

Operator: Southwest Royalties, Inc. Phone: 432-686-9927 Fax 432-688-3250
 Well: **University Lands "BB" #3H** AFE#: 72100/Drilling Completion/\$1,241,000
 Location: 660' FWL & 2145' FSL, Sec 35, Blk 18 – ULS Lease No.: 101061-03H
 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
 SWR WI 100% (fairness letter involved) Site Supervisor: Jerry Bailey
 Description: Re-enter 5-1/2" csd well & drl 1500' horz Bone Spring well (a lift inc-no fac)

11-16-07 Current Activity: prep to pull tbg; RU Nabors WS; set PR's & cat walk; Jarredon pmp, unseat pmp; LD 108 – 1, 104 – 7/8, 238 – 3/4, 10 – 1 & 2-1/2x1-1/4x24 pmp; RU KT; pmpd 50 Bbls prod wtr dwn csg; ND WH; rel TAC; NU BOP; CWI, SD; EDWC \$9155; ETWC \$9155.

11-17-07 Current Activity: LD 2-7/8 L-80 tbg; OWU; POH w/353 jts 2-7/8 L-80, 2-7/8x5-1/2 TAC, 10 jts 2-7/8 L-80, SN, P sub & OPMA; TIH w/4-3/4 bit, 5-1/2 CS & 361 jts to 11,418'; pmp 100 Bbls prod wtr, LD 35 jts tbg; CWI, SD; EDWC \$5935; ETWC \$15,090.

11-19-07 Current Activity: prep to set CIBP & tbg; OWU; LD 328 jts 2-7/8" L-80 tbg; ND BOP; NU frac valve; RD unit; EDWC \$5400; ETWC \$20,490.

11-19-07 Current Activity: prep to set CIBP & tbg; OWU; LD 328 jts 2-7/8" L-80 tbg; ND BOP; NU frac valve; RD unit; EDWC \$5400; ETWC \$20,490.

11-20-07 Current Activity: Well SI; RU Enertech WL; TIH w/GR & JB to 11,375'; POH PU 5-1/2" CIBP; TIH to 11,350' and set plug; RU KT, ld hole w/1202 Bbls; tst csg to 1000#; held 5 min; bled off; TIH w/gyro, pulled from 11,350' – surface; RIH w/GR-CBL-CCL log from 11,350' – 10,800' no pressure; log from 11,350' – TOC w/1000#; POH; RD WL; ND frac valve; NU WH; EDWC \$25,027; ETWC \$45,517.

11-29-07 Current Activity: SI, WO permits & drilling rig; ETWC \$45,517.

01-04-08 WO drilling rig; DP #646129 approved 1/3/08; ETWC \$45,517.

01-08-08 WO drilling rig availability; ETWC \$45,517.

01-09-08 WO drilling rig availability; **DROPPED FROM REPORT UNTIL COMMENCEMENT**; ETWC \$45,517.

03-01-08 SICP = 300 PSI; bleed off csg press & pmp 100 Bbls FW dwn csg to hold back gas, NU 7-1/16"; frac valve, BOP, 5M annular & rot head, tst BOP stack @ 250 PSI lw & 4500 PSI high for 15 mins; MIRU Apollo WL unit, MU GR/JB & RIH & tg CIBP @ 11,341', POOH, LD GR/JB, PU 20' dmp bailer; RIH & dump bail 20' cmt on top of CBP @ 11,341', POOH & LD bailer, MU GR/CCL on 5-1/2" CIBP; RIH & correlate tools on depth to CBL log & set CIBP @ 11,175', depth was determined after discussing CIBP setting depth w/Smith Tool & DDC rep relative to desired KOP & position of csg collars, POOH & RDMO Apollo; RU KL to csg, close frac valve & load csg w/130 Bbls FW, press up on csg & tst CIBP to 1000 PSI for 15 mins, bleed off press; start getting rig ready to RD; EDWC \$197,896; ETWC \$237,996.

03-02-08 Scope dwn & LD derrick; install Pason target flange & sensors; RU derrick; RU wind walls & wrk floor; MIRU LD mach; MU 4-3/4" tg mill & X-O on jt of 2-7/8" AOH DP; RIH w/146 jts DP, well started flwg oil & gas up the 5-1/2" csg; closed pipe rams & installed TIW valve in DP; bleed off oil & gas to reserve pit, well static; wait for X-O f/TIW valve to rig circulating line conn; EDWC \$22,350; ETWC \$169,704.

03-03-08 RU circ lines & circ out oil & gas f/4622'; cont PU DP & RIH & tg up on CIBP @ 11,175'; TOOHP DP & LD BPA; PU mill, Whipstock, & UBHO tools; held pre-job sfty & operations mtng w/all hands; start RIH w/DP & BHA; SD due to extremely high winds; cont RIH to 11,170'; MIRU Scientific drlg WL unit, MU Gyro tools & start RIH to orient Whipstock; EDWC \$24,250; ETWC \$248,421.

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- 03-04-08 Cont RIH Gyro, initial AZ @ 365 D, rotate DP & wrk pipe to orient tool face to 165D, set Whipstock & shear off Whipstock w/20K over pull, string wt = 140K, POOH WL; hold pre-job SM w/rig & McGuire Industries crews, chk for gas; fabricate FL w/riser to pit, install 4" outlet for trip tank & 6" flange to gas buster, tie in super chole to csg, set gas buster & lay flare pit, tie in super chk to gas buster, set trip tank & oil skimmer tank (note: final tie in will be made after window is cut); held pre-job SM & operations mtng w/rig crew for cutting window; brk circ @ 1.5 BPM & set torque limits on pwr swivel; strt milling window f/11,162', cut 6' window & starting to drl 3' of rat hole; EDWC \$32,150; ETWC \$312,240.
- 03-05-08 Fin milling out window & 3' rathole; pmpd 10 Bbls Poly Plus sweep; SIW while welders made tie in on trip & skimmer tnks; TOOHP DP & LD mill; held pre-job SM for PU DD BHA & MWD tools; PU bit, MM, f-sub, UBHO, 1-Flex DC, MWD, UBHO for gyro, 1-Flex DC, RU circ line & pmp thru BHA to tst mtr; RIH w/40 stds DP, RU circ lines to DP, pmpd 16 stks & press up to 2000 PSI; POOH & found scale packed off around fishing neck on MWD, PU MWD tools out of BHA; RU circ lines & pmpd thru BHA @ 32 SPM @ 212 PSI, BHA is clean; rem screens from MWD, PU & land MWD back in UBHO, MU top NMDC; RU circ lines & pmpd thru BHA, BHA is plugged off again; BO top NMDC, pull MWD tools f/BHA, MU top NMDC & pmp thru BHA again; decision to make RIH w/o MWD, will have Scientific provide initial direction & time drl f/30-60' in order to thoroughly clean DP before running MWD back into DP; LD MWD tools, MU top NMDC; start RIH DP & BHA; EDWC \$34,665; ETWC \$341,505.
- 03-06-08 TIH & tg up on Whipstock, PU 10'; RU pwr swivel, RIH Gyro & seat in UBHO, orient tools & wrk bit thru window, window looks clean; pull Gyro f/seat & PU 100', pack off WL; build high vis sweep & pmp sweep, rets are clean; RIH WL & seat in UBHO, chk tool face, pull out of seat & Puyro 100' & pack off; time drl f/11171'-11176' @ 1'/hr @ 30 stks & 1750 PSI; time drl f/11176'-11182' @ 1'/hr @ 31 stks & 1750 PSI; EDWC \$91,500; ETWC \$435,505.
- 03-07-08 Time drl f/11,182'-11,216', WOB 6K, 165 MTF, 35 stks @ 1950 PSI; POOH WL; make conn @ 11,216'; RIH WL & take shot @ 11,126', 2.06 degrees, 243.22 AZ; time drl f/11,216'-11,224', WOB 6K, 55 SPM @ 1950 PSI, pmpd sweep while drlg; take surv 2 11,159', 1.98 degrees, 236.3 AZ, POOH & RDMO Scientific WLU; pmpd 10# BW slug, RD pwr swivel & POOH to BHA; EDWC \$92,911; ETWC \$528,416.
- 03-08-08 Inspect BHA, add 3rd NM flex DA, rem spring float & chg to flapper float, rem WL UBHO, seat MWD, pmp thru BHA, BO bit # E28096 & MU bit @ SN.E32384; wrk on rig tong backup; pmp thru mtr & calibrate MWD; RIH DP & BHA, fill DP & tst mtr/MWD every 30 stds; orient tools to cross whip stock; fin TIH; slide f/11,248'-11,282', 6K WBO, 50 SPM @ 2563 PSI; EDWC \$40,653; ETWC \$569,069.
- 03-09-08 Cont DD f/11,282'-11,364' pmpg sweeps every other conn; set bck pwr swivel & prep to TOOHP; TOOHP w/DP; LD BHA/MWD & chg out MM & bit, bent housing every 2.13 deg; strt RIH w/BHA & DP, tst MWD & MM every 30 stds while TIH; EDWC \$35,365; ETWC \$604,434.
- 03-10-08 Cont TIH to 11,364' RU power swivel and brk circ @ 55 SPM @ 2400#; DD to 11,513'; WOB 18 – 12K; SPM 2690#; EDWC \$37,904; ETWC \$642,338.

