing. Run Schlumberger Platform Express High Resolution Laterolog/Three Litho Density/Compensated Neutron Logs. Loggers TD 7324'. TIH and laid down drill pipe. Run new 5 1/2" - 17# J-55 LT&C csg w/float shoe and float collar and 50 turbo centralizers. Set csg @ 7323' and float collar @ 7279.36'. Quasar Energy Services cmt csg w/700 sx Class "H" Lite w/5#/sx coal seal and 1/4#/sx flocele. Tailed in w/700 sx Class "H" w/5% salt, 5#/sx gilsonite and 1/4#/sx flocele. Plug down 6:30 AM. Circulated cmt to surface. Activity last 24 hrs: Trip - 2 3/4 hrs, RU Csg Crew - 1/2 hr, Run Csg - 5 1/4 hrs, WO Loggers - 1/2 hr, Logging - 5 hrs, Circ - 2 1/2 hrs, LDDP - 5 1/2 hrs, Cement - 2 hrs. Est Cost: Day Work - \$9,500, Schlumberger - \$9,200, Supervision - \$3,000, Cement - \$38,000, Csg - \$58,000, Csg Crew - \$4,500, Wellhead - \$4,000, DC - \$126,200; PC - \$282,590; CC - \$408,790.

08/15/09 7322' TD. Current operation: Moving rig. Release rig @ 10:30 AM 8/14/09. Activity last 24 hrs: Cmt - 1/2 hr, Set slips NDBOP - 4 hrs, Rigging down - 11 1/2 hrs, No crew - 8 hrs. Est Cost: DC - \$1,584; PC - 408,790; CC - \$410,374.

Stephens & Johnson Operating Co.
University 15A No. 5

(cont'd)

08/17/09 A-1 Backhoe cleaned & level location, filled cellar with pea
(Mon.) gravel & cleared right-of-way for flow line. Stinnett roustabout
Services built well head & helped A-1 Backhoe. Andrews Anchors
set anchors for workover rig. Key Trucking emptied cellar, rat
hole & mouse hole. A-1 Backhoe Service - \$1200; Stinnett
Roustabout Service - \$600; Andrews Anchors - \$1,000; Key
Trucking - \$500; Eunice Pump & Supply - \$2,768; DC - \$6,068; PC
- \$410,374; CC - \$416,442.

08/19/09 Lufkin Services set a new Lufkin 456 pumping unit with cement
(Wed.) block. Lufkin Services (pumping unit) - \$69,000; Lufkin Services
(setting of unit) - \$10,000; DC - \$79,000; PC - \$416,442; CC -
\$495,442.

08/21/09 MIRU Weatherford Wireline Services. Ran a Acoustic Cement Gamma
(Fri.) Ray CCL Bond Log. Found PBTB to be @ 7223'. Top of float collar
@ 7279.54'. Found 56' of fill in casing. Top of cement @ 44'.
Wellbore was extremely noisy & unable to see casing collars with
the collar locator. Perforated the Lower Clearfork with a 3
1/8" slick gun & Gamma Ray tool as follows:

6862' to 6866' (4 shots/ft)	4'	16 holes
6882' to 6892' (4 shots/ft)	10'	40 holes
6906' to 6920' (4 shots/ft)	14'	56 holes
6926' to 6950' (4 shots/ft)	24'	96 holes
6960' to 7044' (4 shots/ft)	84'	336 holes
7060' to 7080' (4 shots/ft)	20'	80 holes
7106' to 7114' (4 shots/ft)	8'	32 holes
7122' to 7142' (4 shots/ft)	20'	80 holes
		<u>184' 736 holes</u>

RDMO Weatherford Wireline Services. Closed well in. SDFN.
Weatherford Wireline Services - \$17,068; Sup - \$1,000; DC -
\$18,068; PC - \$495,442; CC - \$513,510.

08/23/09 Basic Trucking set 6-500 bbl frac tanks & 1-500 bbl blow down
(Sun.) tank. Basic Trucking - \$3,285; DC - \$3,285; PC - \$513,510; CC -
\$516,795.

