

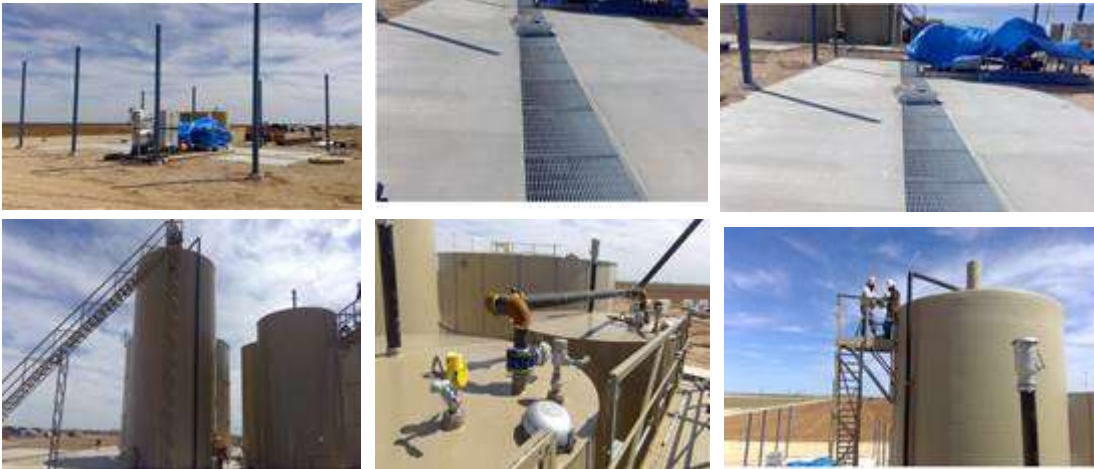
Martin County (Lone Ranger #1 SWD) Reports 37-1 and Pictures RRC Permit #15488 | Update 03/16/2020

HEW-TEX/MARTIN COUNTY SWD LLC
LONE RANGER SWD #1
API: 42-317-42648

2020.03.16 Please see Lone Ranger ADDITIONAL pictures we received below.



2020.03.10 Please see Lone Ranger pictures we received below.



2020.02.17 Construction of the surface facilities continues to progress (see updated construction schedule and pictures). As always, please call or email any questions.