Note from Sammy: Target tops continue to run straight, true and normal.

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- 03-11-08 DD f/11513'-11572', WOB 10-12, SPM 2695 PSI, 141 RPM, PU 135K, SO 105K; circ btms up (11518', INC 67.4, AZM 155.1, TVD 11,415.32, VS-321.45', DLS 19.68); TOOH to BHA; insp mtr, BO bit #3 & MU bit #4 HA 20 TG, SR #E28090, roller cones loose on bit #3; surf tst MWD & mtr; RIH DP tstng mtr-MWD every 45 stds, RU pwr swivel & brk circ; EDWC \$34,365; ETWC \$676,703.
- 03-12-08 Rot/slide f/11572'-11615', WOB 8-12K, RPM 141, SPM 50 @ 2570 PSI, AZM 156.5, INC = 81.7 deg, TVD = 11,441.26; rot/slide f/11615'-11684', WOB 8-12K, RPM 141, SPM 40 @ 2575 PSI, AZM 160.5, INC = 84.1 deg, TVD = 11,445'; PU off btm, stop pmpg & chk for flw, no flw; slide f/11684'-11696', WOB 8-10K, RPM 141, SPM 50 @ 2580 PSI; rot/slide f/11696'-11725', WOB 8K, RPM 141, SPM 50 @ 2855 PSI, AZM 161.4, INC = 85 deg; EDWC \$47,322; ETWC \$724,025.
- 03-13-08 Rot/slide f/11,725'-11,752', WOB 8-12K, RPM 141, SPM 50 @ 2575 PSI, AZM 161.2, INC = 88.2 deg, TVD = 11,449'; mud mtr failed, pmp sweep & prep to TOOH; TOOH; inspect MWD, LD mtr, PU new mtr, PU new bit, chg btry in MWD; RIH DP & BHA to 11,751'; RU pwr swivel & brk circ, DP or BHA is plugging off, pmpg on DP trying to dislodge plug; EDWC \$43,952; ETWC \$752,477.
- 03-14-08 Cont pmpg to DP to brk circ; POOH to 11,000' & att to jar DP & dislodge plug in DP without success; POOH & inspect BHA, found rubber f/top interconnect torn & balled up around MWD; LD BHA, chk BTTY housing & found groove wshd out on housing, BTTY ok; replaced & rep'd MWD as needed, inspected BHA & bit; dmpd & cleaned all rig tnks, replaced all fluids in tnks; MU BHA & pmp thru it without probs; RIH to 11,190' w/bit, filled DP & tstd MWD & mtr every 45 stds; pmpd high vis sweep & displaced all well bore fluids to reserve pit; wrkd on rig pwr swivel; wshng pipe to btm, currently @ 11,277'; EDWC \$168,717; ETWC \$921,194.
- 03-15-08 Cont wash DP to 11,752'; slid and rotate drl 11,752' – 11,777'; WOB 8 – 12K, 50 SPM @ 2540# motor 140 SPM; S wt 110K; PU on DS to make connection & pipe stuck @ 11,771'; work pipe up to 175K slw pmp rate to 30 SPM @ 2030# 100% returns; motor died on power swivel and starter burned up while trying to start motor; cont working pipe up to 125K and jarring dwn on string; worked strind dwn to 11,773' while RU spare power unit form swivel; rotate and reciprocate string free; reamed from 11,777' – 11,712' while pmpg 80 visc sweep; rotate drl from 11,177' – 11,798' WOB 7K; 49 SPM @ 2625# motor 141 RPM; rotarty 60 RPM, inc 91 deg.; az = 161.8; EDWC \$63,714; ETWC \$984,908.
- 03-16-08 Rotate from 11,798' to 11,813'; WOB 6k, RPM 36, 50 SPM @ 2600#; having problems with sand falling in and losing hole -decision made to TOH and sidetrack; set back swivel and TOH with 187 stds; LD 12 jts DP; LD BHA, C/O MM and set at 2.83; orient housing; MU 4-3/4" diamond sidetrack bit; ld MWD & shallow; tst-good; TIH DP to 11,491' filling pipe every 45 stds; time drlg sidetrack trough from 11,491' @ 5 Minutes per inch; EDWC \$48,754; ETWC \$1,033,662.
- 03-17-08 Current operation: time drlg sidetrack trough from 11,493' – 11,505' # 5min per inch; WOB 43 SPM, 115 GPM, 141 RPM; inc 90, azm 157; EDWC \$46,619; ETWC \$1,080,281.

