

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Tracking No.: 86879

This facsimile W-2 was generated electronically
from data submitted to the RRC.

API No. **42- 383-38045**

7. RRC District No.
7C

Status: **Work in Progress**

8. RRC Lease No.
04205

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat) PRICE (GRAYBURG)		2. LEASE NAME TEXAS Z		9. Well No. 13	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) L & M OPERATING, INC.			RRC Operator No. 480113		10. County of well site REAGAN
4. ADDRESS P O BOX 846 BIG LAKE, TX 76932-0000					
5. If Operator has changed within last 60 days, name former operator					
6a. Location (Section, Block, and Survey) 1, 49, UL			6b. Distance and direction to nearest town in this county. 4 MILES NW TO BIG LAKE		
12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR				GAS ID or OIL LEASE #	Oil-O Gas-G
N/A					Well #
13. Type of electric or other log run Neutron/Density logs (combo of tools)				14. Completion or recompletion date 09/13/2013	

11. Purpose of filing

Initial Potential

Retest

Reclass

Well record only (Explain in remarks)

SECTION I- POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified infield rules.

15. Date of test 09/24/2013	16. No. of hours tested 24	17. Production method (Flowing, Gas Lift, Jetting, Pumping- Size & Type of pump) Pumping			18. Choke size
19. Production during Test Period	Oil - BBLS 12.0	Gas - MCF 10	Water - BBLS 3	Gas - Oil Ratio 833	Flowing Tubing Pressure PSI
20. Calculated 24-Hour Rate	Oil - BBLS 12.0	Gas - MCF 10	Water - BBLS 3	Oil Gravity-API-60° 35.0	Casing Pressure 30.0 PSI
21. Was swab used during this test? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		22. Oil produced prior to test (New & Reworked wells) 82.0			23. Injection Gas-Oil Ratio
REMARKS: N/A					

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTERS CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct and complete, to the best of my knowledge.

L & M OPERATING, INC.

Type or printed name of operator's representative

(325) 884-2325

10/02/2013

Telephone: Area Code

Number

Month Day Year

President

Title of Person
Mikel Jones

Signature



SECTION III

DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

24. Type of Completion New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input type="checkbox"/>				25. Permit to Drill, Plug Back or Deepen DATE 01/25/2013 PERMIT NO. 749029 Rule 37 Exception CASE NO. 0278673 Water Injection Permit PERMIT NO. Salt Water Disposal Permit PERMIT NO. Other PERMIT NO.			
26. Notice of Intention to Drill this well was filed in Name of L & M OPERATING, INC.							
27. Number of producing wells on this lease in this field (reservoir) including this well 13		28. Total number of acres in this lease 334.04					
29. Date Plug Back, Deepening, Workover or Drilling Operations: Commenced 04/08/2013 Completed 04/12/2013		30. Distance to nearest well, Same Lease & Reservoir 887.0					
31. Location of well, relative to nearest lease boundaries 343.0 Feet From East South Line of the TEXAS Z		Line and 1490.0		Feet from Lease			
32. Elevation (DF, RKB, RT, GR ETC.) 2759 GL		33. Was directional survey made other than inclination (Form W-12)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
34. Top of Pay 2246	35. Total Depth 2650	36. P. B. Depth 2568	37. Surface Casing Determined by Field Rules <input type="checkbox"/>	Recommendation of T.D.W.R. <input checked="" type="checkbox"/> Railroad Commission (Special) <input type="checkbox"/>	Dt. of Letter 10/03/2012 Dt. of Letter		
38. Is well multiple completion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No							
39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR N/A			GAS ID or OIL LEASE #	Oil-G Gas-G	Well #		
40. Intervals Drilled by: Rotary Tools <input checked="" type="checkbox"/> Cable Tools	41. Name of Drilling Contractor BLUE LINE DRILLING				42. Is Cementing Affidavit Attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
43. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8 5/8	24.0	885		C 500	12 1/4	SURFACE	755.0
4 1/2	10.5	2650		C 300	7 7/8	912	396.0
44. LINER RECORD							
Size	Top	Bottom	Sacks Cement	Screen			
N/A							
45. TUBING RECORD			46. Producing Interval (this completion) Indicate depth of perforation or open hole				
Size	Depth Set	Packer Set	From 2468	To 2494			
2 3/8	2423		From	To			
			From	To			
			From	To			
47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.							
Depth Interval		Amount and Kind of Material Used					
2468.0	2494.0	2,000 GAL OF 15% NEFE ACID, 20,000 GAL OF GEL WATER WITH 27,000# OF 20/40 FRAC SAND					
48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)							
Formations	Depth	Formations	Depth				
SURFACE ROCK AND LIMESTONE AND RED BED	460.0	GRAYBURG	2246.0				
RED BED	650.0						
QUEENS	2030.0						
REMARKS: N/A							

PCementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report) L&M Operating, Inc		2. RRC Operator No. 480113	3. RRC District No. 7C	4. County of Well Site Reagan
5. Field Name (Wildcat or exactly as shown on RRC Records) PRICE (GRAYBURG)			6. API No. 43-383-38045	7. Drilling Permit No. 749029
8. Lease Name Texas Z		10. Oil Lease/Gas ID No. 04305		11. Well No. 13

CASING CEMENTING DATA:		Surface Casing	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		4/9/13					
13. • Drilled Hole Size		12 1/4					
• Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)		8 5/8					
15. Top of liner (ft.)							
16. Setting depth (ft.)		885					
17. Number of centralizers used		8					
18. Hrs. Waiting on cement before drill-out		13					
1 st Slurry	19. API cement used: No. of sacks ▶	250					
	Class ▶	C					
	Additives ▶	*					
2 nd Slurry	No. of sacks ▶	200					
	Class ▶	C					
	Additives ▶	**					
3 rd Slurry	No. of sacks ▶	50					
	Class ▶	C					
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	425					
	Height (ft.) ▶	1030					
2nd	Volume (cu. ft.) ▶	264					
	Height (ft.) ▶	640					
3rd	Volume (cu. ft.) ▶	66					
	Height (ft.) ▶	160					
Total	Volume (cu. ft.) ▶	755					
	Height (ft.) ▶	1830					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing ?		Yes					

Remarks: * 1% CC, 1# SMS, 1/4# Flocele. ** 2% CC, 1/4# Flocele. Cement fell back. Topped off w/50 sks class C.

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lb/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this Certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my Supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Johnny Stout

Name and title of cementer's representative

Powerflex Svcs

Cementing Company

Signature



P.O. Box 666

Address

Winters
City,

Texas
State, **79567**
Zip Code

325-754-2000
Tel: Area Code Number

4/9/13

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form Are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

MIKEL JONES

Typed or printed name of operator's representative

PRESIDENT

Title

Signature



P.O. Box 846

Address

BIG LAKE, TX

City,

State,

76932

Zip Code

325) 884-2325

Tel.: Area Code Number

4/9/13

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c) .

- A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following.
- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rates;
 - Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
 - Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- B. Where to file. The appropriate Commission District Office for the county in which the well is located.
- C. Surface Casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Committee.
- D. Centralizers. Surface Casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In Non-deviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.
- E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.
- F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (3) and (4).
- G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three foot below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug

To plug and abandon a well, operators must use only cements approved by the Director of Field Operations, Cementing companies, service companies or operators can qualify as approved cements by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

PCementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report) L&M Operating, Inc.		2. RRC Operator No. 480113	3. RRC District No. 7c	4. County of Well Site Reagan
5. Field Name (Wildcat or exactly as shown on RRC Records) PRICE (GRAYBURG)			6. API No. 42-383-38045	7. Drilling Permit No. 749029
8. Lease Name Texas Z		10. Oil Lease/Gas ID No. 04205		11. Well No. 13

CASING CEMENTING DATA:		Surface Casing	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				4/11/13			
13. • Drilled Hole Size				7 7/8			
• Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				4 1/2			
15. Top of liner (ft.)							
16. Setting depth (ft.)				2650			
17. Number of centralizers used				8			
18. Hrs. Waiting on cement before drill-out							
1 st Slurry	19. API cement used: No. of sacks ▶			300			
	Class ▶			C			
	Additives ▶			*			
2 nd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
3 rd Slurry	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			396			
	Height (ft.) ▶			1738			
2nd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			396			
	Height (ft.) ▶			1738			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				No			
Remarks: * 5# Salt, 1/4# Flocele.							