LR CONSTRUCTION SCHEDULE 02/14/2020

Company SME	Task Name	Start	compl	Vendor	Project Manager	Text04	Text05
1	O ORDER MATERIAL	1/01/19	0%				
2	R RELEASE LABOR	1/01/19	0%				
3	D DROP MATERIAL	1/01/19	0%				
4	S SCHEDULE LABOR	1/01/19	0%				
5	SCHEDULED DELIVERIES OR WORK	1/01/19	0%				
6	YELLOW HIGHLIGHT/COMPLETED TASK	1/01/19	0%				
7	OUTSTANDING ITEMS/PRIORITIES	1/01/19	0%				
8	PRECONSTRUCTION & ENGINEERING	1/01/19	0%				
9	Design and Drawings	1/15/19	100%				
27	Material Ordered By Corporate	1/03/19	89%				
51	CONSTRUCTION	1/01/19	0%				
52	Materials Ordered by Construction	1/01/20	99%				
53	Josh Benavides O Tank Bottom, Catchbasins and containment wall liner	1/01/20	100%	Spartan/Enviroflex	Lalo Garza		
54	Key Helzer O Poly Pipe and Fittings	1/20/20	100%	PPV	Lalo Garza		
55	Josh Benavides O SS Pipeline Manifolds	1/15/20	100%	Spartan Manufacturing	Lalo Garza		
56	Josh Benavides O SS High Pressure Pipe Injection Line	1/15/20	100%	Spartan Manufacturing	Lalo Garza		
57	Key Helzer O All Fittings and Valves	1/17/20	100%	PPV/McBride	Lalo Garza		
58	Key Helzer O Oil Processing Carbon Piping	1/21/20	100%	McBride	Lalo Garza		
59	Key Helzer/Richard O Grinding Catch Basins	1/01/20	100%	Brown-Campbell	Lalo Garza		
60	Key Helzer O Pipe Jack Stands	1/21/20	100%	McBride	Lalo Garza		
61	Key Helzer O Injection, Skim Line Support	1/27/20	100%	IBEX	Lalo Garza		
62	Key Helzer O Duroblocks	1/21/20	100%	McBride	Lalo Garza		
63	Josh Benavides O SS Pump Stands	1/01/20	100%	Spartan Manufacturing	Lalo Garza		
64	Key Helzer O Nuts and Bolts	1/22/20	100%	PPV	Lalo Garza		
65	Key Helzer O SS Materials	1/20/20	100%	Mitroc Distribution	Lalo Garza		
66	Lalo Garza O Wind Socks	1/01/19	0%	Safey	Lalo Garza		
67	Lalo Garza O Eyewash Stations	1/01/19	0%	Safey	Lalo Garza		
68	Lalo Garza O Fire Extinguishers	1/01/19	0%	Safey	Lalo Garza		
69	Key Helzer O High Pressure Hoses	1/21/20	100%	McBride	Lalo Garza		
70	Site Mobilization	1/01/19	90%				
71	Taylor Benavides R Internet/ Permanent and Temporary	1/31/20	50%	SWD Systems	Lalo Garza		
72	Key Helzer R Trash & Portacans	1/24/20	100%	Backwater	Lalo Garza		
73	Key Helzer R Dumpster	1/13/20	100%	West Texas Dumpster	Lalo Garza		
74	Key Helzer R 2ea 40' Cones with Padlocks	1/14/20	100%	Cheerokee Rental	Lalo Garza		
75	Josh Benavides R Signage	1/02/20	100%	Spartan Manufacturing	Lalo Garza		
76	Taylor Benavides S Internet/ Permanent and Temporary	1/31/20	50%	SWD Systems	Lalo Garza		
77	Key Helzer S Trash & Portacans	1/02/20	100%	Backwater	Lalo Garza		
78	Key Helzer S Dumpster	1/02/20	100%	West Texas Dumpster	Lalo Garza		
79	Key Helzer S 2ea 40' Cones with Padlocks	1/02/20	100%	Cheerokee Rental	Lalo Garza		
80	Josh Benavides D Signage	1/01/19	100%	Spartan Manufacturing	Lalo Garza		
81	Grd & Concrete	0/10/19	85%				
82	Eric Benavides R Grade Pad	0/10/19	100%	Iconest	Lalo Garza		
83	Eric Benavides S Grade Pad	0/10/19	100%	Iconest	Lalo Garza		
84	Eric Benavides R Foundation Labor	1/04/20	100%	Iconest	Lalo Garza		
85	Eric Benavides R Mark Foundation Corners	1/04/20	100%	Iconest	Lalo Garza		
86	Eric Benavides S Mark Foundation Corners	1/04/20	100%	Iconest	Lalo Garza		
87	Key Helzer O Solland Pipe		0%	Spartan Manufacturing	Lalo Garza		
88	Lalo Garza R Catch Basin	1/04/20	100%	Spartan Manufacturing	Lalo Garza		
89	Lalo Garza S Catch Basin	1/15/20	100%	Spartan Manufacturing	Lalo Garza		
90	Lalo Garza S Set Pump pad containment Forms	1/15/20	100%	Iconest	Lalo Garza		
91	Lalo Garza S Excavation pump pad containment	1/28/20	50%	Iconest	Lalo Garza		
92	Lalo Garza S Set forms work for Pedestal and pump pad	1/01/19	0%	Iconest	Lalo Garza		
93	Lalo Garza S Electrical Underground Conduit	1/01/19	0%	Electrician	Lalo Garza		
94	Lalo Garza S 1st Pour Offroad pad	1/15/20	100%	Iconest	Lalo Garza		
95	Lalo Garza S Concrete Testing	1/15/20	50%	Pettigrew	Lalo Garza		
96	Lalo Garza S 1st Concrete tank rings Pour	1/24/20	50%	Iconest	Lalo Garza		
97	Lalo Garza S Concrete Testing	1/24/20	50%	Pettigrew	Lalo Garza		
98	Lalo Garza S 2nd Concrete Pour	1/01/19	0%	Iconest	Lalo Garza		
99	Lalo Garza S Concrete pump	1/01/19	0%	IF NEEDED	Lalo Garza		
100	Lalo Garza S Concrete Testing	1/01/19	0%	Pettigrew	Lalo Garza		
101	Lalo Garza S 3rd Concrete Pour	1/01/19	0%	Iconest	Lalo Garza		
102	Lalo Garza S Concrete pump	1/01/19	0%	IF NEEDED	Lalo Garza		
103	Lalo Garza S Concrete Testing	1/01/19	0%	Pettigrew	Lalo Garza		
104	Lalo Garza D SS angle for grating	1/04/20	100%	McBride	Lalo Garza		
105	Lalo Garza S Pump Pad Concrete Pour	1/01/19	0%	Iconest	Lalo Garza		
106	Lalo Garza S Concrete Testing	1/01/19	0%	Pettigrew	Lalo Garza		
107	Lalo Garza D SS angle for grating	1/01/19	0%	McBride	Lalo Garza		
108	Lalo Garza S Install Containment Wall & Spray liner	1/01/19	0%	Spartan Manufacturing	Lalo Garza		
109	Lalo Garza D Install Containment Wall & Spray liner	1/01/19	0%	Spartan Manufacturing	Lalo Garza		
110	Lalo Garza S Wreck all forms and clean up	1/01/19	0%	Iconest	Lalo Garza		
111	Lalo Garza S Concrete sawing and sealing	1/01/19	0%	Iconest	Lalo Garza		
112	Eric Benavides S Evaluate Drainage	1/01/19	0%	Eric Benavides	Lalo Garza		
113	Lalo Garza R Grade Work around Site	1/01/19	0%		Lalo Garza		
114	Tanks	1/01/19	67%				
142	Pumps	1/01/20	0%				
143	Josh Benavides D HPumps	1/30/20	20%	Slyder	Lalo Garza		
144	Josh Benavides D Facility Pumps	1/30/20	20%	Slyder	Lalo Garza		
145	Lalo Garza R Set HPumps and Charge Pumps	1/01/19	0%	IBEX	Lalo Garza		
146	Lalo Garza R HPump leveling and alignment	1/01/19	0%	Slyder	Lalo Garza		