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- 03-18-08 TD 11,525' present operation: slide drlg; summary: time drlg sidetrack trough from 11,505' – 11,506' # 5min per inch; WOB 43 SPM, 115 GPM, 141 RPM; inc 90, azm 157; PU 10' and pmp sweep around; TOH for bit chg; POH BHA; BO sidetrack bit and MU 4-3/4" tri-cone bit; shallow tst MID and mud motor good; TIH w/DP/BHA to 11,506'; PU swivel to break circ; blew pop off on pmp; repair pmp; wash 11,485' – 11,506'; slide drlg 11,506' – 11,525'; WOB 6K, 45 SPM @ 2255# 140 RPM on motor; EDWC \$50,639; ETWC \$1,130,920.
- 03-19-08 TD 11,558' present operation TIH w/BHA #7; Slide from 11525' to 11,558'. WOB 6K, 45 SPM @ 2255 psi, 140 RPM on motor; DS @ 11,518' 65.2 deg. 169.4 az; set back swivel and prep to TOH for BHA change; TOH with BHA #6; BO motor and bit; MU 2.12 bent sub/motor, and 4-3/4" tri -cone bit W/O nozzles; found deep cut on side of bit that could only be caused by metal in the hole; called M Langford and discussed problem; decision made to run junk basket in the hole and catch what ever caused the damage to the bit. NOTE: pumped 30 Bbl high visc sweep trying to increase ROP @ 11,555'; helped for 1-2' then we slowed back down again; still taking 40-60K to pull free each time we PU; starting to see a little gas as we drill and have had a 6'-8' flare occasionally; EDWC \$46,282; ETWC \$1,177,202.
- 03-20-08 TD 11,558' present operation TOH w/magnet; summary: evaluate gouge in bit; possible junk in hole; stand back BHA and WO fisherman and tools; PJSM make up magnet and 4.75" string mill 60' above magnet; TIH to window @ 11164'; mill & ream window from 11164-70; small amt torque and drag that went away with repeated passes; pump 30 bbl 100 visc pill & CBU; wash and ream 11170-11557; tight hole; possible sign of junk on btm; tag btm; TOH with magnet filling hole every 10 stands; tight spot coming off bottom from 11450-67; EDWC \$51,344; ETWC \$1,228,546.
- 03-21-08 TOOH w/no probs; clean magnet of small metal cuttings f/window cut, no other marks; WO junk basket mill & junk basket; make up mill & junk basket, TIH to 11140', LD 24 jts DP; CBU, 1100 units gas, 6-8' flare for 30 mins; W & R 11140'-11557', tight hole 11490'-11557', was where the string mill did not pass; wrk mill & junk basket on btm, some small torque initially on btm then smooth rotating; pmp 100 vis sweep & CBU; EDWC \$58,925; ETWC \$1,236,127.
- 03-22-08 Circ btms up; POOH to 4000'; POOH w/junk basket; TIH to window to mud up; raise vis to 35 & bring wtr loss dwn to 9.5; RD swivel & rot head; POOH w/junk basket; EDWC \$49,100; ETWC \$1,303,827.
- 03-23-08 fin POOH w/junk basket & mill; CO junk basket & evaluate the same; LD mill & basket; PU & MU dir tools & set mtr @ 2.9 deg, orientate HS; load MWD, shallow tst MWD (good); TIH 11185'; fill pipe & tst MWD (good); fin TIH; swivel up & brk circ; att to slide, mtr keeps stalling out; circ gas out; slide drl f/11558'-11571'; slight show @ 11560'-11570' (15% Fluor, poor dry cut); EDWC \$49,100; ETWC \$1,352,927.
- 03-24-08 Slide drl f/11571'-11591'; conn/surv @ 11553' – INC 73.0 – AZM – 171.6; slide drl f/11591'- 11610'/11L – GTF; EDWC \$44,600; ETWC \$1,401,527.

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- 03-25-08 Slide drl f/11610'-11623' – 40L; chk shot @ 11585' – 84.5 deg, 169.5 AZ; circ btms up & cond (pmp sweep around); POOH for new bit & dial mtr dwn (LD 4 jts); chg mtr out (would not drain) & chg bit; CO rot rubber & adjust stack & load MWD; TIH to 11493' (side track); RU swivel, PU 4 jts, tg btm & orientate tool face; rot drl f/11623'-11633'; set mtr @ 2.12, orientate HS, shallow tst w/MWD was good, mtr RPM 1.176 gr; EDWC \$49,250; ETWC \$1,455,427.
- 03-26-08 Rot drl f/11635'-11638'; chk shot @ 11599' – 90 deg, 167.8 az; slide drl f/11638'-11648' – 135L gtf; rot drl f/11648'-11655' – 8K WOB, 36 RPM, 35 stks; chk shot @ 11617' – 95.5 deg, 164.7 az; slide drl f/11655'-11687' – 180 gtf; chk shot @ 11649' – 95.4 deg, 162.5 az; rot drl f/11687'-11710', 8K WOB, 35 RPM, 51 stks; EDWC \$59,250; ETWC \$1,524,677.
- 03-27-08 Rot drl f/11710'-11718', 8K WOB, 35 RPM, 51 stks; chk shot @ 11680' – 88.1 deg, 162.4 az; rot drl f/11718'-11752', 8K WOB, 35 RPM, 51 stks; chk shot @ 11714' – 86 deg, 162.1 az; circ & sweep hole for trip; POOH w/BHA #9; slip & cut DL; load MWD & shallow tst (good); TIH w/new bit; EDWC \$47,800; ETWC \$1,620,277.
- 03-28-08 Con TIH; RU swivel rot head; brk circ, wsh & rm to btm (4' of fill); rot f/11752'-11780' – 10K, 36 RPM, 52 stks; CW @ 11742' – 86.2 deg, 161.8 az; slide f/11780'-11800' – 150 GTF; rot f/11800'-11811' – 10K, 36 RPM, 52 stks; CS @ 11773', 85.8 deg, 161.5 az; slide f/11811'-11824', HS; rot f/11826'-11842', HS; X-out rot head rubber; CS @ 11804' – 88.7 deg, 162.3 az; rot f/11842'-11874', HS; CS @ 11836' – 90.0 deg, 162.2 az; rot f/11874'-11906', HS; CS @ 11868' – 90.6 deg, 162.6 az; rot f/11906'-11937', HS; CS @ 11899', 162.5 az; rot & slide f/11937'-12000', HS; EDWC \$56,800; ETWC \$1,686,077.
- 03-29-08 CS @ 11962', 90.2 deg, 162.5az; rot f/12000'-120303', 10k, 42 RPM, 52 stks; CS @ 11992', 91.8 deg, 162.9az; slide f/12030'-12040', 180 GTF; rot f/12040'-12061', 8k WOB, 32 stks; CS @ 12023', 92.2 deg, 163az; slide f/12061'-12081', 180 GTF; rot f/12081'-12092', 6k WOB, 42 RPM, 31 stks; CS @ 12054', 90.4 deg, 162.5az; rot f/12092'-12123', 6k WOB < 42 RPM, 31 stks; CS @ 12085', 87 deg, 162.9az; rot f/12123'-12157', 6k ROB, 42 RPM, 31 stks; CS @ 12116' @ 86.9 deg, 162.6az; slide f/12157'-12161', HS GTF; rot f/12162'-12186', HS; CS @ 12148', 86.6 deg, 162.8az; att slide/losing hole when wrkng torque/excess torque while rot off btm; rot f/12186'-12200'; sleep hole; EDWC \$61,200; ETWC \$1,747,277.
- 03-30-08 Sweep hole – circ btms up; POOH to chg bit & mtr; LD mtr, when making up new mtr cracked float sub pin & inside mtr, WO another mtr; PU BHA #11 & bit #12 & shallow tst; TIH/ PU swivel & rm to btm (165'); circ trip gas; slide f/12202'-12210', HS GTF; EDWC \$61,795; ETWC \$1,809,072.
- 03-31-08 Slide drl f/12202'-12216', HS gtf; CS @ 12178'; slide f/12216'-12222', HS; rot f/12222'-12422'; CS @ 12210', 88.7 inc, 163.0az; CS @ 12241', 90.9 inc, 163.2az; CS @ 12272', 91.0 inc, 162.9az; CS @ 12303', 91.1 inc, 162.8az; CS @ 12335', 91.3 inc, 163.2az; CS @ 12366'; EDWC \$52,700; ETWC \$1,861,700.
- 04-01-08 Rot f/12422'-12499'; CS @ 12397', 91.3 inc, 163.2az; CS @ 12429', 91.4 inc, 162.9az; CS @ 12461', 91.4 inc, 163.5az; lost 1000# pmp press & gained 24 strokes, PU off btm & pulled pipe apart; POOH w/41 stds & a single (2603')/pin brk off on btm of single; WO fishing tools; PU fishing tools & MU tools in string & start TIH to TOF; TIH & tg/latch onto fish, PU off btm w/no probs; brk circ, mix & pmp slug to POOH w/fish; POOH w/fish/brk dwn fishing tools; cont POOH to CO bit & mtr; EDWC \$53,450; ETWC \$1,915,972.