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lb/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this Certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my Supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Johnny Stout

Name and title of cementer's representative

Powerflex Svcs

Cementing Company

Signature



P.O. Box 666

Address

Winters

City,

Texas

State,

79567

Zip Code

325-754-2000

Tel: Area Code

Number

4/11/13

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

MIKEL JONES

Typed or printed name of operator's representative

PRESIDENT

Title



Signature

PO Box 846

Address

BIG LAKE, TX

City,

State,

76932

Zip Code

325)884-2325

Tel: Area Code

Number

4/11/13

Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

- A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following.
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 - Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
 - Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- B. Where to file. The appropriate Commission District Office for the county in which the well is located.
- C. Surface Casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Committee.
- D. Centralizers. Surface Casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In Non-deviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.
- E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.
- F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (3) and (4).
- G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three foot below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug
- To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations, Cementing companies, service companies or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

Tracking No.: 86879

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: L & M OPERATING, INC.	District No. 7C	Completion Date: 09/13/2013
Field Name PRICE (GRAYBURG)	Drilling Permit No. 749029	
Lease Name TEXAS Z	Lease/ID No.	Well No. 13
County REAGAN	API No. 42- 383-38045	

SECTION II. LOG STATUS (Complete either A or B)

 A. BASIC ELECTRIC LOG NOT RUN B. BASIC ELECTRIC LOG RUN. (Select one)

1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

 4. Log attached to (select one): (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____Check here if attached log is being submitted after being held confidential. (b) Form P-7, Application for Discovery Allowable and New Field Designation. (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

Mikel Jones

Signature

L & M OPERATING, INC.

Name (print)

President

Title

(325) 884-2325

Phone

10/02/2013

Date

-FOR RAILROAD COMMISSION USE ONLY-



Compensated Neutron

Baker Atlas

File No: US636598	Company Well	BAKER HUGHES TOOL TEST	
API No:	Field	PRICE - GRAYBURG	
	County	REAGAN	State TEXAS

Location 88.51' FSL & 89.53' FNL	Other Services
SEC N/A TWP N/A RGE N/A	

Permanent Datum	GROUND LEVEL Elevation	N/A	Elevations
Log Measured From	K.B. 0 ft	Above P. D.	KB N/A
Drill Measured From	KELLY BUSHING		DF N/A
			GL 2300 ft

Date	19TH-APR-2013
Run	ONE
Service Order	US636598
Depth Driller	2600 ft
Depth Logger	2568 ft
Bottom Logged Interval	2568 ft
Top Logged Interval	0 ft
Time Started	10:01
Time Finished	9:30
Operator Rig Time	11:00
Type of Fluid in Hole	1.5HRS
Fluid Density	N/A
Salinity	N/A
Fluid Level	N/A
Logged Cement Top	N/A
Wellhead Pressure	0 psi
Maximum Hole Deviation	N/A
Nominal Logging Speed	60 fpm
Maximum Recorded Temperature	N/A
Reference Log	TIEIN TO G.L 0 FT
Reference Log Date	N/A
Equipment No. Location	4240 MIDLAND, TX
Recorded By	RUKKY OMONAKE
Witnessed By	MR MIKE JONES

- FOLD HERE

In making interpretations of logs, our employees will give the customer the benefit of their best judgement. But since all interpretations are opinions based on inferences from electrical or other measurements, we cannot, and we do not guarantee the accuracy or correctness of any interpretation. We shall not be liable or responsible for any loss, cost, damages, or expenses whatsoever incurred or sustained by the customer resulting from any interpretation made by any of our employees.

Borehole Record		
Bit Size	From	To
N/A	N/A	N/A

Casing Record		
Size	Weight	Grade
4.5 in	10.5 lbm/ft	N/A
	From	To
	0 ft	2600 ft

Equipment Data			
Run	Trip	Tool	Position
1	1	CPNL 2458XA	CENT
1	1	GR/CCL 2458XA	CENT

**CERTIFICATE OF COMPLIANCE
 AND TRANSPORTATION AUTHORITY**

This facsimile P-4 was generated electronically from data submitted to the RRC.
 A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 86879

1. Field name exactly as shown on proration schedule PRICE (GRAYBURG)	2. Lease name as shown on proration schedule TEXAS Z			
3. Current operator name exactly as shown on P-5 Organization Report L & M OPERATING, INC.	4. Operator P-5 no. 480113	5. Oil Lse/Gas ID no	6. County REAGAN	7. RRC district 7C
8. Operator address including city, state, and zip code P O BOX 846 BIG LAKE, TX 76932	9. Well no(s) (see instruction E) 13			11. Effective Date 09/13/2013
10. Classification <input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> Other (see instruction A)				

12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G)

a. Change of: operator oil or condensate gatherer gas gatherer gas purchaser gas purchaser system code
 field name from _____
 lease name from _____

