

Quantum Resources Management

University 25-18 3H

Quito, Ward, TX

8/22/08 (Day 1)

Present Depth – 223'. RU mixing hopper, RU wireline machine, repair shaker. Mix spud mud in suction pit (38 vis) & build 100 bbl sweep (70 vis). Make up bit, bit sub, shock sub, drill collar, IBS. Spud 40'-80'. LD IBS (Beating conductor pipe) & tighten turnbuckles on conductor. Drlg 80'-100'. PU & install IBS. Drlg 100'-223', put 2nd pump on hole @ 190', 80/80 SPM (670 gpm) 700 PSI, 90 RPM.

AFE \$	AFE #	WI	DC \$29,047	CC \$867,754
--------	-------	----	-------------	--------------

8/23/08 (Day 2)

Present Depth – 475'. TIH. Drill F/ 223'-267'. Survey @ 250'. Drill F/ 267'-475'.

AFE \$	AFE #	WI	DC \$29,047	CC \$896,801
--------	-------	----	-------------	--------------

8/24/08 (Day 3)

Present Depth – 475'. Pump sweep & circulate hole clean @ TD. Wireline survey @ 451'. Trip out hole, LD blade stab shock sub, bit sub & bit. RU casing crew, change out elevator bails. Run 13 3/8" H-40 STC casing, total 483.28, no fill. Install circ Swedge & circ @ 475'. RU BJ and test lines to 1,000 psi & cement. Did not drop plug, started displacing w/ water to bring cement out of hole. Pumped 60 bbls displacement, pumped 37 sacks (9 bbls) to reserve pit. Float holding. WOC. Cut off conductor pipe and weld on well head.

AFE \$	AFE #	WI	DC \$48,699	CC \$945,500
--------	-------	----	-------------	--------------

8/25/08 (Day 4)

Present Depth – 475'. Weld on well head. NU BOP, break DSAs off spools and 2 hole DSAs, build BOP. Torque up all bolts and hook up hydraulic line. PU testing equipment for test. Work on rotating head and hook up manifold. Fill BOP w/ water stop and tighten up 4" outside kill like valve and begin to test – 3,000 high, 300 low.

AFE \$	AFE #	WI	DC \$104,256	CC \$1,049,756
--------	-------	----	--------------	----------------

8/26/08 (Day 5)

Present Depth – 585'. Test pipe rams to 3,000 high 300 low, test annular to 1,500 high 300 low, test manifold and IBOP valves on top drive to 3,000 high 300 low, all good. Make up flow line flange & let welder re-fab flow line, weld safety chains on top and bottom of flow line manifold and secure flow line, put turnbuckles on BOP & secure BOP. Strap BHA, PU hand tool, clean off rig floor. Make up bit, TIH w/ bit & bit sub & 4 std off DC. Break circ & wash to 423', tagged cement. Test casing to 1,000 PSI, 30 min ok. Drill cement, float collar & tag bottom @ 475'. TOH, LD 1 jt drill pipe, change out BHA. Drill from 475' to 585'.

AFE \$	AFE #	WI	DC \$72,780	CC \$1,049,756
--------	-------	----	-------------	----------------

8/27/08 (Day 6)

Present Depth – 1,156'. Drill F/ 585'-618'. Install rotating head & hook up lubricator. Drill F/ 618'-870'. Take Teledrift survey @ 680'. Drill F/ 870'-933'. Take Teledrift survey @ 923'. Drill F/ 933'-996'. Take Teledrift survey @ 986'. Drill F/ 996'-1,028'. Take wireline survey @ 1,020'. Drill from 1,028'-1,095'. Take Teledrift survey @ 1,085'. Drill F/ 1,095'-1,156'. Take Teledrift survey @ 1,146'.

AFE \$	AFE #	WI	DC \$72,780	CC \$1,049,756
--------	-------	----	-------------	----------------

8/28/08 (Day 7)

Present Depth – 2,523'. Drill F/ 1,156'-1,251', Teledrift survey @ 1,175'-0.5 & 1,238'-0.5, 3/4 HR on conn and run survey. Drill F/ 1,251'-1,443', Teledrift survey @ 1,283'-0.5 & 1,368'-0.5, 1/4 HR on conn and run survey. Replace Telescoping Hydraulic line on top drive. Drill F/ 1,443'-1,760', Teledrift survey @ 1,533'-0.5 & 1,623'-0.5 & 1,718'-0.5, 3/4 HR on conn and run survey. Drill F/ 1,760'-2,205', Teledrift survey @ 1,814'-0.5 & 1,909'-0.5 & 2,005'-0.5, 1.25 HR on conn and run survey. Wireline survey @ 2,200' 1-deg. Drill F/ 2,205'-2,523', Teledrift survey @ 2,105'-0.5 & 2,297'-0.5 & 2,386'-0.5 & 2,481'-0.5, 3/4 HR on conn and run survey.

AFE \$	AFE #	WI	DC \$60,138	CC \$1,255,454
--------	-------	----	-------------	----------------

8/29/08 (Day 8)

Drill and survey 2,523'-3,159'. Last survey 2.5 degrees @ 3,125'. Pulling out of hole for plugged jets on survey. Will also change packed hole assembly for a pendulum.

AFE \$	AFE #	WI	DC \$33,874	CC \$1,289,328
--------	-------	----	-------------	----------------

8/30/08 (Day 9)

Present Depth – 3,277'. TIH, drill F/ 3,159'-3,245'. Wire line survey @ 3,210' 1.75 deg. TIH, drill F/ 3,245'-3,277'.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$31,408	CC \$1,320,736
-----------------	---------------	----	-------------	----------------

8/31/08 (Day 10)

Present Depth – 3,732'. Drill F/ 3,277'-3,532'. Wire line survey @ 3,490' – ½ deg. Drill F/ 3,532'-3,732'.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$32,528	CC \$1,353,264
-----------------	---------------	----	-------------	----------------

9/01/08 (Day 11)

Present Depth – 4,320'. Drill F/ 3,732'-4,008'. Circ 15 min, wire line survey @ 3,960 – ¾ deg. Drill F/ 4,008'-4,320'.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$32,390	CC \$1,385,654
-----------------	---------------	----	-------------	----------------

9/02/08 (Day 12)

Present Depth – 4,860'. Drill F/ 4,320'-4,390'. Circ, wire line survey @ 4,360', 2 deg. Drill F/ 4,390'-4,860'.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$59,210	CC \$1,444,864
-----------------	---------------	----	-------------	----------------

9/03/08 (Day 13)

Present Depth – 5,130'. Drill F/ 4,860'-4,867'. Circ F/ wire line survey @ 4,837'. Drill F/ 4,837'-5,073'. Circ out samples. Pumping sweep and circ to run 9 5/8 casing. Drop Totco. Tripping out of hole. Laying down BHA.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$32,165	CC \$1,477,029
-----------------	---------------	----	-------------	----------------

9/04/08 (Day 14)

Present Depth – 5,130'. Finish LD BHA. Change out elevator bails. RU csg crew & stabbing board, re-rig stabbing board, could not reach pipe. Run 9 5/8" 40# J-55 LTC csg as follows: shoe: 1.45, 1-jt: 43.43, FC: 1.23, 119 jts: 5090.74 Total: 5136.85. RU BJ cement head. Circ w/ rig pump while RD csg crew. Switch to BJ, test lines to 2,000 psi, start cement job. Will have updated cost tomorrow.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$ -	CC \$1,477,029
-----------------	---------------	----	---------	----------------

9/05/08 (Day 15)

Present Depth – 5,130'. Cement as follows: 20 bbls fresh water lead: 2,000 sx (748 bbls) 35:65 class C + additives mixed @ 12.4 ppg, 2.099 yield, 11.65 gps mix water, tail: 200 sx (48 bbls) class C + additives, mixed @ 14.8 ppg, 1.327 yield, 6.316 gps mix water, displace w/ 369 bbls fresh water @ 7 bpm, did not bump plug, circulated 497 sx (189 bbls) to reserve pit, float held. RD BJ lines and head. Remove turnbuckles and RU winches & ND flow line and spool off BOP. Set slips wt 210,000, test 2,000 psi for 15 min, ok. NU flange and flow line. Change out elevators and bails. Test pipe, blinds, manifold & valves to 300 low and 5,000 high, and annular 300 low & 5,000 high, all ok. Welded on handler lock on top drive. Hook up turn buckles on stack & fill up line & strap and caliper BHA. PU BHA and tripping in hole.

AFE \$7,592,900	AFE #TX11538D	WI	DC \$493,085	CC \$2,000,659
-----------------	---------------	----	--------------	----------------

9/06/08 (Day 16)

Present Depth – 6,157'. PU BHA and TIH. Fill pipe break circ. Test casing 1,000 psi, ok. Drill cement and plug, tag @ 5,075'-5,130'. Drill F/ 5,130'-5,648'. WL survey @ 5,630, 3/4 deg. Drill F/ 5,648'-6,157'. WL survey @ 6,125', 1/2 deg.