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04-02-08 POOH w/fish/brk dwn fishing tools; POOH w/BHA #1 (chg bit & mtr); PU BHA #12 shallow tst; TIH w/BHA #12; swivel up & brk circ, try to sync MWD tool & could not, circ gas out & cond mud; sync MWD tool & slide f/12501'-12506', 150R; rot f/12506'-12600'; CS @ 12493', 91.1 inc, 163.4az; CS @ 12525', 91.1 inc, 163.6az ; EDWC \$58,150; ETWC \$1,978,322.

04-03-08 CS @ 12557', 90.7 inc, 163.6 az; rot f/12594'-12661'/TD hole; CS @ 12587', 90.5 inc, 163.3 az; CS @ 12618', 90.3 inc, 163.3 az; circ & cond hole; POOH w/dir tools; LD 47 jts of DP; fin POOH & LD tools; PU & MU mill assembly; TIH to window; start rmng @ window ; EDWC \$58,700; ETWC \$2,037,572.

04-04-08 Rm f/11160'-11582', mix & pmp high vis sweeps to help keep hole clean; EDWC \$48,600; ETWC \$2,077,022.

04-05-08 Rm f/11582'-11674', mix & pmp high vis sweeps to help keep hole clean; EDWC \$54,200; ETWC \$2,136,822.

04-06-08 Rm f/11674'-11702'; mix & pmp high vis sweeps to help keep hole clean; EDWC \$47,750; ETWC \$2,184,922.

04-07-08 TD 12,661', mix & pmp slug to POH; Reamed to 11,702'; set swivel back and POH; pulled all DP out of hole and BHA was parted from DS to top of x-over; WO fishing tools and hand; TIH w/OS; could not make it to top of fish (1 std off of top of fish_; install rotating head; RU swivel; brk circ and circ btms up; prep to work OS fish and POH w/fish; EDWC \$49,400; ETWC \$2,235,972.

04-08-08 Wrk overshot dwn to fish & try to get over top of fish w/no success; build & pmp slug & set swivel bck; POOH/no fish, started to core w/overshot & lip on overshot was shaved dwn to cone shape; call office & WO orders; decision to run flat btm mill, WO flat btm mill to be built & sent out to rig; PU & MU flat btm mill; TIH to fish; PU swivel, rot head, brk circ, PU 1 jt of DP & wsh dwn to top of fish; wrk mill @ fish, not moving fish, going beside or under fish, can not move fish; EDWC \$50,100; ETWC \$2,286,772.

04-09-08 POOH, LD mill & rel Weatherford; slip & cut DL; WO DDC & Cudd to arrive on loc & WO tools to arrive; PU & MU dir tools (BHA), adjust mtr to 2.38, tst MWD (found split in monel, LD monel); WO monel; PU & MU monel, shallow tst (good) & MU diamond side track bit; TIH; EDWC \$63,966; ETWC \$2,364,604.

04-10-08 TIH to top of fish, take surv & confirm we are in lateral (surv consistent w/lateral hole); LD 7 jts DP; time drl @ 5 min/ft – can't keep tool to lwr side dwn to 11381'; PU & build trough (11363'-11379') can't keep tool face to lwr side; time drl 11362'-11363' (start over); EDWC \$47,950; ETWC \$2,396,538.

04-11-08 Re-drl – time drl @ 120L, TF 5 min/inch – tool face staying to lwr side; EDWC \$53,500; ETWC \$2,455,588.

04-12-08 Slide drl f/11401'-11458' – drld into old hole, surv @ 11394' – 52.5 inc – 157.1 az; circ while making new plan; LD 5 jts up to 11277' & start bldg trough; build trough for side track f/11277'-11300'; EDWC \$49,390; ETWC \$2,503,518.

04-13-08 Time drlg to 11402' & pmp high vis sweep; take surv, circ & mix slug; pmp slug & set swivel back; POOH, chk mtr & chg bits (mtr good); rig rep – hydromatic; TIH; wsh to btm; circ gas out; wsh to btm (having trbl getting into new hole) Orient TF to sidetrack; EDWC \$52,040; ETWC \$2,506,168.

Operator: Southwest Royalties, Inc. Phone: 432-686-9927 Fax 432-688-3250
 Well: **University Lands "BB" #3H** AFE#: 72100/New Drilling Completion/\$1,241,000
 Location: 660' FWL & 2145' FSL, Sec 35, Blk 18 – ULS Lease No.: 101061-03H
 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
 SWR WI 100% (fairness letter involved) Site Supervisor: Johnny Bynum/Nabors #441
 Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

04-14-08 Build trough f/11277'-11300', built to 84L; pmp slug, set swivel bck to POOH; POOH for new bit & mtr; LD mtr & bit, PU & MU new mtr – load MDW, scribe & shallow tst; TIH; EDWC \$52,640; ETWC \$2,559,408.

04-15-08 TIH; PU swivel, circ, orient TF & tg btm; time drl f/11300'-11309' @ 141LTF @ 5 mins/in; conn surv @ 11269', 27.8 inc, 166.2 az; time drl f/11309'-11313' @ 141LTF @ 5 mins/in; time drl f/11313'-11320' @ 141LTF @ 5 mins/in; mix & pmp slug to POOH; EDWC \$49,930; ETWC \$2,609,338.

04-16-08 Fin pmp slug & set swivel bck; POOH; chk mtr (good), serv MWD, MU new bit & dial mtr up to 2.6; TIH: PU swivel, brk thru circ & circ gas out – orient tool face; slide drl f/11320'-11341' – GPM 393, dig 125, GTF 110L; EDWC \$53,540; ETWC \$2,662,878.

04-17-08 Slide drl f/11339'-11344'; losing pmp press (lost 600 PSI & gained 7 stks in 15 mins) chk pmps, manif – no lks; POOH looking for washout (found washout @ std 43 & LD 2 jts); PU swivel & still losing press; could not find anymore washout – LD mtr & MWD; PU & MU new mtr & bit – tst MWD (good); TIH & tst 105 stds w/no press – tstd in 30 std intervals except last tst of 45 stds; TIH & tst 25 stds – had press, loss of 100 PSI (from 2380 to 2280); pull 25 stds back out of hole that didn't tst & found no washout or press loss; TIH w/last 45 & PU swivel; EDWC \$55,090; ETWC \$2,717,768.

04-18-08 Fill pipe; TIH w/last 20 stds & PU 6 singles, swivel & wsh to btm; sliding f/11344'-11361', WOB 8K, mtr RPM 113, GPM 136, diff 125; circ – MWD signal probs; mix slug, WO high winds to die dwn to POOH; POOH to 9000' for MWD tst; MWD tstd ok in vertical hole; POOH; WO high winds; pmp slug & POOH to MWD on surf; chg MWD & bit; shallow tst MWD, good; TIH to 10944'; EDWC \$47,517; ETWC \$2,765,485.