--- OR ---

b. New RRC Number for: oil lease gas well other well (specify) _____ Due to: new completion or recompletion reclass oil to gas reclass gas to oil
 consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	DAVIS GAS PROCESSING, INC.(202491)	0001	100.0	

14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)	Percent of Take
SHELL TRADING (US) COMPANY(774715)	100.0

RRC USE ONLY: Reviewer's initials: _____ Approval date: _____

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator	Signature
Name (print)	<input type="checkbox"/> Authorized Employee of previous operator <input type="checkbox"/> Authorized agent of previous operator (see instruction G)
Title	Date
	Phone with area code

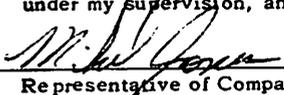
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

L & M OPERATING, INC.	Mikel Jones
Name (print) President	Signature
Title mwjone@aol.com	<input checked="" type="checkbox"/> Authorized Employee of current operator <input type="checkbox"/> Authorized agent of current operator (see instruction G)
E-mail Address (optional)	Date 10/02/2013
	Phone with area code (325) 884-2325

**RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION
CERTIFICATE OF COMPLIANCE STATEWIDE RULE 36**

FORM H-9
12/12/77

FILE WITH
DISTRICT OFFICE
IN TRIPLICATE

1. Operator L & M Operating, Inc.			2. Operator Number (See Instruction 13) 480113		3. RRC Dist. 7C	
4. Street or P. O. Box No. P.O. Box 846			5. City Big Lake		6. State TX	7. Zip Code 76932
8. Name of Lease, Facility or Operation Texas Z			9. Field or Area Name Price (Grayburg)		10. County Reagan	
11. General Operation Type - Circle One: A Oil Field Production B Gas Field Production C Pipeline or Gathering Sys. D Gasoline Plant E Drilling or Workover F Sweetening Unit G Combination (explain) H Other (explain)				Other Explanation		
12. RRC ID# of Operation(s) to be Covered by This Certificate 04205		Type ID Code (See Instruction 12) 1	Indicate if Filing for Storage Facility Only YES NO X X^W		13. Hydrogen Sulfide Concentration 36,000 PPM	14. Maximum Escape Volume 17 MCF/Day
					15. 100 PPM Radius of Exposure (ROE) 74 Ft.	16. 500 PPM Radius of Exposure (ROE) 834 Ft.
					17. Operation is Existing <input checked="" type="checkbox"/> New <input type="checkbox"/>	18. Modification Resulting in Certificate Change Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
					19. Workover or Drilling Well with 100 PPM ROE Greater than 3000 feet on Rule 36 Certified Well/Lease Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
					20. Previous Certificate Number if Available (For Amended Certificates) 06277	
					21. The 100 PPM ROE includes any part of a public area except a public road Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
					22. The 500 PPM ROE includes any part of a public road Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
					23. Injection of fluid containing Hydrogen Sulfide (See Instruction 14) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
					24. Date (or Depth) of Compliance with all applicable provisions of Rule 36 07/29/1975 Mo Day Year	
					Depth of Compliance for Drilling Operation Ft. from Surface	
25. Contingency Plan Location of Plan (See Instruction 15) 93 West Second, Big Lake, Texas 76932					Has been prepared Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
26. Location of data used to prepare this certificate (See Instruction 15) 93 West Second St., Big Lake, TX 76932						
CERTIFICATE						
I declare under penalties prescribed in Section 91.143, Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision, and that I am qualified to make this certification by virtue of my training and experience, and by my analysis of the operation being certified, or by the analysis of qualified person working under my supervision, and that the data and facts stated therein are true, correct, and complete, to the best of my knowledge.						
		President		(915) 884-2325	2-15-99	
Representative of Company		Title		Phone No.	Date	