AFE \$7,592,900	AFE #TX11538D	WI 100% BPO, 75% APO	DC \$47,756	CC \$2,048,415
-----------------	---------------	----------------------	-------------	----------------

9/07/08 (Day 17)

Present Depth – 7,175'. Drill F/ 6,157'-6,793'. Pump sweep & circulate out. WL survey @ 6,697', 3/4 deg. Shut in well and circulate out gas @ 6,793'. Drill F/ 6,793'-7,175'. WL survey @ 7,141', 1/2 deg.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$32,085 CC \$2,080,500

9/08/08 (Day 18)

Present Depth – 8,010'. Drill F/ 7,175'-7,652'. Circulate, WL survey @ 7,620', 1/4 deg. Drill F/ 7,652'-8,010'.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$35,990 CC \$2,116,490

9/09/08 (Day 19)

Present Depth – 8,022'. Drill F/8,010'-8,018'. Circulate two bottoms up. TOH 10 stands @ 7,065'. CIRC. While working on reserve pump/pumps losing prime. Pump pill 205 bbls. TOH 51 stands @ 3,210'. Pull RT-Head/monitor well. TOH. LD motor & bit/ MU bit, bit sub. TIH fill every 25 stands/ST-80 ELE. Broke finish trip w/ tongs. Wash 105' to bottom. CIC out trip gas/tighten up flange on flow line going to gas buster/ work on valve on flow line. Drlg F/ 8,018'-8,022' WOB 25k RPM=55

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$74,590 CC \$2,191,080

9/10/08 (Day 20)

Pres Depth- 8,370'. Drill F/8022' to 8105'. Rig service/ CONN. Drill f/ 8105' to 8200'. Circ. Wire line survey @ 8169' @ 1 3/4 /CONN. Drill F 8200' to 8295'. CONN. Drill F 8295' to 8370'.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$40,951 CC \$2,232,031

9/11/08 (Day 21)

Pres Depth- 8,952'. Drill F/8370' to 88392'. CONN. Drill F/8392' to 8487'. CONN. Drill F/8487' to 8583'. Circ. Wireline surbey @ 8545' inc. 1 deg/ CONN. Drill F/8583' to 8678'. CONN. Drill F/8678' to 8773'. CONN. Drill F/8773' to 8869'. CONN. Drill F/8869' to 8952'.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$33,027 CC \$2,265,058

9/12/08 (Day 22)

Pres Depth- 9,430. Drill F/8952' to 8965'. Circ. Run wireline survey @ 8930' inc. 1 1/2 deg/ lost spring & lower part of tatco barrel 1' piece/ conn. Drill F/8965' to 9060'. Rig service/ conn & slow pump rates. Drill F/9060' to 9155'. Circ. Run wireline survey @ 9120' inc. 1 1/4" deg. Drill F/9155' to 9250'. CONN. Drill F/9250' to 9346'. CONN. Drill F/9346' to 9430' torqued up/stall. Circ. Two bottoms up & sweep hole/ Pump 10.0 lbs. Bring 310 bbls on bottom. TOH F/bit.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$41,698 CC \$2,306,756

9/13/08 (Day 23)

Present Depth - 9,728'. TOH F/ bit depth @ 4,190'. TOH w/ collars F/ 880' to bit. Change bit. TIH w/ BHA, iron roughneck not operable, using air spinners & tongs, fill every 30 stds. Wash 100' to bottom F/ 9,330' to 9,430', last 12'. Drill F/ 9,430' to 9,632'. Circ, run WL survey @ 9,600', INC 2 3/4 - deg / conn. Drill F/ 9,632'-9,728', WOB 30k RPM 65 strokes 95 PSI 1,900.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$43,471 CC \$2,350,227

9/14/08 (Day 24)

Present Depth – 10,355'. Back ream stand / conn. Drill F/ 9,730'-9,887', WOB 30k RPM 65 strokes 100 PSI 2,050. Circ, run WL @ 9,850', INC @ 2 deg. Drill F/ 9,887'-10,300', WOB 48-55k, RPM 65 strokes 100 PSI 2,1100 (ROP slowed down @ 10,260', no change in TPW). Back ream stand / conn. Drill F/ 10,300'-10,355', WOB 55k, RPM 65 strokes 100, PSI 2,100.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$60,446 CC \$2,410,673

9/15/08 (Day 25)

Present Depth – 10,466'. Drill F/ 10,355'-10,396', WOB=55k, RPM 65 strokes 100, PSI=2,100, TQ 6,850, back ream. Circ, run WL survey @ 10,360', INC @ 2 deg. Drill F/ 10,396'-10,466', WOB=58-65K, RPM 65 strokes 100, PSI=2,080-2,100 / TQ 6,850-8,100, back ream, check TQ. Circ two bottoms up w/ sweeps, pump 400 bbls 9.7 lbs brine. TOH w/ bit.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$45,892 CC \$2,456,565

9/16/08 (Day 26)

Present Depth – 10,707'. TOH w/ bit. Put oil in iron roughneck, did not work. Make up FH-35 change bit to F-37-HY. TIH w/ bit #6 (iron roughneck not working using air spinners & tongs, fill every 30 stds).

Wash 69' to bottom F/ 10,397' to 10,466' and work bit on bottom. Break in bit & drill F/ 10,466'-10,707', WOB=45-50k, RPM 65 strokes 99, PSI=2,175 (ROP 19' to 34' ft/hr).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$46,101 CC \$2,502,666

9/17/08 (Day 27)

Present Depth – 10,971'. Drill F/ 10,707'-10,874', WOB=50-55k, ROP=9.9-22.9, strokes=100,

PSI=2,120. WL survey @ 10,840', 1.75 deg. Drill F/ 10,874'-10,971', WOB=58-60k, ROP slowed down, strokes=100, PSI=2,120. TOH w/ bit #6 (iron roughneck not working, using air spinners and tongs).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$31,387 CC \$2,534,053

9/18/08 (Day 28)

Present Depth – 11,070'. TOH w/ bit #6 (iron roughneck not working/using air spinners and tongs).

Change out bit. TIH w/ bit #7 in to 5,100' to cut drill line, fill pipe every 30 stds. Cut drill line 80'. TIH w/ bit #7 F/ 5,100'-10,971' (fill pipe every 30 stands/using air spinners and tongs). Drill F/ 10,971'-11,070', WOB=50, ROP=10-13 ft/ph, strokes 100, PSI 2,150.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$82,494 CC \$2,616,547

9/19/08 (Day 29)

Present Depth – 11,407'. Drill F/ 11,070'-11,160', ROP=14.4-17.0 ft/hr, RPM=61, PSI=2,179, TQ=7,358, gas unit 577. Grease top drive, blocks & check oil levels & conn (slow pump rates). Drill F/ 11,160'-11,365', ROP=11-15.2 ft/hr, RPM=61, WOB=50, TQ=7,400, gas unit 400-527. Working on #1 pump drilling w/ #3 super charger. Drill F/ 11,365'-11,407', ROP=11.9-17.4, WOB=50k, RPM=61, PSI=2,155, strokes=100, gas unit 410.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$35,776 CC \$2,652,323

9/20/08 (Day 30)

Present Depth – 11,665'. Drill F/ 11,407'-11,420', WOB=50k, ROP=11.6-13.1, PSI=2,155, TQ=7,893.

Top drive torqued up (20% chert). Drill F/ 11,420'-11,446', WOB=50k, RPM=61, ROP=15.3-15.9, PSI=2,113, TQ=8,164. Connection @ 11,446'. Drill F/ 11,446'-11,541', WOB=50k, RPM=61, ROP=14.7,

PSI=2,245, TQ=8,403, Gas 456. Drill F/ 11,541'-11,581', WOB=50k, RPM=61, ROP=14.2-33.1,

PSI=2,245, TQ=8,657. Circulate bottoms up for gyro. RU gyro equipment & run gyro. Drill F/ 11,581'-

11,661', WOB=50k, RPM=58, PSI=1,890. Check out pumps & valves for 250 PSI loss. Drill F/ 11,661'-11,665'. Pump soft line to check for hole in pipe (lost 760 PSI). Note: Planned TD was 11,700 but will log @ 11,665' to POOH to identify where pressure drop is.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$49,052 CC \$2,701,375

9/21/08

Present Depth – 11,665'. Tripping out of hole, 760 PSI loss & to log well/using air spinners & tongs. RU logger, log w/ compensated neutron, litho-density, spectral gamma ray, laterolog array, caliper. PU GR & FMI tool & log.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$101,163 CC \$2,802,538

9/22/08

Present Depth – 11,665'. LD lubrication & logger tool. TIH w/ BHA, looking for cracks. Check pumps, had 100 psi pump pressure. TIH filling drill pipe every 30 stds. Circ bottom. Tripping out of hole to set plug for kick off. RU & PU 2 7/8" tubing F/ cement plug.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$31,992 CC \$2,834,530

9/23/08

Present Depth – 11,665'. TIH to 11,633'. Circ bottoms up max gas: 885 units w/ no flare. RU BJ, mix cement plug as follows: 575 sxs (96 bbls) premium plus "H" w/ 0.3% R-3 + 1% CD-32 + 0.3% ASA-301 mixed @ 17.5 ppg, 0.94 yeild, 3.32 gps mix water, pump 15 bbls fresh water displace w/ 176 bbls mud. RD BJ, trip out 15 stds to 10,202'. Circ btms up, had trace of cement to surface. Trip out of hole & LD tbg. TIH w/ BHA & lay down same.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$65,007 CC \$2,899,537

9/24/08

Laying down BHA (6 ½ drill collars). Move drill pipe onto pipe racks and take tubing elevators and bails off rig floor. PU 35 jts S 135-19.5 #ft drill pipe and 15 jts heavy weight 54.34 #ft. TIH to 10,529', tag cement. Drill cement F/ 10,529' to 11,014'. TOH to PU Schlumberger tool.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$39,664 CC \$2,939,201

9/25/08

TOH for directional tool. PU directional tool. Tripping in hole w/ directional tool (fill every 30 stds). Test MWD and calibrate draw works. Tripping in hole w/ directional tool (fill every 30 stds). Time drill 1" every 5 min (tool face @ MTF 73).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$87,789 CC \$3,026,990

9/26/08

Time drill 1" every 5 min from 11,016' to 11,039'. One survey @ 10,977', INC=1.59, AZM=238.84. Last 10' (11,028'-11,038')-70% cement, 20% shale, 10% lime.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$45,108 CC \$3,072,098

9/27/08

Time drill 1" every 5 min from 11,039' to 11,040' (mtf-73), 11,039'-70% cement, 20% shale, 10% lime.