04-19-08 Cont to RIH, PU swivel enter side track & wsh 2 singles to btm 11361'; slide f/11361'-11369', WOB 8K, RPM 113, diff 125 PSI, GPM 136, gtf 30L; conn & surv @ 11333', PU wt 125K, SO wt 110k, INC 25.7, AZM 150.6; slide f/11369'-11400', WOB 8K, RPM 113, GPM 136 diff 125 PSI, GTF 6R; conn & surv @ 11364', PU wt 125K, SO wt 110K, INC 31.4, AZM 144.3; slide f/11400'-11432', WOB 10K, RPM 113, GPM 136, diff 125, GTF 11R; conn & surv @ 11460', WOB 11K, RPM 114, GPM 136, diff 125 PSI, GTF 6R; EDWC \$69,543; ETWC \$2,882,545.

04-20-08 Slide f/11460'-11462', WOB 11K, mtr RPM 113, GPM 136, diff 125, GTF HS; conn & surv @ 11426', PU wt 125K, S/O wt 110K, 47 inc, 150.3 AZM; slide f/11462'-11494', WOB 10K-12K, mtr RPM 113, GPM 136, diff 125, GTF HS; conn & surv @ 11457', PU WT 125 S/O wt 110K, 54.7 INC, 152.2 AZM; circ sweep all the way round, pmp 12.5 ppg hi vis pill, POOH to chg mtr angel & bit; POOH w/BHA; slip & cut DL; chg bit & mtr setting, shallow tst MWD, ok; RIH w/BHA to 11140' & orientate into sidetrack; string wants to go into old well bore, swage up & orientate; EDWC \$45,341; ETWC \$2,927,886.

04-21-08 PU pwr swivel & orientate enter sidetrack; PU singles & wsh to btm; slide f/11494'-11525', WOB 11K, mtr RPM 113, GPM 125, diff 75, GTF HS; conn surv 2 11489', PU wt 125K, SO wt 95K, inc 61.4, AZM 153.9; slide f/11532'-11557', WOB 11K-12K, mtr RPM 113, GPM 125, diff 75, GTF HS; conn surv @ 11521', PU wt 125K, SO wt 110K, inc 70, AZM 154.1; slide f/11557'-11562', WOB 13K, mtr RPM 113, GPM 125, diff 75, GTF HS; EDWC \$37,508; ETWC \$2,965,394.

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 Well: **University Lands "BB" #3H** AFE#: 72100/New Drilling Completion/\$1,241,000
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 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
 SWR WI 100% (fairness letter involved) Site Supervisor: Johnny Bynum/Nabors #441
 Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

- 04-22-08 Mill the curve; slide drl to 11,589'; SD and connection @ 11,582'; slide drl to 11,595' curve landed @ 90.4 degs projected; pmp sweep and circ hole; pmp slug; POH LD first 10 singles; LD power swivel; PU bull nose mill, float and string mill; RIH w/milling assy; BOP drl; RIH to window; PU power swivel and brk circ; EDWC \$39,644 ETWC \$3,005,038.
- 04-23-08 Wsh in hole; POOH to window chg out pwr swivel; RIH f/11145', new pwr swivel fails, POOH to window, WO mech to arrive; fix pwr swivel; RIH f/11145'; start taking torque @ 11253'; POOH f/11265', pwr swivel lkg; pwr swivel fixed; rmng f/11253'-11348'; EDWC \$35,205; ETWC \$3,040,243.
- 04-24-08 **TD – 11,575', daily ftg – 227'**; rm f/11348'-11492', conn; rm f/11492'-11512' taking wt & torque; chkng dlr's tally, tally is off, math error in tally sheet, circ pill around; pmp slug, final corr rmd depth 11575'; POOH back-rmng, LD 1st 14 singles; EDWC \$26,685; ETWC \$3,066,928.
- 04-25-08 **TD – 11,665', daily ftg – 74'**; POOH LD 14 singles; LD pwr swivel; LD rot head; POOH; recalibrated Pason; POOH; on surf LD mills & PU dir assbly; surf tst MWD & mtr – ok; RIH with dir assembly; fill pipe; cont RIH w/dir assembly; PU pwr swivel @ 11583'; RIH & tg btm @ 11591' (depth corrected w/the +15' in Pason as per 1st lateral); rot f/11591'-11616', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120; conn & surv @ 11581', PU wt 125K, S/O wt 110K, inc 87.9, AZM 155.6; rot f/11616'-11648', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120; conn & surv @ 11648', PU wt 125K, S/O wt 110K, INC 90.9, AZM 155.6; rot f/11648'-11665', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, P/P sweep; EDWC \$42,041; ETWC \$3,109,329.
- 04-26-08 **TD – 11,912', daily ftg – 247'**; rot f/11665'-11679', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11643', inc 91, azm 156.4; rot f/11679'-11711', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11675', inc 91.2, azm 156.6; rot f/11711'-11743', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11707', inc 91.1, azm 156.4; rot f/11743'-11774', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11739', inc 91.1, azm 156; rot f/11774'-11806', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 74, R/W 120, p/p sweep; conn & surv @ 11770', inc 91.2, azm 155.4; rot f/11806'-11838', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11802', inc 91.3, azm 156.6; rot f/11838'-11869', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, diff 75, R/W 120, p/p sweep; conn & surv @ 11833', inc 91.1, azm 156.5; rot f/11869'-11879', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; slide f/11879'-11863', WOB 16K, mtr RPM 113, GPM 125, diff 75, GTF 110R; rot f/11883'-11901', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; conn & surv @ 11865', inc 90.8, azm 156.5; rot f/11901'-11912', WOB 8K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 120, p/p sweep; bit has 26.9 hrs @ rep time; EDWC \$36,084; ETWC \$3,145,413.
- 04-27-08 **TD – 11,949', daily ftg – 37'**; rot f/11912'-11920', WOB 9K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 105; slide f/11920'-11923', WOB 16K, mtr RPM 113, GPM 125, diff 75, GTF 110R; rot f/11923'-11932', WOB 9K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 105; conn & surv @ 11896', PU wt 120, SO wt 103K, inc 90.5, azm 156.5; rot f/11932'-11949', WOB 9K, RPM 45, mtr RPM 113, GPM 136, diff 75, R/W 105; circ btms up, sweep hole w/30 Bbl hi vis pill; POOH to shoe, both generators dwn since 12:30, WO mech; fixing generators; POOH to surv w/BHA; chg bit, chk MWD mtr; RIH w/new BHA; operations slwd dwn due to very high winds, 4 singles w/over torqued boxes LD; cont to RIH, no prob entering sidetrack, RIH to btm w/no excess drag; PU pwr swivel & 7 singles, 1' of hole fill; slide f/11948'-11950', WOB 9K, mtr RPM 113, GPM 125, diff 75, GTF 110R; cold venting gas due to wind directions over the reserve; EDWC \$39,161; ETWC \$3,184,574.