08/24/09 Cagle Tool Rental delivered a BOP & 2 sets of pipe racks to
(Mon.) location. Holli-Tex Supply delivered 236 joints of 2 7/8" tubing
& 211 joints of 2 3/8" tubing. Basic Trucking filled each of the
6 frac tanks with 450 hbbls of fresh water. Haarmeyer Electric
started work on bringing electricity to the location. MIRU REECO
Well Service. Casing was on a vacuum. NUBOP. Tallied tubing.
Start in hole with tubing open-ended. Tagged bridge @ 7223 feet.
Fell through bridge & continued to bottom. Found PBTB to be @
7285 feet by pipe tally. Tally must be 5' deep. Top of float
shoe is suppose to be @ 7280 feet. TOOH standing tubing in
derrick. Closed well in. Clean up location. Move pipe racks off
of location. SDFN. Note: Perforations took fluid over the
weekend. Casing never ran over while TIH with the tubing. REECO
Well Service - \$2,949; Cagle Tool Rental - \$730; Basic Trucking
- \$3,613; Haarmeyer Electric - \$25,000; Holli-Tex Supply -
\$43,123; Rebel Trucking - \$2,500; Wilbanks Trucking - \$700;
Supervision - \$1,120; DC - \$79,735; PC - \$516,795; CC -
\$596,530.

08/25/09 Rigged flowback iron from wellhead to tank. Installed Guardian
(Tue.) isolation tool. MIRU Cudd Energy to frac Lower Clearfork with a
BFRAC 25 gel & 2000 sks 20/40 white sand down the casing as
follows:

- 1) Test lines to 5000 psi-holding
- 2) Start Acid - 3000 gallons NEFE - (72 hbbls) - 10 bpm @ 0 psi
- 3) Hole loaded with 53 hbbls of acid gone

Stephans & Johnson Operating Co.
University 15A No. 5
(cont'd)

- 4) Formation broke @ 2583 psi
 - 5) Increase rate on acid - 15 bpm @ 2000 psi
 - 6) Start gel pad - (696 bbls) - 40 bpm @ 3074 psi
 - 7) Acid on formation - 40 bpm @ 2680 psi
 - 8) Increased Rate - 55 bpm @ 2480 psi
 - 9) Increased rate - 62 bpm @ 2866 psi
 - 10) Shut down with 696 bbls of pad complete due to leak in line
 - 11) Repaired line & tried to restart frac- line still leaking
 - 12) Decided to reload frac tanks & start frac over after being down for 35 minutes. (5:17 PM)
 - 1) (10:50 PM) Ready to start frac
 - 2) Start pad - (762 bbls) - 20 bpm @ 200 psi
 - 3) Hole loaded with 23 bbls of pad complete
 - 4) Increased rate - 61 bpm @ 2840 psi
 - 5) Pad on formation - 62 bpm @ 2700 psi
 - 6) Pressure increase - 53 bpm @ 3600 psi - Crosslink problems
 - 7) Pressure leveled out - 60 bpm @ 3375 psi
 - 8) Start sand 1#/gal - (143 bbls) - (60 sks 20/40 Ottawa) - 60 bpm @ 3000 psi
 - 9) Start sand 2#/gal - (214 bbls) - (180 sks 20/40 Ottawa) - 60 bpm @ 2700 psi
 - 10) 1#/gal sand on formation - 60 bpm @ 2675 psi
 - 11) 2#/gal sand on formation - 60 bpm @ 2500 psi
 - 12) Start sand 3#/gal - (286 bbls) - (360 sks 20/40 Ottawa) - 60 bpm @ 2600 psi
 - 13) 3#/gal sand on formation - 60 bpm @ 2475 psi
 - 14) Start sand 4#/gal - (357 bbls) - (600 sks 20/40 Ottawa) - 60 bpm @ 2600 psi
 - 15) 4#/gal sand on formation - 60 bpm @ 2560 psi
 - 16) Start sand 5#/gal - (143 bbls) - (300 sks 20/40 Ottawa) - 60 bpm @ 2580 psi
 - 17) 5#/gal sand on formation - 64 bpm @ 2700 psi
 - 18) Start sand 5#/gal - (95 bbls) - (200 sks Super LC Ottawa) - 63 bpm @ 2640 psi
 - 19) Start sand 6#/gal - (119 bbls) - (300 sks Super LC Ottawa) - 63 bpm @ 2650 psi
 - 20) 5#/gal SLC sand on formation - 63 bpm @ 2630 psi
 - 21) Start flush - (154 bbls) - 63 bpm @ 2681 psi
 - 22) 6#/gal SLC sand on formation - 64 bpm @ 2780 psi
 - 23) Flush complete - 64 bpm @ 3000 psi (11:46 PM)
 - 24) ISIP: 1843 psi
 - 25) 5 min shut in: 1819 psi
 - 26) 10 min shut in: 1800 psi
 - 27) 15 min shut in: 1781 psi
 - 28) Total load to recover from frac: 3041 bbls
- Reeco Well Service - \$2,900; Basic Trucking - \$1,300; Light Tower Rental - \$600; Cudd Energy - \$69,298; Guardian - \$3,200; Supervision - \$1,120; TDC - \$78,418; PC - \$596,530; CC - \$674,948.