Tripping out for motor. Inspect BHA, dial motor 2.12 to 2.38 and pick up new MWD. TIH w/ BHA #2 (fill every 30 stds). Tag bottom @ 11,040'. Time drill 1" every 5 min from 11,040' to 11,046' (mtf-73), 11,040'-70% cement, 20% shale, 10% lime.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$61,106 CC \$3,133,204

9/28/08

Time drill 1" every 5 min from 11,046' to 11,059', mtf-73. Circulating, fill trip tank, open valve for TOH. POOH w/ BHA #2, change bit and bend from 2.38 to 2.77.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$73,717 CC \$3,206,921

9/29/08

Present Depth – 11,071'. Dial motor bend from 2.38 to 2.77, scribe motor and change MWD. PU 1 std DP and test, 59 spm, 152 spp, ok. MU new bit, TIH w/ BHA #3, fill and test @ 37 stands, ok. TIH w/ BHA #3, fill every 30 stands. Tag bottom, orient tool face @ 73, lowered spm to 86 to reduce stand pipe pressure. Orient TF, work pipe from 11,060' to 11,061', cement ledge. Time drill 1" every 5 min F/ 11,059' to 11,069', mtf-73. CS @ 11,009, inc=1.97, azm=239.81. Time drill 1" every 5 min F/ 11,069' to 11,071', 11,069'-30% cement, 50% shale, 20% lime.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$60,497 CC \$3,267,418

9/30/08

Present Depth – 11,086'. Time drill 1" every 5 min F/ 11,071' to 11,073'. Time drill 1" every 2 ½ min F/ 11,073' to 11,086', TF @ 73. TOH w/ BHA #3, change bit and bend from 2.77 to 2.12. 100% formation for 10 feet.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,497 CC \$3,325,915

10/01/08

Present Depth – 11,125'. TIH w/ BHA #4, fill every 30 stands @ 4,550'. Test MWD @ 5,100', ok. Slip and cut drilling line 100'. Calibrate draw works and hook load. TIH w/ BHA #4, fill every 30 stands @ 5,455'. TIH w/ BHA #4, fill every 30 stands @ 7,675'. TIH w/ BHA #4, fill every 30 stands @ 11,085', one foot fill. Fill pipe & orient TF to MTF 73 and go through window. Tag bottom, take check shot @ 11,026', inc=2.11, azm=233.02. Slide F/ 11,086' to 11,100', WOB=12, SPM=98, MTF=73. Conn/survey @ 11,040', inc=1.91, azm=224.60. Rotate from 11,100' to 11,107', WOB=10, SPM=98, RPM=25. Slide F/ 11,107' to 11,125', WOB=13k, SPM=98, MTF=73.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$61,427 CC \$3,387,342

10/02/08

Present Depth – 11,265'. Slide F/ 11,125'-11,132', WOB=18k, SPM=98, MTF=73. CS @ 11,072', inc=1.23, azi=96.97. Rotate F/ 11,132'-11,138', WOB=10k, SPM=98, RPM=25. Slide F/ 11,138'-11,164'. Survey @ 11,104', inc=4.69, azi=75.38. Rotate F/ 11,164'-11,170', WOB=10k, SPM=98, RPM=25. Slide F/ 11,170'-11,196', WOB=35k, SPM=98, GTF=HS. Survey @ 11,136', inc=8.37, azi=72.91. Rotate F/ 11,196'-11,204', WOB=15, RMP=25, SPM=98. Slide F/ 11,204'-11,228', WOB=27k, GTF=HS, SPM=98. CS @ 11,168', inc=11.39, azi=69.84. Rotate F/ 11,228'-11,236', WOB=15, SPM=98, RPM=25. Slide F/ 11,236'-11,259', WOB=20, GTF=25R, SPM=98. Survey @ 11,199', inc=14.12, azi=67.39. Rotate F/ 11,259'-11,265', WOB=15k, SPM=98, RPM=25.
 AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,497 CC \$3,445,839

10/03/08

Present Depth – 11,405'. Slide F/ 11,265' to 11,291', WOB=50, GTF=30R, SPM=98. Survey @ 11,231', inc=16.36, azi=66.52. Rotate F/ 11,291'-11,295', WOB=15, SPM=98, RPM=25. Slide F 11,295'-11,323', WOB=30, GTF=30R, SPM=98. Conn survey @ 11,263', inc=19.06, azi=69.06. Slide F/ 11,323'-11,354', WOB=30, GTF=10R, SPM=98. Survey @ 11,294', inc=22.01, azi=71.58. Rotate F/ 11,354'-11,358', WOB=15, SPM=98, RPM=25. Slide F/ 11,358'-11,386', WOB=32, SPM=98, GTF=HS. Survey @ 11,326', inc=25.75, azi=72.21. Rotate F/ 11,386'-11,390', WOB=15, SPM=98, RPM=25. Slide F/ 11,390'-11,405', WOB=32, SPM=98, GTF=10R.
 AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,497 CC \$3,504,336

10/04/08

Present Depth – 11,600'. Slide F/ 11,405'-11,418', WOB=32k, SPM=98, GTF=10R. Conn survey @ 11,358', inc=29.25, azi=72.39. Rotate F/ 11,418'-11,420', WOB=15k, SPM=98, RPM=25. Slide F/ 11,420'-11,428', WOB=35k, SPM=98, GTF=30R. Slide F/ 11,428'-11,450', WOB=48k, SPM=98, GTF=30R. Survey @ 11,390', inc=32.74, azi=74.12. Slide F/ 11,450'-11,482', WOB=42k, SPM=98, GTF=15R. Survey @ 11,358', inc=36.14, azi=77.39. Slide F/ 11,482'-11,514', WOB=45, SPM=98, GTF=HS. Survey @ 11,454', inc=40.65, azi=79.35. SPR (chk): 30 SPM/180 PSI, 40/300, 50/480 & conn. Slide F/ 11,514'-11,545', WOB=45, SPM=98, GTF=30L. Survey @ 11,485', inc=44.93, azi=80.21. Slide F/ 11,545'-11,577', WOB=45, SPM=98, GTF=25L. Survey @ 11,517', inc=49.52, azi=79.39. Slide F/ 11,577'-11,600', WOB=45k, SPM=98, GTF=10L.
 AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$71,390 CC \$3,575,726

10/05/08

Present Depth – 11,723'. Slide F/ 11,600'-11,609', WOB=45k, SPM=98, GTF=10L. Survey @ 11,549', inc=53.73, azi=76.81. Slide F/ 11,609'-11,629', WOB=53, SPM=98, GTF=10L. Slide F/ 11,629'-11,641', WOB=56k, SPM=98, GTF=HS. Survey @ 11,581', inc=58.00, azi=74.26. Slide F/ 11,641'-11,672', WOB=56, SPM=98, GTF=HS. Survey @ 11,612', inc=62.57, azi=72.90. Rotate F/ 11,672'-11,677', WOB=20k, SPM=98, GTF=HS. Survey @ 11,644', inc=66.98, azi=72.72. SPR (chk): 30 SPM/210 PSI, 40 SPM/320 PSI, 50 SPM/500 PSI & conn. Rotate F/ 11,704'-11,723', WOB=25-32, SPM=98, RPM=20.
 AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$48,775 CC \$3,624,501

10/06/08

Present Depth – 11,869'. Rotate F/ 11,723'-11,727', WOB=25-30k, RPM=20. Slide F/ 11,727'-11,736', WOB=48k, SPM=98, GTF=HS. Survey @ 11,676', inc=70.92, azi=72.57. Slide F/ 11,736'-11,756', WOB=48k, SPM=98, GTF=HS. Rotate F/ 11,756'-11,768', WOB=35k, RPM=20. Survey @ 11,807', inc=72.63, azi=72.57. Slide F/ 11,768'-11,786', WOB=40k, SPM=98, GTF=HS. Rotate F/ 11,786'-11,800', WOB=25k, RPM=20. Survey @ 11,740', inc=75.81, azi=72.61. Slide F/ 11,800'-11,825', WOB=35k, SPM=98, GTF=HS. Rotate F/ 11,825'-11,832', WOB=15k, RPM=20. Survey @ 11,772', inc=78.46, azi=72.35. Rotate F/ 11,832'-11,839', WOB=15k, RPM=20. Slide F/ 11,839'-11,863', WOB=45k, SPM=98, GTF=HS. Survey @ 11,803', inc=81.35, azi=72.68. Slide F/ 11,863'-11,869', WOB=45k, SPM=98, GTF=HS.
 AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$67,794 CC \$3,692,295

10/07/08

Present Depth – 11,895'. Slide F/ 11,870'-11,895', WOB=45k, SPM=98, GTF=HS. Survey @ 11,835', inc=83.71, azi=73.27. Circ 2 btms up, last sample 90% sand & 10% shale. Short trip 10 stds, top of

window & back to bottom. Break circ, circulate btms up, pump 80 bbl pill. Pull 10 stds out up to 11,014'. Laying down drill pipe @ 5:30 200 jts, lay down bit @ 5,450'.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$56,606 CC \$3,748,901

10/08/08

Present Depth – 11,895'. TIH w/ 13 stds DP to be LD. LD directional tools & load out directional tools. RU air stabbing board & casing crew's equipment, run casing. Run 7" 29lbs VM-80 top vam casing.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$55,175 CC \$3,804,076

10/09/08

Present Depth – 11,895'. Finish running 7" 29# VM-80 casing. RU & wash to bottom, 2' fill, circ btms up, pump sweep & circ btms up. RU BJ and cement. Displace w/ 438 bbls mud, did not bump plug, floats held, RD BJ. ND, set slips, cut off, NU C section.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$95,883 CC \$3,899,959

10/10/08

Present Depth – 11,895'. NU BOP's, change pipe rams to 3 ½, replace flow line bolts, RU BOP tester equipment & test BOPs, accumulator reservoir over full, drain fluid out to pass test (1.5 hrs down). Test BOPs, ready to go in hole w/ 3 ½ pipe after rebuilding valve.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$618,383 CC \$4,518,342

10/11/08

Present Depth – 11,895'. Rig repair on 4" manual valve on #1 pump. Test mud lines & 4" stand pipe, ok. Put on 3 ½ back up wrench jaws, safety clamp on xo, guide rubbers. MU bit & bit sub, PU 3 ½ drill pipe w/ air spinner & tongs. Put pipe on racks & strap drill pipe. PU 3 ½ drill pipe w/ air spinner & tongs. At 6:00am 246 jts @ 7,805 depth.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$111,753 CC \$4,630,095

10/12/08

Present Depth – 11,939'. PU 3 ½ DP w/ air spinner & tongs. Tag cement @ 11,291', drill F/ 11,291'-11,750'. Drill cement and FC & shoe F/ 11,750'-11,895'. Drill F/ 11,895'-11,939', WOB=40, RPM=40-50.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$55,209 CC \$4,685,304

10/13/08

Present Depth – 11,960'. Drill F/ 11,939'-11,960' (gas from 220 to 1,100 units), last sample 11,960' 100% shale. Work tight hole & work on all 3 pumps, #1 blow nail, #2 air up, #3 would not pump, work up into casing and work on mud. Circ & cond mud WL down & vis up. Work tight hole, washing & reaming, shale falling in F/ 11,895'-11,932'. Circ & cond mud, wt up WL & vis up.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$61,435 CC \$4,746,739