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 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
 SWR WI 100% (fairness letter involved) Site Supervisor: Johnny Bynum/Nabors #441
 Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

- 04-28-08 **TD – 12,040', daily ftg – 90'**; slide f/11950'-11955', WOB 9K, mtr RPM 113, GPM 125, diff 75, GTF 110R; rot f/11955'-11960', WOB 9K, RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105, add ez lube; slide f/11960'-11966', WOB 16K, mtr RPM 113, GPM 125, diff 75, GTF 110R; conn & surv @ 11928', PU wt 110K, SO wt 103K, inc 90.6, azm 156.3; rot f/11966'-11985', RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105, add ez lube; circ while WO saver sub/x-over for pwr swivel, replcmnt saver sub also lkng; POOH to shoe while WO x-over & Kelly cock for pwr swivel; CO Kelly cock, saver-sub & press tst, ok; RIH to btm; PU pwr swivel & 1 single; rot f/11985'-11994', WOB 9K, RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105; conn & surv @ 11958', PU wt 110K, SO wt 103K, inc 91, azm 156; rot f/11994'-12005', WOB 9K, RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105; slide f/12005'-12011', WOB 15K, mtr RPM 113, GPM 125, diff 75, GTF 100R; rot f/12011'-12025', WOB 10K, RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105; conn & surv @ 11989', PU wt 110, SO wt 103K, inc 91.1, azm 155.8; rot f/12025'-12040', WOB 10.5K, RPM 45, mtr RPM 113, GPM 125, diff 75, R/W 105; adding brine to incr volume & red wt; EDWC \$42,426; ETWC \$3,227,000.
- 04-29-08 **TD – 12,157', daily ftg – 117'**; rot f/12040'-12058', WOB 10.5, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12020', inc 91, azm 156.1; slide f/12058'-12061', WOB 18K, RPM 113, GPM 125, diff 75, GTF 100R; rot f/12061'-12088', WOB 10.5, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12052', inc 91.2, azm 155.9; rot f/12088'-12096', WOB 10.5K, RPM 158, GPM 136, diff 75, R/W 105; slide f/12096'-12108', WOB 20K, RPM 113, diff 75, GTF 100R; rot f/12108'-12119', WOB 10.5K, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12083', inc 91.2, azm 156.1; rot f/12119'-12151', WOB 10.5K, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12115', inc 91.3, azm 156.7; slide f/12151'-12157', WOB 20K, RPM 113, GPM 125, diff 75, GTF 150R; EDWC \$41,960; ETWC \$3,268,960.
- 04-30-08 **TD – 12,190', daily ftg – 33'**; slide f/12151'-12157', WOB 18K, RPM 113, GPM 125, diff 75, GTF 160R; rot f/12158'-12182', WOB 10.5K, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12146', inc 91.3, az 156.4; slide f/12182'-12190', WOB 18K, RPM 113, GPM 125, diff 75, GTF 120R; circ btms up & pmp slug; POOH; rig rep – cent pmp on brk wtr tnk; fin POOH; chg bit,/mtr & tool/shallow tst; EDWC \$38,110; ETWC \$3,265,110.
- 05-01-08 **TD – 12,290', daily ftg – 100'**; TIH w/new bit & mtr; rig rep – LD blocks & unstring, PU new blocks f/yard & restring; fin TIH; PU swivel, brk circ & pmps aired up; rot f/12190'-12214', WOB 10K, RPM 158, GPM 136, diff 75, R/W 105; conn & surv @ 12178', inc 90.6, az 158.6; rot f/12214'-12228', WOB 11K, RPM 158, GPM 136, diff 136, R/W 105; slide 12228'-12238', WOB 18K, RPM 113, GPM 125, diff 30, GTF 90R; rot f/12238'-12245', WOB 11K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12209', inc 89.6, az 158.5; rot f/12245'-12290', WOB 11K, RPM 158, GPM 136, diff 75, R/W 100; EDWC \$42,310; ETWC \$3,345,530.
- 05-02-08 **Current TD – 12,593', daily ftg – 303'**; Rot f/12290'-12308', WOB 11K, RPM 158, GPM 136, diff 75, R/W 100; conn @ surv @ 12272', inc 90.3, az 160.2; slide f/12308'-12316', WOB 18K, RPM 135, GPM 125, diff 30, GTF 90R; rot f/12316'-12338', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12302', inc 90.5, az 160.3; rot f/12338'-12370', WOB 11K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12334', inc 90.6, az 161.4; rot f/12370'-12400', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12364', inc 90.3, az 161.2; slide f/12400'-12412', WOB 18K, RPM 135, GPM 125, diff 30, GTF 110R; rot f/12412'-12432', WOB 10K, RPM 158, GPM 136, diff 30, GTF 110R; conn & surv @ 12396', inc 90.5, az 161.2; rot f/12432'-12463', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12427', inc 90.3, az 162.7; rot f/12463'-12494', WOB 10K, RPM 158, GPM 136, diff 74, R/W 100; conn & surv @ 12458', inc 90.5, az 162.6; rot f/12494'-12557', WOB 11K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12252', inc 91.2, az 162.7; rot f/12557'-12593', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; EDWC \$42,560; ETWC \$3,388,090.

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 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
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 Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

- 05-03-08 **Current TD – 12,665', daily ftg – 72'**; Rot f/12583'-12620', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12584' – inc 89.6, az – 162.6; rot f/12620'-12651', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12584', inc – 89.8, az 161.9; rot f/12651'-12665', WOB 10K, RPM 158, GPM 136, diff 75, R/W 100; conn & surv @ 12629', inc – 90, az 161.7, TD @ 12665'; circ & sweep hole w/hi vis sweeps; pmp slug/set swivel back; POOH to window & LD 51 jts DP & cont POOH; LD & load out dir & MWD tools; PU & MU mill assembly; TIH; EDWC \$45,035; ETWC \$3,433,125.
- 05-04-08 **TD – 12,665'**; fin TIH/inst rot head & put fluid in wt ind; rm f/11140'-11660', rm 550' @ 26 FPH; EDWC \$39,910; ETWC \$3,473,035.
- 05-05-08 **TD – 12,665'**; rm f/11660'-12565' – rm 905' @ 37.7 FPH; EDWC \$30,135; ETWC \$3,490,445.
- 05-06-08 **TD – 12,665'**; fin rmg to TD @ 12665' & circ btms up; circ & cond hole, pmp high vis, sweeps every hr until hole is clean; mix slider pill, pmp & leave in OH; mix & pmp 13# slug & spot on btm (30 Bbls); set swivel bck & POOH to 11400'; pmp 13# slug & spot @ 11400' (30 Bbls); cont POOH w/mill assembly & LD mill assembly; PU & MU 47 jts of 2.875 EUE L-80 tbg & pkr assembly w/Halliburton – tl length 1619.15'; TIH – drift & tally every std of DP; pkr assembly – pmp out plug, 1 jt tbg, hyd anchor, 4 jts tbg, sp-s obm, 7 jts tbg, bass tool, 6 jts tbg, sp-s obm, 6 jts tbg, bass tool, 6 jts tbg, sp-s obm, 17 jts tbg, vpa pkr ; EDWC \$26,585; ETWC \$3,517,030.
- 05-07-08 **TD – 12,665'**; fin TIH w/pkr assembly drifting every std – running 1.5 min/std; sfty mtg w/Halliburton, RU Halliburton & tst lines to 5000 PSI; circ & pmp plug; disp & land plug, increase to 2000 PSI & SD @ 1000 PSI, incr to 3126 & anchor should set; bleed press off & still flwg, incr press to 3000 PSI & bleed off & held this time; pull tst to 20K over PU wt of 110K, back to neutral wt & pulled 3K over & could not back out; PU @ same wt# of 110K – SO @ 90K & did not set wt where VBA should be; press back up to 3000 PSI & bleed press off twice, pull tst 25K over, slack off & still moving dwn hole; press back up to 3000 PSI & held 2 mins & while waiting press bled off to 500 PSI; pull tstd to 25K over PU wt of 110K & set 15K dwn & gained all string wt back; POOH – VBA hanging up about every 3-4 stds & have to wrk plug bck dwn so we can pick bck up; EDWC \$44,560; ETWC \$3,561,590.
- 05-08-08 **TD – 12,665'**; POOH until fluid u-tubed & blwg out of string; MU TIW & circ diesel out of hole & circ, mud fluid around to bal fluid; cont POOH & LD hanger, pkr, etc & LD tbg w/Halliburton; MU re-run w/float & TIH to 11650' & started taking wt @ bit, PU swivel & wrk thru tight spot; cont TIH to btm 12665'; PU swivel & brk circ – clean & cond hole w/high vis sweeps; pmp slug & leave on btm – 11665' – 13.5# p/gal; POOH to 11500' & pmp slug #2 & leave in curve, 13.5# p/gal; cont POOH; EDWC \$40,685; ETWC \$3,602,275.
- 05-09-08 **TD – 12,665'**; cont POOH, brk bit & subs out; RU WL trk w/Halliburton to set RBP; RIH & set plug (top of plug @ 11032.5' & btm @ 11037.82'); POOH w/WL; cut DL; TIH to 100' above plug; PU swivel & brk circ – circ & displace mud w/10# brine wtr; dmp 200# of sd dwn DP & brk circ – sd on top of RBP; brk subs off btm of swivel & RU to LD DP; LD DP; EDWC \$29,140; ETWC \$3,631,415.
- 05-10-08 **TD – 12,665'**; fin LD DP; RD LD mach (Smith LD svc); ND, clean pits, cont & send in all rental eqpmt & tools; rel rig @ 1430 hrs; fin RD Nabors Rig #441; EDWC \$36,365; ETWC \$3,667,780.
- 05-12-08 **TD – 12,665'**; ETWC-Drlg = \$3,667,780.
- 05-15-08 **TD – 12,665'**; WO Halliburton tools; run liner week of 5-26; ETWC-Drlg = \$3,667,780.