08/26/09 Shut in casing pressure: 1220 psi
(Wed.) Started flowing well back @ 8:20 AM

- 1) 8:30 AM - 20/64 choke - 1060 psi - 27 Total bbls recovered
 - 2) 9:00 AM - 20/64 choke - 915 psi - 81 Total bbls recovered
 - 3) 9:30 AM - 20/64 choke - 790 psi - 135 Total bbls recovered
 - 4) 10:00 AM - 20/64 choke - 640 psi - 176 Total bbls recovered
 - 5) 10:30 AM - 24/64 choke - 320 psi - 269 Total bbls recovered
 - 6) 11:00 AM - 24/64 choke - 120 psi - 315 Total bbls recovered
 - 7) 12:00 PM - No choke - 0 psi - 345 Total bbls recovered
- TIH with a 4 3/4" bit, bit sub & tubing. Tagged sand @ 7160'. MIRU Wellfoam to clean out wellbore with foam-air. Broke circulation. Cleaned out sand & tagged top of float collar @ 7285 feet. Drilled out float collar & shoe joint to 7318' by pipe tally.

Stephens & Johnson Operating Co.
University 15A No. 5
(cont'd)

Tally may be 5' to deep. Circulated on well for 3 hours. Last 2 hours fluid was clean of sand. Killed well. Pulled bit above perforations. Closed well in. SDFN. Note: Recovered a total of 710 bbls of fluid from flowback & circulation of well with foam-air unit. Cumulative frac load to be recovered: 2331 bbls Reeco Well Service - \$3100; WELLFOAM - \$6200; Basic Trucking - \$2090; Cagle Tool Rental - \$500; Eunice Pump & Supply - \$1130; Supervision - \$1120; DC- \$14,140; PC - \$674,948; CC - \$689,088.

08/27/09 (Thurs.) TIH & tagged TD of 7318'. No fill overnight. TOOH with the bit & tubing. TIH with production tubing. NUBOP. NUWH.

KB correction:	13.00'	13.00'
227 joints of 2 7/8" Tbg:	7118.37'	7131.37'
2 7/8" Endura blast joint:	31.20'	7162.57'
2 7/8" Seating nipple:	1.10'	7163.67'
2 7/8" Tubing sand screen:	23.87'	7187.54'
2 7/8" Nipple	.25'	7187.79'
2 7/8" Orange peeled mud joint:	32.20'	7219.99'

Note: Seating nipple is 21.67 feet below bottom perforation
Note: Bottom of mud joint is 98.01 feet off of PBTD of 7318'.

Ran a 2 1/2" X 1 1/2" X 20' two stage HVR RHBC pump/33.10' gas anchor (21.10' of 1 1/4" pipe & 1 1/4" X 12' gas anchor). Double valve, alternate pattern balls/seats, 5' spray metal plunger with monel pin, steel trim, carbonitrided barrel, 164" stroke, 1 5/8" fishing neck, 2 1/2" metal spiral guide, EM right hand release tool & 1' lift sub. Ran rods as follows:

- 1) 4 - 1 1/2" K-bars/ 3/4" pins (new)
- 2) 117 - 3/4" Weatherford KD rods/FHSM couplings (new)
- 3) 85 - 7/8" Weatherford KD rods/FHSM couplings (new)
- 4) 77 - 1" Weatherford KD rods/SHSM couplings (new)
- 5) 1 - 1" X 8' Weatherford KD pony rod/SHSM coupling (new)
- 6) 1 - 1" X 6' Weatherford KD pony rod/SHSM coupling (new)
- 7) 1 - 1" X 2' Weatherford KD pony rod/SHSM coupling (new)
- 8) 1 - 1" X 26' polish rod/1" thread (new)
- 9) 1 - 1 1/2" X 1 3/4" X 14' polish rod liner (new)

Seated pump. Loaded hole with 25 bbls of fresh water. Tested to 500 psi-held. Spaced pump 21" off of bottom. SDFN. Left unit down overnight due to noise in tail bearing. Note: Pump was a spare pump that came off of Poblano #1 & the 7/8" rods were in our stock @ TRC from the Eunice area wells. Reeco Well Service - \$3480; Basic Trucking - \$1449; Eunice Pump & Supply - \$5340; Tejas Trucking - \$580; Willies Roustabouts - \$6740; TRC - \$30,644; Pradon Trucking - \$500; Garner Pump & Supply - \$3000; Supervision - \$1120; TDC - \$52,853; PC - \$689,088; CC - \$741,941.

08/28/09 (Fri.) Lufkin Services aligned tail bearing pin & tightened all nuts on tail bearing. RDMO Reeco Well Service. Basic Trucking finished moving all frac tanks off of location. Started pumping well @ 9:00 AM. Reeco Well Service - \$900; Basic Trucking - \$1,100; TDC - \$2,000; PC - \$741,941; CC - \$743,941.

Lift Equipment Information:

Lufkin C-456D-365-120 Holes: 3 Rotation: Clockwise
Weights: 4 ea. - 1RO's
Bull Gear Sheave: 6C-50"
Gear Ratio: 29.04
Motor: World Wide 60 HP-1130 RPM-405T frame-5C/9.0" sheave
Belts: 5 ea. - C-255's
Stroke length: 120" SPM: 7 3/4 Hole Position: Long hole
Long hole: 120" - Middle hole: 105" - Short hole: 90"
Well head: 6" 900 series flanged

Stephens & Johnson Operating Co.
University 15A No. 5
(cont'd)

08/29/09 Well made 12 BO X 225 BW X 6 MCF. Flow rate for lease-52 MCF.
(Sat.) BLWTR: 2106

08/30/09 Well made 80 BO X 145 BW X 80 MCF. Flow rate for lease-59 MCF
(Sun.) BLWTR: 1961

08/31/09 Well made 74 BO x 146 BW x 80 MCF. BLWTR: 1815. FL @ 1150'.
(Mon.) Note: Changed orifice plate from a $\frac{1}{4}$ " to a $\frac{3}{4}$ ". Flow rate went
from 62 MCF's to 95 MCF's.

09/01/09 Well made 91 BO x 147 BW x 85 MCF. BLWTR: 1668. FL - 1505'.
(Tue.)

09/02/09 Well made 72 BO x 183 BW x 89 MCF. BLWTR - 1485. Shot FL.
(Wed.) Fluid trying to flow up csg. No true FL.

09/03/09 Well made 84 BO x 175 BW x 89 MCF. BLWTR - 1310.
(Thu.)

09/04/09 Well made 69 BO x 153 BW x 80 MCF. BLWTR - 1157.
(Fri.)

09/05/09 Well made 57 BO x 126 BW x 70 MCF. BLWTR - 1031. Electricity
(Sat.) off for 5 hr due to TU Electric problem.

09/06/09 Well made 66 BO x 141 BW x 80 MCF. BLWTR - 890.
(Sun.)

09/07/09 Well made 63 BO x 126 BW x 90 MCF. BLWTR - 764. FL @ 90 jts
(Mon.) from surface - 4275' above SN.

09/08/09 Well made 70 BO x 140 BW x 97 MCF. BLWTR - 624.
(Tue.)

09/09/09 Well made 70 BO x 125 BW x 94 MCF. BLWTR - 499.
(Wed.)

09/10/09 Well made 65 BO x 124 BW x 93 MCF. BLWTR - 375.
(Thu.)

09/11/09 Well made 56 BO x 104 BW x 92 MCF. Early gauge. BLWTR - 271.
(Fri.) FL - 3211' above SN. End of Report.