10/14/08

Present Depth – 11,960'. Circ & cond mud, wt up to 9.8 going in vis=53, wl=7, out wt 9.6+, vis=47. Heaving shale from 11,895' to 11,960', increase wt to 9.8 and vis up to 53. Circ bottom up and work tight spots out. Circ @ 11,892' in casing. TIH F/ 11,892'-11,960'.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$61,436 CC \$4,808,175

10/15/08

Present Depth – 11,960'. Circ btms up (gas up to 436 units, tripping out 23 units). TOH to pick up periscope & tools. PU periscope & power drive. TIH w/ dir tool, fill every 30 stands.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$80,212 CC \$4,888,387

10/16/08

Present Depth – 11,960'. TIH to 11,960' filling every 30 stands (fill up @ 11,880', washing down). Washing periscope, got out 12' and stopped, backlash. TOH to lay down periscope. TOH w/ BHA #5 to lay down periscope & PU motor & MWD. LD BHA #5 & wash out mud from all directional tools. PU BHA #6, motor & MWD. TIH w/ BHA #6 & 10 stands, fill & test MWD. TIH w/ BHA #6 and fill every 30 stands.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$76,829 CC \$4,965,216

10/17/08

Present Depth – 11,960'. Finish trip in hole w/ bit #13. Wash & ream F/ 11,895'-11,960'. Working pipe F/ 11,960'-11,895', take MWD survey, orient tool face to HS & attempt to slide. Packed off, work tight pipe out of hole to 11,540', TOH to 11,000 (drag 45-95 over F/ 355' inside of casing). Circ & raise mud wt from 9.9 to 10.3, add 2 ppb newphalt & 1 ppb liquid soltex. TIH to shoe, washing F/ 11,660'-11,895'. Wash & ream F/ 11,895'-11,920', tight spot F/ 11,897'-11,900', packing off, worked through 1" at a time until clean, wash & ream F/ 11,900'-11,920' with no problems, pick up in to casing and ram down again, same tight spot F/ 11,897'-11,900, working through again at report time.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,987 CC \$5,024,203

10/18/08

Present Depth – 11,960'. Wash & ream F/ 11,895'-11,920', tight spot F/ 11,897'-11,900' packing off, worked through 1" at a time until clean, wash & ream F/ 11,900'-11,920' with no problems. Pick up in to casing and ream down again, same tight spot F/ 11,897'-11,900', working through again. Wash & ream F/ 11,920'-11,929', tight spot 11,929' packing off, worked through and back up. Rack back 1 stand and work pipe into casing. Wash & ream in and out of casing F/ 11,895'-11,929' tight work.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$100,177 CC \$5,124,380

10/19/08

Present Depth – 11,962'. Wash & ream F/ 11,854'-11,960'. Slide F/ 11,960'-11,962'-54 WOB, 43 SPM TF=HS. Hole pressure up 3,760 psi, work pipe and put one jt in mouse hole. Stuck @ 11,955'. Work pipe and put one stand in derrick F/ 11,955'-11,860'. Circulate bottoms up and mix pill. TOH to lay down BHA.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$67,518 CC \$5,191,898

10/20/08

Present Depth – 11,962'. Tripping in hole pen end to set cement plug. Work tight hole, packing off @ 11,897', worked it through and back up, wash down to 11,930', packing off, worked back up into casing. Pick up 1 window mill & 2 watermelon mills & bit sub.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$100,805 CC \$5,292,703

10/21/08

Present Depth – 11,962'. Pick up 1 window mill, 2 watermelon mills & bit sub (filling every 30 stands). Break circulation and wash F/ 11,777'-11,894', did not tag anything on trip. Circulation bottom up @ 11,894'. TOH, pick up whip stock, stock mill & flex mill. Tripping in hole w/ whip stock to set @ 10,978', put in one stand every 3 min.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$71,924 CC \$5,364,627

10/22/08

Present Depth – 11,962'. Tripping in hole w/ whip stock to set @ 10,978', put in one stand every 3 minutes, fill every 30 stands @ 19-20 SPM. Make up side door wire line entry sub, change out tongs to make up tool and subs. RU wire line truck. Run in hole w/ line, gyro & orient whip stock @ 68 deg azi. Whip stock would not set. Pull gyro and line out of hole and RD side entry sub. Set ship stock @ 10,957'. Mill window on whip stock F/ 10,943'-10,954' w/ 2 to 15 WOB. at 10,954' WOB=20k, 113 RPM.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$55,209 CC \$5,419,836

10/23/08

Present Depth – 11,962'. Mill window on whip stock F/ 10,954'-10,957' w/ 2-15 WOB, at 10,954' WOB=20k, RPM=113. Circ bottom up @ 10,956'. TOH w/ lead mill & flex mill to pick up motor. RU peanut pump and hoses to pump out sand traps. TOH w/ lead mill & flex mill to pick up motor. LD mills and take off floor. PU BHA #7. Set gyro tool. Surface test MWD & motor, TIH w/ BHA #7, fill & test every 30 stands. Note: Top of window @ 10,941', top of whipstock @ 10,943', bottom of window @ 10,952', depth @ 10,956'.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$129,997 CC \$5,549,833

10/24/08

Present Depth – 11,962'. RU side door wire line entry sub and gyro truck & move sheave in derrick. Run in gyro line. Break circ & wash to bottom & work tool face. Slide F/ 10,956'-10,959', WOB=18k, SPM=58, gyro TF=73. Drift check 115 deg to 113 deg. Slide F/ 10,959'-10,964', WOB=21k, SPM=58, gyro TF=73. Drift check 101 deg to 100 deg. Slide F/ 10,964'-10,967', WOB=25k, SPM=58, gyro TF=73. Air out pump. Slide F/ 10,967'-10,975', 27k, SPM=58, gyro TF=73. Drift check 93.09 deg to 94.00 deg. Slide F/ 10,975'-10,988', WOB=25k, SPM=60, gyro TF=73. RD gyro to rotate. Rotate F/ 10,988'-10,998'. Check shot and calibrate blocks. RU gyro & run in hole. Orient gyro TF 73 deg. Slide F/ 10,998'-11,000', WOB=10k, SPM=60, gyro TF=73.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$96,833 CC \$5,646,666

10/25/08

Slide F/ 11,000'-11,010', WOB=12k, SPM=60, gyro=73. Drift check 81 deg to 71 deg. Slide F/ 11,010'-11,017', WOB=15-24k, SPM=60, gyro=73. Survey @ 10,968', inc=3.67 deg, azi=69 to 53. POOH w/ gyro & lay it down. Rotate F/ 11,017'-11,029', WOB=30, SPM=60, RPM=20. Survey @ 10,980', inc=5.83, azi=69.66. Rotate F/ 11,029'-11,061', WOB=32k, SPM=60, RPM=20.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$116,517 CC \$5,763,183

10/26/08

Rotate F/ 11,029'-11,061', WOB=32k, SPM=60, RPM=20. Survey @ 11,012', inc=9.27, azi=68.48. Calibrate draw works & hook load & orient tool face. Slide F/ 11,061'-11,085', WOB=42k, SPM=60, GTF=28R. Slide F/ 11,085'-11,093', WOB=36, SPM=60, GTF=30R. Survey @ 11,044', inc=9.47, azi=66.29. Get slow pump rate & make connection. Slide F/ 11,093'-11,101', WOB=34, SPM=60, GTF=30P. Slide F/ 11,101'-11,103', WOB=32k, SPM=60, GTF=30R. Rotate F/ 11,103'-11,108', WOB=15k, SPM=60, RPM=20. Slide F/ 11,108'-11,120', WOB=27k, GTF=45R, SPM=60. Slide F/ 11,120'-11,125', WOB=32k, SPM=60, GTF=34R. Survey @ 11,076', inc=12.87, azi=69.53. Slide F/ 11,125'-11,135', WOB=27k, GTF=10R, SPM=60. Rotate F/ 11,135'-11,140', WOB=15, RPM=20, SPM=60. Slide F/ 11,140'-11,155', WOB=27k, SPM=60, GTF=30R.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$51,400 CC \$5,814,583

10/27/08

Slide F/ 11,155'-11,157', WOB=27, SPM=60, GTF=30R. Survey @ 11,108', inc=14.34, azi=73.17. Slide F/ 11,157'-11,167', WOB=30, SPM=60, GTF=HS. Rotate F/ 11,167'-11,173', WOB=15k, RPM=20, SPM=60. Slide F/ 11,173'-11,189', WOB=38, SPM=60, GTF=HS. Survey @ 11,140', inc=16.34, azi=73.17. Slide F/ 11,189'-11,198', WOB=35, SPM=60, GTF=5L. Rotate F/ 11,198'-11,204', WOB=15, RPM=20, SPM=60. Slide F/ 11,204'-11,221', WOB=40, SPM=60, GTF=30L. Survey @ 11,172', inc=16.34, azi=73.17. Slide F/ 11,221'-11,229', WOB=40, SPM=60, GTF=5L. Rotate F/ 11,229'-11,236', WOB=15, RPM=20, SPM=60. Slide F/ 11,236'-11,253', WOB=35, SPM=60, GTF=2L. Survey @ 11,204', inc=22.90, azi=76.62. Slide F/ 11,253'-11,263', WOB=30, SPM=60, GTF=5L. Rotate F/ 11,263'-11,268', WOB=15, SPM=60, RPM=20. Slide F/ 11,268'-11,271', WOB=30, SPM=60, GTF=5L.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$48,400 CC \$5,862,983

10/28/08

Slide F/ 11,268'-11,285', WOB=30, SPM=60, GTF=5L. Survey @ 11,236', inc=25.41, azm=74.21. Orient GTF HS. Slide F/ 11,285'-11,292', WOB=32, SPM=60, GTF=HS. Check shot @ 11,243', inc=25.91, azm=73.99. Circulate bottoms sup. POOH w/ BHA #7. Lay down SDI UBHA, inspect BHA, pick up 1.83 MTR and MWD, test signal 6.8, SPM=49, SPP=430. TIH w/ BHA #8, fill & test every 30 stands. Orientate tool and GTF to HS. Slide F/ 11,292'-11,314', WOB=30k, SPM=60, GTF=HS.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$60,473 CC \$5,923,456