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06-03-08 **TD – 12,665'**; Current Activity: MI 2-7/8 WS & PR's; MIRU Nabors, WO rig; SDFN; ETWC-Drlg = \$3,667,780; EDWC \$7745.

06-04-08 **TD – 12,665'**; Current Activity: tst csg to 5000# w/FW; NU 7-1/16x5K BOP on top of frac vac; set pipe racks & catwalk; unload 339 jts 2-7/8" L-80 tbg; PU & RIH w/ret head & 336 jts 2-7/8" tbg; tg @ 11033'; PU 10' & rev circ to disp Brine w/FW; CWI, SDFN; ETWC-Drlg = \$3,667,780; EDWC \$12,850; ETWC \$20,595.

06-05-08 **TD – 12,665'**; Current Activity: RIH w/bit; RU M&W pmp trk; tst csg to 4800#; RD pmp trk; RU tbg swivel & stripper; wsh sd f/11033'-11048'; latch & rel RBP; circ hole w/10.3# FL on chk holding 1200-1400# BP; well stable; st POOH w/154 jts; well started running over; circ w/10.5# FL; well stab; fin POOH LD RBP; PU & RIH w/4-3/4" rock bit, BS w/float; 50 jts 2-7/8", PH – 6 9.7# P110 tbg, XO & 120 jts 2-7/8 L-80; CWI, SDFN; ETWC-Drlg = \$3,667,780; EDWC \$13,590; ETWC \$34,185.

06-06-08 **TD – 12,665'**; Current Activity: POOH w/bit; SI 12 hrs; SITP 1100#, SICP 1100#; bleed off gas cap & circ w/10.5# to kill well; fin RIH & tg @ 11572'; unable to wrk past; RU pwr swivel; wsh & rm 2 jts & RIH w/swivel to 12574'; circ CL w/10 Bbl sweep & spot gel pill in horz lat; RD PS; POOH w/48 jts to 11,003'; CWI, SDFN; ETWC-Drlg = \$3,667,780; EDWC \$11,440; ETWC \$45,625.

06-06-08 **TD – 12,665'**; Current Activity: POOH w/bit; SI 12 hrs; SITP 1100#, SICP 1100#; bleed off gas cap & circ w/10.5# to kill well; fin RIH & tg @ 11572'; unable to wrk past; RU pwr swivel; wsh & rm 2 jts & RIH w/swivel to 12574'; circ CL w/10 Bbl sweep & spot gel pill in horz lat; RD PS; POOH w/48 jts to 11,003'; CWI, SDFN; ETWC-Drlg = \$3,667,780; EDWC \$11,440; ETWC \$45,625.

06-07-08 **TD – 12,665'**; Current Activity: POH w/setting tool LD WS; SI 12 hrs SITP 200#; SICP 500#; bled off gas and circ BU; well stable; POH LD 50 jts tbg and bit; PU and RIH w/HES swell pkr & VBA pkr; 2-7/8" pmp thru POP @ 12,450'; 1 jt 2-7/8" tbg @ 12,416'; hyd anchor @ 12,413'; 4 jts 2-7/8" tbg @ 12,280'; swell pkr @ 12,263'; 7 jts 2-7/8" tbg @ 12,029'; 2-7/8" BASS @ 12,026'; 6 jts 2-7/8" tbg @ 11,871'; swell pkr @ 11,812'; 6 jts 2-7/8" tbg @ 11,612'; BASS @ 11,610'; 6 jts 2-7/8" tbg @ 11,411'; swell pkr @ 11,396'; 15 jts 2-7/8" tbg @ 10,898'; 5-1/2" X 2-7/8" VBA pkr @ 10,891'; spot 600 gals diesel; drop dart; flush w/72 Bbls brine; press up to 3000# and set anchor and pkr; pull tst rel setting tool; LD 1 jt; SION; EDWC \$90,675; ETWC \$136,300.

06-08-08 **TD – 12,665'**; Current Activity: WO swell pkr and frac date; SITP 50#; SICP 500#; bled off gas; circ hole w/10.2 Bbls brine (240 Bbls); POH LD 331 jts 2-7/8" L-80 WS and setting tool; close frac valve; RU O&O pmp truck and pmp out POP @ 4500#; IR 3 BPM @ 2200#; ISIP 1800#; RD pmp truck; ND BOP; RD MO; EDWC \$16,200; ETWC \$152,500.

06-10-08 **TD – 12,665'**; Current Activity: WO swell pkr and frac date; ETWC \$152,500.

06-16/20-08 Current Activity: WO swell pkr and frac date; ETWC \$152,500.

06-21-08 OWH; SICP 675# pmp into toe @ 6 BPM @ 4900# (MIP); RU tree saver; frac Stage #1 w/112,000 gals Delta Frac 200 carrying 55,000# Versaprop w/an AIP 5339#; AIR 18.5 BPM; frac Stage #2 w/82,210 gals Delta Frac 200 carrying 57,885# Versaprop w/an AIP 5107#; AIR 25.5 BPM; frac Stage #3 w/95,470 gals Delta Frac 200 carrying 57,115# Versaprop w/an AIP 4505#; AIR 30 BPM; ISIP 3803#; 5 MSIP 3626#; 10 MSIP 3558#; 15 MSIP 3495#; EDWC \$260,000; ETWC \$412,500.