RAILROAD COMMISSION USE ONLY

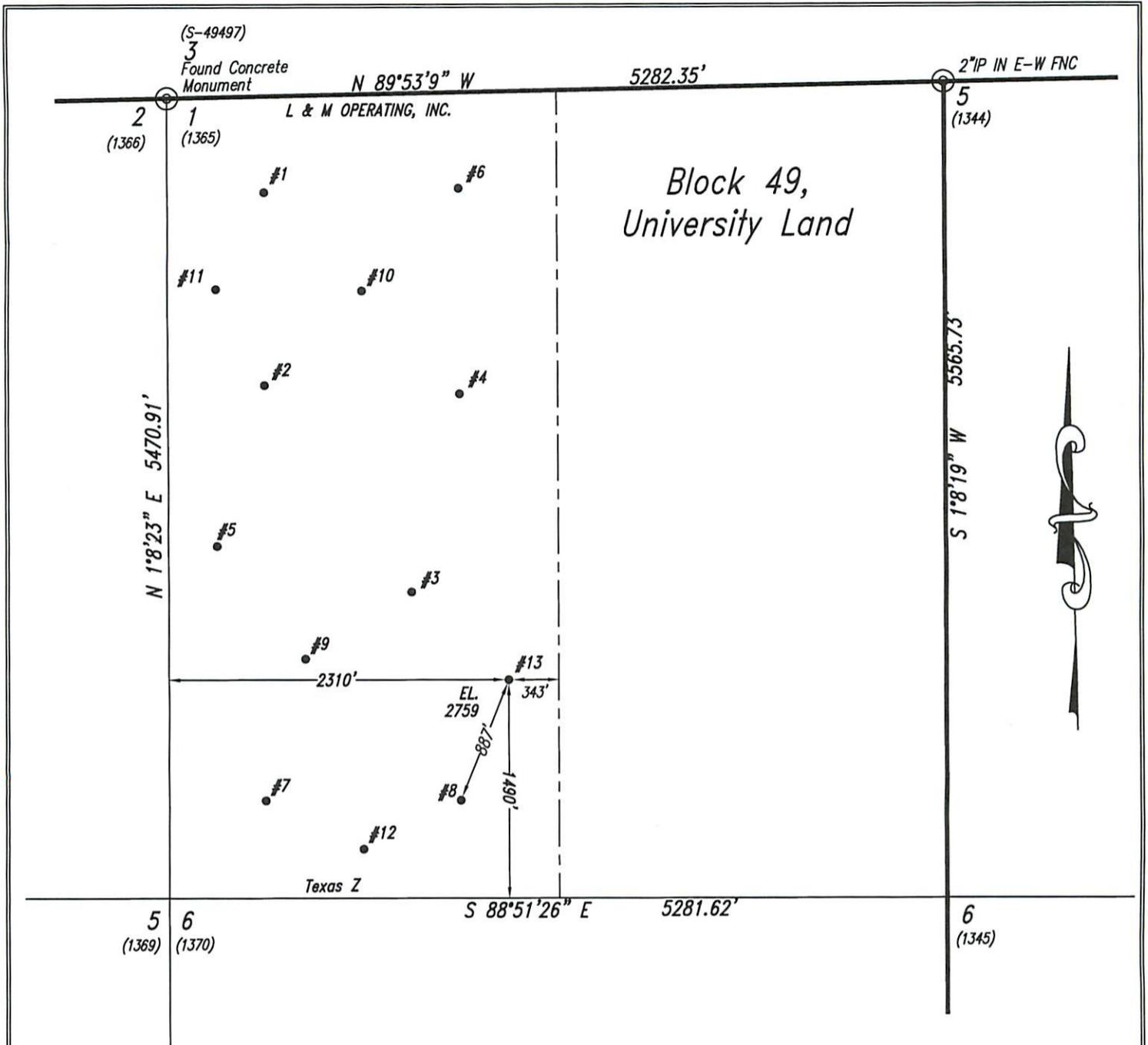
This operation and the equipment used therein is approved on the basis of the above certification and is subject to further Commission audit for compliance with the required provisions of Statewide Rule 36. This approval may be cancelled if investigation determines that the operation does not comply with the provisions of Statewide Rule 36.

APPROVED BY: *Bell Grayson*

DATE: 3/1/99

REMARKS:

CERTIFICATION NUMBER: 40442



Note: Survey Reconstruction filed in the Office of Luchini and Mertz Land Surveying Company.
 Note: All bearings and coordinates shown are based on the Texas Coordinate System of 1927, Central Zone.
 A combined grid factor of 0.9997549 must be divided into Section Line distances to obtain a true horizontal distance.
 Note: Example: (S-99999) indicates General Land Office file number.
 Note: NAD '27 Decimal Degree Latitude: /Longitude:.

#13
 X: 1667339.86 Latitude: 31°08'05.30" N
 Y: 535529.53 Longitude: 101°23'47.87" W



Steven L. Prewit

December 2009

#13 Texas Z



P. O. Box 1963 Midland, Texas 79702 (432) 684-6728 Fax 686-1845

Railroad Commission Permit Plat

L & M OPERATING, INC.
 "Texas Z" Lease
 W/2 of
 Section 1, Block 49,
 University Land,
 Reagan County, Texas

Scale: 1" = 1000'