10/29/08

Survey @ 11,265', inc=27.58, azm=71.76. Slide F/ 11,314'-11,346', WOB=40, SPM=60, GTF=HS. Survey @ 11,297', inc=31.69, azm=71.70. Slide F/ 11,346'-11,378', WOB=35k, SPM=60, GTF=10R. Rotate F/ 11,375'-11,378', WOB=23, SPM=60, RPM=35. Survey @ 11,329', inc=37.54, azm=71.50. Slide F/ 11,378'-11,393', WOB=35k, SPM=60, GTF=HS. Rotate F/ 11,393'-11,396', WOB=32, SPM=60, GTF=HS. Survey @ 11,361', inc=43.59, azm=72.93. Rotate F/ 11,410'-11,415', WOB=23, SPM=60, RPM=35. Ream F/ 11,371'-11,415'. Slide F/ 11,415'-11,435', WOB=32, SPM=60, GTF=8R.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$72,341 CC \$5,995,797

10/30/08

Slide F/ 11,415'-11,442', WOB=32, SPM=60, GTF=8R. Survey @ 11,393', inc=48.59, azm=73.40. Slide F/ 11,442'-11,451', WOB=30, SPM=60, GTF=HS. Rotate F/ 11,451'-11,459', WOB=20, SPM=60, RPM=35. Slide F/ 11,459'-11,474', WOB=36, SPM=60, GTF=HS. Survey @ 11,425', inc=53.83, azm=73.29. Rotate F/ 11,474'-11,506', WOB=20, SPM=60, RPM=35. Survey @ 11,457', inc=58.38, azm=73.46. New landing TVD 11,491', also displace cut brine, add mud. Slide F/ 11,506'-11,517', WOB=36, SPM=60, GTF=HS. Slide F/ 11,517'-11,523', WOB=32, SPM=60, GTF=8R. Rotate F/ 11,523'-11,537', WOB=20, SPM=60, RPM=35. Survey @ 11,488', inc=59.91, azm=73.70. Ream prior slide. Slide F/ 11,537'-11,552', WOB=42, SPM=45, GTF=HS.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$63,876 CC \$6,059,673

10/31/08

Slide F/ 11,537'-11,558', WOB=42, SPM=45, GTF=HS. Rotate F/ 11,558'-11,559', WOB=24, SPM=45, RPM=35. Rotate F/ 11,559'-11,569', WOB=24, SPM=45, RPM=35. Conn & survey @ 11,520', inc=62.83, azm=74.37. Rotate F/ 11,569'-11,578', WOB=26, RPM=35. Survey @ 11,552', inc=66.30, azm=74.37. Slide F/ 11,601'-11,618', WOB=42, SPM=45, GTF=HS. Rotate F/ 11,618'-11,633', WOB=24, SPM=45, RPM=35. Survey @ 11,584', inc=66.84, azm=74.33. Slide F/ 11,633'-11,650', WOB=42, SPM=45, GTF=HS. Rotate F/ 11,650'-11,665', WOB=25, SPM=45, RPM=35. Conn & survey @ 11,616', inc=70.22, azm=73.00. Slide F/ 11,665'-11,670', WOB=37, SPM=45.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$55,715 CC \$6,115,388

11/01/08

Slide F/ 11,670'-11,675', WOB=37, SPM=45. Rotate F/ 11,675'-11,697', WOB=25, SPM=45, RPM=35. Slide F/ 11,697'-11,709', WOB=39, SPM=45, GTF=HS. Rotate F/ 11,709'-11,729', WOB=25, SPM=45, RPM=35. Ream prior slide. Survey @ 11,680', inc=76.61, azm=73.76. Rotate F/ 11,729'-11,761', WOB=25, SPM=45, RPM=35. Survey @ 11,712', inc=78.62, azm=73.59. Slide F/ 11,761'-11,779', WOB=42, SPM=45, GTF=HS.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$85,351 CC \$6,200,739

11/02/08

Slide F/ 11,779'-11,788', WOB=48, SPM=45, GTF=HS. Rotate F/ 11,788'-11,793', WOB=25, SPM=45, RPM=35. Survey @ 11,744', inc=78.83, azm=72.53. Slide F/ 11,793'-11,809', WOB=48, SPM=45, GTF=HS. Check shot @ 11,760', inc=80.12, azm=72.61. Pump slug & POOH w/ BHA #8. LD BHA #8. PU power drive & periscope & assembly (BHA #9). TIH w/ BHA #9, fill & test w/ 30 stands. Shallow hole tested bad (tested 3 times, all bad). POOH w/ BHA #9 PD & PC to lay down. LD BHA #9 and change out.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,475 CC \$6,259,214

11/03/08

LD BHA #9 and change out. PU power drive & periscope & surface test (good test). TIH w/ BHA #10 & 10 stands. TIH w/ BHA #10, fill & test every 30 stands. Test PD, MWD, LWD, set gravity mode down link #1. TIH 11,708'-11,785', wash & ream 20k-50k, work tight hole. TQ 2k to 6k SPP-2,950-3,500 psi, 25k-50k, POOH 5 stands 75k to 80k and circ @ 11,361'. Circulate & bring mud wt up to 10.2. TIH w/ stands, wash & ream (tight hole) F/ 11,395'-11,721'.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$114,475 CC \$6,373,689

11/04/08

TIH w/ stands, wash & ream (tight hole) F/ 11,395'-11,721' (raise mud wt up to 10.5). Ream to bottom 11,809'. Check shot @ 11,752', inc=82.88, azm=88.72. Rotate F/ 11,809'-11,817', WOB=12, SPM=58, RPM=100. Survey @ 11,760', inc=79.96, azm=72.61. Rotate F/ 11,817'-11,844', WOB=12, SPM=58, RPM=100. Switch pump #1, swab went out, put #2 on hole. Rotate F/ 11,844'-11,849', WOB=12, SPM=58, RPM=100. Survey @ 11,792', inc=84.04, azm=71.82. Rotate F/ 11,849'-11,880', WOB=12, SPM=58, RPM=100. Survey @ 11,823', inc=86.91, azm=72.00. Rotate F/ 11,880'-12,071', WOB=15, SPM=58, RPM=95 (11,935'-continuous flare 5' to 10'). Survey @ 11,855', inc=88.66, azm=72.46, @ 11,887', inc=89.00, azm=71.96, @ 11,919', inc=88.21, azm=72.66, @ 11,951', inc=87.93, azm=72.68, @ 11,983', inc=88.01, azm=72.37, @ 12,014', inc=88.21, azm=72.45. Connection & survey @ 12,046',

inc=88.41, azm=72.45. Rotate F/ 12,071'-12,167', WOB=15, SPM=58, RPM=95. Survey @ 12,078', inc=88.73, azm=71.89. Rotate F/ 12,167'-12,200', WOB=15, SPM=58, RPM=90.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$124,765 CC \$6,498,454

11/05/08

Rotate F/ 12,200'-12,263', WOB=15, RPM=90, SPM=58. Survey @ 12,142', inc=88.94, azm=71.54. Survey @ 12,174', inc=88.80, azm=71.54. Rotate F/ 12,263'-12,360', WOB=15, RPM=90, SPM=58. Connection & survey @ 12,206', inc=88.83, azm=71.49. Survey @ 12,238', inc=89.79, azm=71.23. Rotate F/ 12,360'-12,392', WOB=15, SPM=58, RPM=90. Survey @ 12,303', inc=92.86, azm=71.25. Survey @ 12,335', inc=92.76, azm=71.35. Rotate F/ 12,392'-12,423', WOB=15, SPM=58, RPM=90. Survey @ 12,366', inc=92.61, azm=70.89. Rotate F/ 12,423'-12,455', WOB=15, SPM=58, RPM=90. Connection & survey @ 12,398', inc=91.86, azm=71.28. Rotate F/ 12,455'-12,551', WOB=15, SPM=58, RPM=92. Connection & survey @ 12,494', inc=90.00, azm=71.76. Rotate F/ 12,551'-12,647', WOB=17, SPM=58, RPM=115. Connection & survey @ 12,590', inc=89.38, azm=73.28. Rotate F/ 12,647'-12,743', WOB=10, SPM=58, RPM=105. Connection & survey @ 12,686', inc=88.14, azm=73.32. Rotate F/ 12,743'-12,780', WOB=10, SPM=58, RPM=105.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$121,312 CC \$6,619,766

11/06/08

Rotate F/ 12,780'-12,838', WOB=10, RPM=105, SPM=58. Survey @ 12,781', inc=80.07, azm=74.31, TVD=11,508'. Remove rotating head & install new rotating head and connection. Rotate F/ 12,838'-12,934', WOB=15, SPM=58, RPM=100, TQ=6,300. Surveys: @ 12,813', inc=88.30, azm=74.72, TVD 11,509.75', @ 12,845', inc=88.48, azm=74.29, TVD=11,510.65', @ 12,877', inc=88.52, azm=73.03, TVD=11,511.49'. Rotate F/ 12,934'-13,030', WOB=15, SPM=58, RPM=100, TQ=6,988. Connection & survey @ 12,973', inc=89.39, azm=73.58. Rotate F/ 13,030'-13,126', WOB=16, SPM=58, RPM=100. Connection & survey @ 13,069', inc=88.87, azm=73.18. Rotate F/ 13,126'-13,190', WOB=16k, SPM=58, RPM=100. Circ & condition mud (wt up to 10.7). Shut in well, monitor a 60 bbl influx, shut in well, work a kill sheet and circ out. Circ & wt up to 10.9 and work on periscope & MWD, not reading data. Rotate F/ 13,190'-13,222', WOB=16k, SPM=58, RPM=100. Connection & survey @ 13,165', inc=90.00, azm=74.35, TVD=11,516.48'.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$106,400 CC \$6,726,166

11/07/08

Rotate F/ 13,222'-13,317', WOB=14k, SPM=58, RPM=115. Survey @ 13,197', inc=90.00, azm=73.89, TVD=11,516.48'. Survey @ 13,228', inc=90.03, azm=74.04, TVD=11,516.47'. Survey @ 13,292', inc=89.86, azm=72.66, TVD=11,516.53'. Rotate F/ 13,317'-13,349', WOB=14k, SPM=58, RPM=115, TQ=6,565. Survey @ 13,324', inc=89.62, azm=74.44, TVD=11,516.68'. Survey @ 13,356', inc=89.48, azm=74.14, TVD=11,516.93'. Rotate F/ 13,413'-13,511', WOB=14, SPM=55, RPM=115, TQ=7,230. Survey @ 13,388', inc=87.69, azm=73.93, TVD=11,517.72'. Survey @ 13,420', inc=87.31, azm=74.44, TVD=11,519.12'. Circ & wt up from 11.1 to 12+ lbs.
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$150,464 CC \$6,876,630