Operator: Southwest Royalties, Inc. Phone: 432-686-9927 Fax 432-688-3250
 Well: **University Lands "BB" #3H** AFE#: 72100/New Drilling Completion /\$1,241,000
 Location: 660' FWL & 2145' FSL, Sec 35, Blk 18 – ULS Lease No.: 101061-03H
 Ward County, Texas Field: War-Wink, W. (Wolfcamp)
 SWR WI 100% (fairness letter involved) Site Supervisor: Fletcher McKamie/Nabors #441
 Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

06-22-08 Current Activity: flw back frac; OWU 6/21/08 @ 4:30 a.m. on 20/64" X 2500.
 6/22/08 flwg on 20/64" chk X 350# (36 Bbls); total rec 966 Bbls (2% OC); TLTR 6897; rec 966; BLWTR 5931; EDWC \$5150; ETWC \$417,650.

06-23-08 Current Activity: flw back frac; flwg on 28/64" chk X 200#; rec 563 BF (50% OC); flwg @ 23 BPH; TLTR 6897; rec 1529; BLWTR 5368; EDWC \$3750; ETWC \$421,400.

06-23-09 Flwg 91 BO + 102 BW + 144 MCF on 20/64" chk, 200x27 in 16-1/2 hrs; ETWC \$421,400.

06-27-08 Flwd 124 BO + 151 BW + 312 MCF (combined production w/BB #4H).

06-28-08 Flwd 177 BO + 111 BW + 363 MCF.

06-29-08 Flwd 113 BO + 109 BW + 337 MCF.

06-30-08 Flwd 41 BO + 66 BW + 238 MCF.

07-01-08 Set pipe racks & catwalk; unload & tally 340 jts 2-7/8" L-80 8rd tbg; RU KT; pmpd 55 Bbls 10.2 Brine, press up to 4000#; bled off; pmpd 20 Bbls, press up to 4000#; bled off gas; CWI; SD; prep to kill this am & put on pmp; EDWC \$8305; ETWC \$429,705.

07-02-08 OWU; 16hr SICP 500#; bled dwn to 125#; fluid hit; flwg on 18/64x125 to btry; RD unit.

07-03-08 Flwd 55 BO + 43 BW + 177 MCF – reported in combination w/BB #4.

07-04-08 Flwd 55 BO + 43 BW + 177 MCF – reported in combination w/BB #4.

07-05-08 Flwd 52 BO + 27 BW + 170 MCF – reported in combination w/BB #4.

07-06-08 Flwd 55 BO + 25 BW + 156 MCF – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; EDWC \$4690; ETWC \$434,395.

07-07-08 Flwd 55 BO + 55 BW + 155 MCF – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-08-08 Flwd 52 BO + 22 BW + 179 MCF – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-09-08 Flwd 50 BO + 25 BW + 161 MCF – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-10-08 MIRU Cudd Coil tbg, pmp & nitrogen.

07-11-08 TIH w/1-1/2" coil tbg wsh tool; pmp 1/4 BPM wtr/300 scf N2 while TIH; took +/- 40 Bbls to load & achieve circ; TIH to light tg @ 11590' ctm, wsh to 1st ball @ 11608' ctm, circ 10 mins on btm; POOH w/wsh tool; make up 2.25" metal muncher mill on 1.69" xtreme mtr; TIH to 1st ball/seat @ 12028', 0 out in 9 mins; cont TIH to 12350'; circ for 45 mins; POOH; RD & rel Cudd & Baker Oil Tools; rel well to flw bck hand; EDWC \$58,947; ETWC \$493,342

07-10-08 Flwd 47 BO + 22 BW + 170 MCF – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-11-08 Flwd 50 BO + 19 BW + 157 MCF – reported in combination w/BB #4.

07-12-08 Flwd 50 BO + 70 BW + 164 MCF – reported in combination w/BB #4.

07-13-08 Flwd 22 BO + 19 BW + 156 MCF; dwn 7 hrs VDU – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-14-08 Flwd 36 BO + 22 BW + 70 MCF; dwn 7 hrs VDU – reported in combination w/BB #4; cont to flw well; prep to run coiled tbg & CO lateral; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-15-08 Flwd 58 BO + 19 BW + 194 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

07-16-08 Flwd 33 BO + 19 BW + 155 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395

07-17-08 Flwd 33 BO + 19 BW + 155 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.

Operator: Southwest Royalties, Inc. Phone: 432-686-9927 Fax 432-688-3250
Well: **University Lands "BB" #3H** AFE#: 72100/New Drilling Completion /\$1,241,000
Location: 660' FWL & 2145' FSL, Sec 35, Blk 18 – ULS Lease No.: 101061-03H
Ward County, Texas Field: War-Wink, W. (Wolfcamp)
SWR WI 100% (fairness letter involved) Site Supervisor: Joe Stembridge
Description: Re-enter 5-1/2" CSD well & drl 1500' horz Bone Springs (A lift incl – no fac)

Combined with #4 production:

07-18-08 Flwd 77 BO + 19 BW + 186 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.
07-19-08 Flwd 30 BO + 25 BW + 156 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.
07-20-08 Flwd 30 BO + 55 BW + 150 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.
07-21-08 Flwd 64 BO + 25 BW + 180 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.
07-22-08 Flwd 30 BO + 29 BW + 151 MCF; ETWC-Drlg = \$3,667,780; ETWC \$434,395.
07-23-08 Flwd 77 BO + 94 BW + 205 MCF; **Dropped from report**; ETWC-Drlg = \$3,667,780;
ETWC \$493,342.
07-26-08 OWU; 50# csg, 0# tbq; PU 326 jts 2-7/8" tbq; ND BOP; set TAC, 17 pts; NU WH; left well
open to btry; 24' KB, 335 jts – 10,593.17-10,617.17, 2-7/8x5-1/2 TAC – 3.00-10,620.17, SN
– 1.10 – 10,621.27, 2-7/8 sub – 4.10-10,625.37, 2-7/8sd screen – 8.34-10,633.71, 3-1/2
BPMA – 33.25-10,666.96; EDWC \$8842.
07-28-08 OWU; TIH w/2-1/2x1-1/2x30 pmp, 1-1/2 WB, 33K shear tool, 4-1/2 WB, 65 – 3/4 Norris 97,
124 – 7/8 Norris 97 & 153 -1-1/4 FG w/SH comp; spaced out; LD tbq; unit out of balance;
SD; WO Norris 4 hrs ETDC \$3,667,780; EDWC \$26,120; ETWC \$528,304.
07-29-08 RD unit; left well dwn; wrk on heater; ETDC \$3,667,780; EDWC \$1550; ETWC \$529,854.
07-30-08 Wrkg on heater; ETDC \$3,667,780; EDWC \$1550; ETWC \$529,854.
07-31-08 Wrkg on heater; ETDC \$3,667,780; ETWC \$529,854.

Production for wells #3H & #4H combined.

08-01/02-08 Wrkg on heater; BO 8/2/08; ETDC \$3,667,780; ETCC \$529,854.
08-03-08 Pmpd 0 BO + 119 BW + 0 MCF; combined production for #3H & #4H; ETDC \$3,667,780;
ETCC \$529,854.
08-04-08 Pmpd 0 BO + 87 BW + 112 MCF; combined production for #3H & #4H; ETDC \$3,667,780;
ETCC \$529,854.
08-05-08 Pmpd 0 BO + 119 BW + 112 MCF; combined production for #3H & #4H; **Dropped from
report**; ETDC \$3,667,780; ETCC \$529,854.