11/08/08

Connection & survey @ 13,452', inc=87.49, azm=73.52. Rotate F/ 13,509'-13,541', WOB=15, SPM=64, RPM=120, TQ=4,750. Orientate tool for direction. Rotate F/ 13,541'-13,605', WOB=15, SPM=64, RPM=115, TQ=6,410. Survey @ 13,516', inc=87.55, azm=73.70 TVD=11,523.33. Survey @ 13,548', inc=87.80, azm=73.41, TVD=11,524' & connection. Rotate F/ 13,605'-13,637', WOB=15, SPM=64, RPM=115, TQ=6,500. Rotate F/ 13,637'-13,678', WOB=15, SPM=64, RPM=115, TQ=6,880. Circ 2 bottom up (gas) & connection. Rotate F/ 13,700'-13,732', WOB=15, SPM=64, RPM=115. Circulate gas out @ 13,711'. Survey @ 13,675', inc=89.00, azm=72.29. Rotate F/ 13,732'-13,828', WOB=17, SPM=64, RPM=115. Connection & survey @ 13,739', inc=89.45, azm=73.80. Connection & 2 surveys, 13,739', inc=89.45, azm=73.80, TVD=11,529' & 13,739', inc=89.45, azm=73.80, TVD=11,529'. Rotate F/ 13,828'-13,923', WOB=17, SPM=64, RPM=115. Circ out gas 2 times and 2 surveys, 13,803', inc=89.69, azm=73.16 & 13,835', inc=89.66, azm=72.23, TVD=11,529'. Rotate F/ 13,923'-13,982', WOB=17, SPM=64, RPM=115. 2 surveys, 1 connection & circ out gas. Rotate F/ 13,892'-13,965', WOB=17, SPM=64, RPM=115 (flare bottoms up and it is on and off).
AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$138,150 CC \$7,014,780

11/09/08

Rotate F/ 13,965'-13,987', WOB=17, SPM=64, RPM=115. Circ out gas & survey @ 13,930', inc=89.24, azm=72.50, TVD @ 11,530.54. Rotate F/ 13,987'-14,083', WOB=17, SPM=65, RPM=115. Circ out & conn gas & survey @ 13,962', inc=89.14, azm=73.98, TVD=11,530', @ 13,994', inc=89.14, azm=73.24, TVD=11,531.47, @ 14,026', inc=89.14, azm=72.93, TVD=11,531.96'. Rotate F/ 14,083'-14,115', WOB=17, SPM=65, RPM=115. Orientate tool & circ out gas & survey @ 14,058', inc=88.65, azm=72.65, TVD=11,535'. Rotate F/ 14,115'-14,179', WOB=17, SPM=65, RPM=115. Survey @ 14,122', inc=88.52, azm=72.13, TVD=11,533.88' & @ 14,179', inc=88.65, azm=72.65, TVD=11,535'. Survey @ 14,122', inc=88.52, azm=72.13. Rotate F/ 14,179'-14,192', WOB=17, SPM=65, RPM=115. Orientate tool & circ out gas & survey @ 14,154', inc=88.52, azm=74.38. Rotate F/ 14,192'-14,275', WOB=17, SPM=65, RPM=115. Conn, circ out gas & survey @ 14,186', inc=87.73, azm=73.87, @ 14,218', inc=88.00, azm=74.66. Rotate F/ 14,275'-14,371', WOB=17, SPM=65, RPM=115. Conn, circ out gas & survey @ 14,250', inc=88.10, azm=74.88 & @ 14,282', inc=88.11, azm=73.85, TVD=11,539'. Rotate F/ 14,371'-14,467', WOB=17, SPM=65, RPM=115. Conn, circ out gas & survey @ 14,314', inc=88.11, azm=74.24, TVD=11,540', @ 14,346', inc=88.28, azm=75.00. Rotate F/ 14,467'-14,488', WOB=17, SPM=65, RPM=115.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$118,008 CC \$7,132,788

11/10/08

Rotate F/ 14,488'-14,499', WOB=18, SPM=63, RPM=110. Circ out gas & survey @ 14,442', inc=89.28, azm=73.83, TVD=11,543.06. Rotate F/ 14,499'-14,531', WOB=18, SPM=63, RPM=110. Survey @ 14,474', inc=89.72, azm=75.00, TVD=11,543'. Survey @ 14,506', inc=81.72, azm=75.54. Rotate F/ 14,531'-14,659', WOB=18k, SPM=63, RPM=110. Survey @ 14,538', inc=89.97, azm=73.72. Circ out gas & survey @ 14,570', inc=90.17, azm=75.20, TVD=11,543.54, @ 14,602', inc=90.17, azm=74.05. Rotate F/ 14,659'-14,690', WOB=18, SPM=63, RPM=110. Orientate tool & survey @ 14,633', inc=89.97, azm=75.27. Rotate F/ 14,690'-14,754', WOB=18, SPM=63, RPM=110. Circ out gas & survey @ 14,697', inc=88.66, azm=73.66. Rotate F/ 14,754'-14,786', WOB=18, SPM=63, RPM=110. Circ out gas & survey @ 14,729', inc=88.25, azm=73.65. Rotate F/ 14,786'-14,818', WOB=18, SPM=63, RPM=110. Circ out gas & survey @ 14,761', inc=88.11, azm=74.75. Rotate F/ 14,848'-14,835', WOB=18, SPM=63, RPM=110. Circ bottom & condition mud wt up to 13.5. Pump slug & TOH 5 stands, flow check. Well flowing, TIH w/ 5 stands to bottoms, circ bottoms up. Condition mud weight up to 13.7, flow check, ok, pump slug. TOH for short trip.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$133,349 CC \$7,266,137

11/11/08

TOH for short trip. Flow check. TIH to check well on flare. Circ & condition mud up to 14 lbs in & out (flare for 49-min 20-30' for 21 min). Flow check. Circ bottoms up to check for gas (1' flare for 2 min). Pump slug & TOH above window. Spot 80 bbls 17.5 lbs pill. TOH to lay down directional tools.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$155,375 CC \$7,421,512

11/12/08

Present Depth – 14,835'. TOH to LD directional tools. Break bit off and LD power drive, periscope & directional tools. PU bit, bit sub & reamers. TIH w/ reamers, fill every 30 stds. Install rotary head & change out oiler nipple on bearing. Condition mud & circ bottoms @ 10,922' (no flare units of gas up to 532). TIH w/ reamer. Wash & ream F/ 11,210'-11,391'. TIH F/ 11,391'-11,688'. Wash & ream F/ 11,688'-11,783'. TIH F/ 11,783'-14,835', tag bottom, circ hole volume, pump slug. TOH to pick up liner.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$53,880 CC \$7,475,392

11/13/08

Present Depth – 14,835'. TOH to pick up liner. Change out bales & 3.5 handling tool & RU air stabbing board & casing crews & equipment. Running 4 ½ casing & peak assembly filling every 30 joints. Change tongs & unit, change out torque recorder. Cont TIH w/ 4 ½ casing & peak assembly filling every 30 joints. RD casing crew, RD stabbing board & change out bales. TIH w/ liner on 3 ½ DP filling every 25 stands.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$58,750 CC \$7,534,142

11/14/08

Present Depth – 14,835'. Cont to TIH w/ liner on 3 ½ DP. RU BJ & break circ w/ 1.5 bpm @ 470 psi (92' above window). Cont to TIH w/ liner on 3 ½ DP. RU BJ pumping lines & pressure test to 5,000 psi, space out to put liner on depth. Circ out gas w/ btms up. Displace 14# mud w/ 72 bbls 10# clean brine. Drop 1 ¼" OD aluminum ball. Pump ball to seat w/ 123 bbls 10# clean brine, set packers w/ 5,500 psi (diff @ 2,400 psi). Attempt to pressure test annulus w/ 2,000 psi w/ no success. Perform push/pull test, ok. Apply 5,900 psi on drill pipe to get liner packer packed off. Attempt to pressure test annulus w/ 2,000 psi, no success (pumping @ 1 bpm w/ 850 psi). Drop 2.00" OD aluminum ball & allow to fall through brine to setting tool seat.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$38,490 CC \$7,572,632

11/15/08

Present Depth – 14,835'. Drop 2.00" OD aluminum ball & allow to fall through brine to setting tool seat, pressured up on drill pipe to 5,900 psi and held until 8:20 when attempted backside test w/ the rig pumps w/ no success of holding pressure. Surged 1,000 psi to 0 psi on backside several times without success of holding pressure. Release setting tool from RSB packer w/ 10 rounds. Reverse circ brine out of drill pipe w/ 14.2 mud. TOOH w/ setting tool, LD setting tool, PU tie-back packer & setting tool. TIH w/ 3 ½ drill pipe. Slip & cut drill line 100'. Cont TIH w/ tie-back packer on 3 ½ drill pipe.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$62,291 CC \$7,634,923

11/16/08

Present Depth – 14,835'. Cont TIH w/ peak tie-back packer. Break circ, sting into RSB hanger & pressure up to 2,500 psi to set tie-back packer. Perform push/pull test & while pulling lost pressure in DP, slack back down to sting in. Apply 2,500 psi again to set tie-back packer, hold pressure. Attempt to pressure up annulus w/ no success, unable to move tie-back packer. Drop 2" steel ball & allow to free fall to setting tool seat. Pressure up on DP against setting tool to 3,600 psi & hold pressure. Pressure test annulus to 2,100 psi, holding pressure ok. Released from tie-back packer and circ hole volume to 10# brine, check flow @ half displaced. TIH laying down 3 ½ drill pipe.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$80,102 CC \$7,715,025

11/17/08

Present Depth – 14,835'. Laying down 3 ½ drill pipe. Tripping in hole w/ 44 stands from derrick. Laying down 3 ½ drill pipe and laying down peak tool. PU 3 ½ drill pipe.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$49,508 CC \$7,764,533

11/18/08

Present Depth – 14,835'. PU 3 ½ drill pipe & stand back in derrick. PU & MU fishing tools. TIH w/ fishing assembly w/ 3 ½ pipe out of derrick. Cont TIH w/ 3 ½ drill pipe off racks, strapping 33 jts at a time. Repair broken chain on pipe spinners. Cont TIH w/ 3 ½ drill pipe off racks, strapping 33 jts at a time. Slack down on fish w/ pumps @ 20 STM, 40 psi, pressure increased to 135 psi, shut down pump & slack down 15k on fish, increased pump pressure to 450 psi, hold pressure. PU on string to 10k over pull, rotate 9 turns to the right & hold torque, PU on string and lost pump pressure and string weight showed no over pull. Slack back down 20k on fish, apply 60 psi on drill pipe. PU on string & lost pressure & no over pull. TOH w/ fishing string.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$46,678 CC \$7,811,211

11/19/08

Present Depth – 14,835'. TOH w/ fishing string. Break off fish & fishing tool and load out. Wait on XO from tool to 3 ½ drill pipe. TIH w/ tool to check packer/liner integrity and to lay down 3 ½ drill pipe. Sting into tie-back packer & PT w/ 1,350 psi, ok. Rotate stinger out of packer. TOH laying down 3 ½ drill pipe.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$49,382 CC \$7,860,593

11/20/08

Present Depth – 14,835'. TOH, laying down 3 ½ drill pipe. Change pipe rams from 3 ½ to 4 ½ top. Test top pipe rams to 250 low and 3,000 high, ok. RU casing crew, change out bells & RU stabbing board & elevators & tongs. Running 4 ½ casing (PH-6 15.50# tubing).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$39,253 CC \$7,899,846

11/21/08

Present Depth – 14,835'. Running 4 ½ (PH-6 15.50# tubing). MU bottom of casing hanger on top of 4 ½" PH-6 joint #342 w/ double pin sub. PU jts #343 & #344, screw into top of casing hanger and RIH. Lower into hole, engaging peak latch into RSB packer, slacking off 45k landing casing hanger into well head. Slack off and PU 23k over string weight to check that latch was holding. Latch held for 30 sec then released. Tried 2 more times without success. Pressured backside to 650 psi for 20 min. Slowly picked up existing seal-bore with no latch. RD long bails and elevators and begin RU short bails and elevators. TOOH w/ PH-6 pipe to check. Break out packer seal assembly (XO sub from 3 ½ 8R to PH-6 tubing is bad).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$52,778 CC \$7,952,624

11/22/08

Present Depth – 14,835'. Break out packer seal assembly (XO sub from 3 ½ 8R to PH-6 is bad). MU tie-back packer and TIH w/ PH-6 tubing. MU tubing hanger and sting into tie-back packer. At 12:30, locate into packer w/ latch, MU tubing hanger to pipe and pull 25k over string weight. Land tubing hanger into flange w/ 55k compression on string. RU to pressure test backside w/ rig pump, test 1,500 psi for 30 min. RD casers, spinner, stabbing board, elevator & tongs. Load fresh water into pits & pump fresh water through rig lines & pumps. Start to rig down BOP. Remove rig bails and lay down, install pick up lines. Take bolts off choke line, remove hydraulic lines off BOP & turn buckles & flow line bolts and start on the rotating head bolts.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$323,251 CC \$8,275,875

11/23/08

Present Depth – 14,835'. ND and remove annular, double ram BOP, mud-cross w/ 2 single BOP. NU flange and test (Cameron pressure tested flange to 10,000 psi, ok). Change out liner, start on pits and work on XO sub on top drive.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$38,195 CC \$8,314,070

11/24/08

Remove 3 ½ XO off top drive, very tight. Working on jet pits from 8:00am until 4:00am (clean pits). Rigging down.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$43,866 CC \$8,357,936

11/25/08

Release rig @ 6:00am. Rig rigging down.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$31,303 CC \$8,389,239

11/26/08

Rigging down. One crane on location at 4:25pm, got top drive and draw work ready to lay down.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$0 CC \$8,389,239

11/27/08

Moved catwalk. LD top drive & wash. Crane #2 on location @ 10:05am, RD floor plate, air hoist & elevator. Top dog house down @ 12:30pm. Draw works down @ 2:30pm. Derrick down @ 5:05pm. Wash on derrick & sub. Frac scheduled for 12/12/08.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO DC \$30,456 CC \$8,450,151

12/02/08 (Drilling - 83 days, Completion – 16 days)

Travel to location. Check pressure, tubing 1,000 psi, on 7" x 4 ½" annulus 0 psi. Clean location, GW 89 still moving equipment, about 40 loads to go.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$1,500 CC \$1,173,260 TWC \$8,431,187

12/03/08 (Drilling – 83 days, Completion – 17 days)

PU hose & fittings to bleed to tubing, travel to location. Bleed tubing pressure from 1,000 psi to zero, 7" x 4 ½" annulus 0 psi, clean location, GW 89 w/ 20 loads left to move. Travel to University 11-19, 0 psi on tubing & annulus, Nabors 294 only a few loads left to move.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$1,500 CC \$1,174,760 TWC \$8,432,687

12/04/08 (Drilling – 83 days, Completion – 18 days)

Location free of GW equipment, scrape & roll location, 120 psi tubing pressure, 0 psi on annulus. Travel to University 42-20 and measure frac tanks, travel to University 11-19, 0 psi on tubing & annulus. Travel back to University 25-18, 150 psi tubing pressure, bleed off pressure. Travel to University 42-20 and take photos of all rental equipment. Travel back to University 25-18, clean location, Scraper has only 2 hrs left.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$1,500 CC \$1,176,260 TWC \$8,434,187

12/05/08 (Drilling – 83 days, Completion – 19 days)

70 psi tubing pressure. Travel to University 42-20 & RD frac tree & RU upper master valve & pressure test to 5,000 psi. Travel back to University 11-19 w/ Scraper & Roller, clean University 11-19. Travel back to University 25-18 & set anchors. Set up rig & Surface Stac equipment to be on location 12/6/08 @ 09:00.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$1,500 CC \$1,177,760 TWC \$8,435,687

12/06/08 (Drilling – 83 days, Completion – 20 days)

Tubing pressure 220 psi, annulus pressure @ zero. Run 2-way check valve, RD 4 1/6 5M crown valve, RU 2 each 7 1/16 10k frac valves. Body pressure test against 2-way check to 5,000 psi, ok. Pull 2-way check valve & test against lower master valve to 5,000 psi. RU pulling unit & LD cat walk.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$18,540 CC \$1,196,300 TWC \$8,454,227

12/08/08 (Drilling – 83 days, Completion – 21 days)

MU 4 1/2" ram & blind ram BOP & accumulator. RU tong crew. Back out from Peak Tie Back Packer. LD hanger & landing pup joints. TOH & LD 4 1/2" tubing. Cont TOH & LD 4 1/2" tubing, top up hole w/ +/- 15 bbls 10# brine.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$11,455 CC \$1,207,755 TWC \$8,465,682

12/09/08 (Drilling – 83 days, Completion – 22 days)

Open pipe rams & RD tubing valve. TOH & LD 4 1/2" tubing, 260 jts out, 80 more to go @ 14:00. Slip Dies will not bite on pipe, wait on new Slip Dies from Key Yard. Top up hole w/ +/- 15 bbls 10# brine. Cont TOH & LD 4 1/2" tubing. Break out & LD latch, RD tongs, top up hole w/ +/- 10 bbls 10# brine. Attempt to open Peak Hyd Strada Port w/ 6,200 psi twice & 6,500 psi once, bleeding back to zero each time, no success. Shut in well.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$18,560 CC \$1,226,315 TWC \$8,484,242

12/10/08 (Drilling – 83 days, Completion – 23 days)

Start torqued up pumping unit & blew oil filter case from transmission, order another unit. Pressure up 10 times to 6,500 psi, increase pressure to 7,000 psi for 5 more pressure up's. On the 5th pressure up Peak Hyd Stada Port opened & pressure dropped to 3,000 psi. Establish injection rate @ 4,050 psi w/ 5 BPM, shut in wing valve & RD pump truck. ND BOP & LD pulling unit. Move pulling unit to University 11-19, return to University 25-18, released rig crew for the day. Load Quail rental equipment (BOP, accum, rig mat, tool basket). Install gauge on well head, pressure @ 3,020 psi. Note: Frac tanks are 1/3 full & will be adding KCl on Thursday, by then the frac tanks should be 2/3 full. Travel to University 11-19 w/ Quail rental equipment & unload same. Frac date scheduled for 12/23/08.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO

DC \$7,257,927 DCC \$24,790 CC \$1,251,105 TWC \$8,509,032

12/23/08 (Drilling – 83 days, Completion – 24 days)

RU BJ frac equipment, pressure test to 7,600 psi. Begin treatment, frac Zone #1 with: 66 bbl Pre-pad 284 bbl Pad, 42 bbl 1 psa 18/40 Versaprop, 49 bbl 2 psa, 53 bbl 3 psa, 55 bbl 4 psa. Drop 1 3/4" ball in 186

bbl in linear gel. Avg treating rate=20 bpm, avg treating pressure=6,200 psi. Frac Zone #2 with: 18 bbl Pre-pad 285 bbl Pad, 46 bbl 1 psa 18/40 Versaprop, 48 bbl 2 psa, 52 bbl 3 psa, 60 bbl 4 psa. Drop 2" ball in 190 bbl in linear gel. Avg treating rate=25 bpm, avg treating pressure=6,000 psi. Frac Zone #3 with: 285 bbl Pad, 49 bbl 1 psa 18/40 Versaprop, 50 bbl 2 psa, 54 bbl 3 psa, 56 bbl 4 psa. Drop 2 ¼" ball in 191 bbl in linear gel. Avg treating rate=30 bpm, avg treating pressure=6,000 psi. Frac Zone #4 with: 285 bbl Pad, 51 bbl 1 psa 18/40 Versaprop, 49 bbl 2 psa, 53 bbl 3 psa, 55 bbl 4 psa. Drop 2 ½" ball in 190 bbl in linear gel. Avg treating rate=32 bpm, avg treating pressure=5,900 psi. Frac Zone #5 with: 285 bbl Pad, 51 bbl 1 psa 18/40 Versaprop, 53 bbl 2 psa, 53 bbl 3 psa, 55 bbl 4 psa. Drop 2 ¾" ball in 290 bbl in linear gel, had to open and close valves twice, ball didn't drop on first try. Avg treating rate=32 bpm, avg treating pressure=6,000 psi. Frac Zone #6: 290 bbl Pad, 49 bbl 1 psa 18/40 Versaprop, 51 bbl 2 psa, 55 bbl 3 psa, 60 bbl 4 psa. Flush w/ 420 bbl linear gel and shut down. Avg treating rate=31 bpm, avg treating pressure=6,200 psi. Observed treating pressure drop from 6,300 psi to 5,150 psi during 4 psa stage, no change on surface. Final shut in pressure=4,250 psi, opened well to flowback on 10/64 choke. 4,428 bbl frac load to recover.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$198,700 CC \$1,449,805 TWC \$8,707,732

12/24/08 (Drilling – 83 days, Completion – 25 days)

24 hour test – Tubing pressure: N/A, Casing pressure: 3,100, Choke size: 10/64, Barrels water recovered: 263, Barrels oil recovered: slight trace, Avg bbls water recovered per hour: 43, Avg bbls oil recovered per hour: 0, Total bbls recovered: 899, Total bbls left to recover: 3,701, CO2 level: N/A, Sand: slight trace.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$0 CC \$1,449,805 TWC \$8,707,732

12/25/08 (Drilling – 83 days, Completion – 26 days)

24 hour test – Tubing pressure: N/A, Casing pressure: 2,675, Choke size: 14/64, Barrels water recovered: 256, Barrels oil recovered: slight trace, Avg bbls water recovered per hour: 42, Avg bbls oil recovered per hour: 0, Total bbls recovered: 2,021, Total bbls left to recover: 2,579, CO2 level: N/A, Sand: slight trace.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$0 CC \$1,449,805 TWC \$8,707,732

12/26/08 (Drilling – 83 days, Completion – 27 days)

24 hour test – Tubing pressure: N/A, Casing pressure: 2,050, Choke size: 16/64, Barrels water recovered: 105, Barrels oil recovered: 596, Avg bbls water recovered per hour: 17.5, Avg bbls oil recovered per hour: 25, Total bbls recovered: 2,443, Total bbls left to recover: 2,157, CO2 level: N/A, Sand: None.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$0 CC \$1,449,805 TWC \$8,707,732

12/27/08 (Drilling – 83 days, Completion – 28 days)

24 hour test – Tubing pressure: N/A, Casing pressure: 2,050, Choke size: 16/64, Barrels water recovered: 298, Barrels oil recovered: 859, Avg bbls water recovered per hour: 16.5, Avg bbls oil recovered per hour: 23, Total bbls recovered: 2,636, Total bbls left to recover: 1,964, CO2 level: N/A, Sand: None.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$0 CC \$1,449,805 TWC \$8,707,732

12/28/08 (Drilling – 83 days, Completion – 29 days)

24 hour test – Tubing pressure: N/A, Casing pressure: 2,300, Choke size: 10/64, Barrels water recovered: 8, Barrels oil recovered: 66, Avg bbls water recovered per hour: 1.3, Avg bbls oil recovered per hour: 10, Total bbls recovered: 1,305, Total bbls left to recover: 1,715, CO2 level: N/A, Sand: None.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
 DC \$7,257,927 DCC \$0 CC \$1,449,805 TWC \$8,707,732

12/29/08 (Drilling – 83 days, Completion – 30 days)

Well was opened to flowback @ 4pm on 12/23 on a 12/64" choke. Flowback rates were maintained @ approx 40 BPH by gradually increasing choke size from 12/64 to 16/64. Flowing pressure started @ 4,250 psi and gradually dropped as choke size increased. Final flowing pressure on 16/64 choke was 1,500 psi. First trace of oil was noticed @ 45 hrs into flowback, flow was put through test separator at this

point. At 71 hrs into flowback, gas sales were initiated. Gas rates stabilized @ 300 to 500 mcf. At 88 hrs into flowback, choke size was reduced to 12/64, flowback rate went to 24 BPH and flowing pressure increased to 1,900 psi. Oil cut was 50% at this time-12 BO per hour and 12 BW per hour. At 97 hrs into flowback, total frac load reached 62% (2,840 bbls of total 4,600 bbls) and oil cut jumped to 80%, rates changed to 15 BO per hour and 5 BW per hour. At 100 hrs into flowback, choke was changed to 10/64, flowing pressure increased to 2,100 psi and total fluid rate decreased to approx 12 BPH. Oil rate stabilized @ +/- 10 BPH and water rate @ 2 BPH. Gas rate at this time was +/- 400 mcf. Choke size remained at 10/64 for the next 34 hrs, total rate remained +/- 13 BPH w/ oil cut rate @ 90% to 100%. Flow testers were instructed to shut well in at 7am Monday 12/29/08 and RD. Production through tank battery will be initiated today. Final flowing pressure on 10/64 choke=2,450 psi, 12 BPH, 100% oil, 176 MCFD gas rate. Total recovered frac load at shut in is 2,897 bbls (63%), chlorides measured 36,400 ppm.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$354,500 CC \$1,804,305 TWC \$9,062,232

12/30/08 (Drilling – 83 days, Completion – 30 days)

Well shut in, waiting for oil to be hauled.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

12/31/08 (Drilling – 83 days, Completion – 30 days)

Opened well at noon on a 10/64" choke w/ a flowing pressure of 2,950 psi. Had to shut well in after 3 hours of flowing due to extreme surging in the heater/treater. Re-plumbing lines today to add additional pressure drop prior to entering the heater. Should have on production this afternoon.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

12/28/08 (Drilling – 83 days, Completion – 30 days)

268 BO, 119 BW, 367 mcf, pressure=2,000, choke size=10/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

12/29/08 (Drilling – 83 days, Completion – 30 days)

251 BO, 19 BW, 176 mcf, pressure=2,350, choke size=10/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

12/30/08 (Drilling – 83 days, Completion – 30 days)

Well shut in to swap to production battery.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

12/31/08 (Drilling – 83 days, Completion – 30 days)

287 BO, 99 BW, 139 mcf, pressure=2,200, choke size=8/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/01/09 (Drilling – 83 days, Completion – 30 days)

239 BO, 66 BW, 233 mcf, pressure=2,000, choke size=10/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/02/09 (Drilling – 83 days, Completion – 30 days)

161 BO, 53 BW, 237 mcf, pressure=1,900, choke size=14/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/03/09 (Drilling - 83 days, Completion – 30 days)

130 BO, 58 BW, 209 mcf, pressure=1,700, choke size=16/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/04/09 (Drilling – 83 days, Completion – 30 days)

190 BO, 60 BW, 186 mcf, pressure=1,600, choke size=20/64

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/05/09 (Drilling – 83 days, Completion – 30 days)

Opening to a 22/64" choke this morning.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/06/09 (Drilling – 83 days, Completion – 30 days)

288 BO, 217 BW, 291 mcf, 1,200# pressure, 19/64 choke. Getting a water sample to check chlorides today.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,804,305 TWC \$9,062,232

1/07/09 (Drilling – 83 days, Completion – 30 days)

316 BO, 67 BW, 404 mcf, 900 psi, 19/64 choke. Hauled 2 loads water, hauled 4 loads water from pit to disposal (pit is empty, ready to deep bury, made call).

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$1,200 CC \$1,805,505 TWC \$9,063,432

1/08/09 (Drilling – 83 days, Completion – 30 days)

316 BO, 83 BW, 363 mcf, 850 psi, 19/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,805,505 TWC \$9,063,432

1/09/09 (Drilling – 83 days, Completion – 30 days)

162 BO, 99 BW, 336 mcf, 750 psi, 19/64 choke. Opening to a 22/64 choke today. Hauled 2 loads water from battery to disposal. Moved oil from water tanks to production tanks.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$1,040 CC \$1,806,545 TWC \$9,064,472

1/10/09 (Drilling – 83 days, Completion – 30 days)

247 BO, 137 BW, 337 mcf, 500 psi, 22/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,806,545 TWC \$9,064,472

1/11/09 (Drilling – 83 days, Completion – 30 days)

259 BO, 100 BW, 338 mcf, 450 psi, 22/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,806,545 TWC \$9,064,472

1/12/09 (Drilling – 83 days, Completion – 30 days)

266 BO, 96 BW, 314 mcf, 500 psi, 22/64 choke. Shutting in well for Southern Gas to do repairs on valves.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,806,545 TWC \$9,064,472

1/13/09 (Drilling – 83 days, Completion – 30 days)

Shut in for repairs. Pulled water from production tanks, top off w/ water from water tanks, haul to disposal. *Corrected cost.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,814,095 TWC \$9,072,022

1/14/09 (Drilling – 83 days, Completion – 30 days)

Pulled water from production tanks, top off w/ water from water tanks & haul to disposal. Empty heater treater. Should return to production today.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$2,608 CC \$1,816,703 TWC \$9,074,630

1/15/09 (Drilling – 83 days, Completion – 30 days)

Well test from 11:00am to 8:30am – 250 oil, 5 water, 237 mcf, 1,200# pressure, 14/64 choke. Will open choke to 18/64. Hauled 2 loads water from water tanks to disposal.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$550 CC \$1,817,733 TWC \$9,075,660

1/17/09 (Drilling – 83 days, Completion – 30 days)

175 oil, 33 water, 18 mcf, 1,000 pressure, 18/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,817,733 TWC \$9,075,660

1/18/09 (Drilling – 83 days, Completion – 30 days)

221 oil, 47 water, 228 mcf, 600 pressure, 20/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,817,733 TWC \$9,075,660

1/19/09 (Drilling – 83 days, Completion – 30 days)

173 oil, 33 water, 190 mcf, 1,000 pressure, 18/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,817,733 TWC \$9,075,660

1/20/09 (Drilling – 83 days, Completion – 30 days)

258 oil, 155 water, 295 mcf, 300 pressure, 20/64 choke.

AFE \$7,592,900 AFE #TX11538D WI 100% BPO, 75% APO
DC \$7,257,927 DCC \$0 CC \$1,817,733 TWC \$9,075,660