	Company/SME	Task Name	Start	compl	Vendor	Project Manager	Text04	Text05
147	Lalo Garza	R Crane for Pumps	1/01/19	0%	Meador Construction	Lalo Garza		
148	Lalo Garza	S Crane for Pumps	1/01/19	0%	Meador Construction	Lalo Garza		
149	Lalo Garza	S Set Hpumps and Charge Pumps	1/01/19	0%	IBEX	Lalo Garza		
150	Lalo Garza	S Hpump leveling and alignment	1/01/19	0%	Slyder	Lalo Garza		
151		Piping and Valves	1/01/19	25%				
173		Miscellaneous	1/01/20	0%				
174	Josh Benavides	D Trucklane Canopy	1/01/19	0%	spartan Manufacturing	Lalo Garza		
175	Josh Benavides	R Trucklane Canopy	1/01/19	0%	spartan Manufacturing	Lalo Garza		
176	Josh Benavides	S Trucklane Canopy	1/01/19	0%	spartan Manufacturing	Lalo Garza		
177	Josh Benavides	S Bolted Storage Tank	12/17/20	75%	spartan Manufacturing	Lalo Garza		
178	Josh Benavides	D Drivers Lounge Building	1/01/19	0%	spartan Manufacturing	Lalo Garza		
179	Josh Benavides	S Drivers Lounge Building	1/01/19	0%	spartan Manufacturing	Lalo Garza		
180	Kay Helzer	D Cross Overs 48"	1/01/19	0%	KBX Tanks	Lalo Garza		
181	Josh Benavides	D SS Pump Stands	1/01/19	0%	spartan Manufacturing	Lalo Garza		
182	Kay Helzer	D Pipe Jack Stands	1/01/19	0%	McBride	Lalo Garza		
183	Lalo Garza	D Injection, Skim Line Support	1/01/19	0%	IBEX	Lalo Garza		
184	Kay Helzer	D Bolts and nuts	1/01/19	0%	RPV	Lalo Garza		
185	Kay Helzer	D Grating Truck Lanes	12/20/20	25%	Brown-Campbell	Lalo Garza		
186	Kay Helzer	D Grating Catch Basins	1/01/20	25%	Brown-Campbell	Lalo Garza		
187	Josh Benavides	R Grating Truck Lanes	1/01/20	100%	spartan Manufacturing	Lalo Garza		
188	Josh Benavides	R Grating Catch Basins	1/01/20	100%	spartan Manufacturing	Lalo Garza		
189	Josh Benavides	S Grating Truck Lanes	1/01/19	0%	spartan Manufacturing	Lalo Garza		
190	Josh Benavides	S Grating Catch Basins	1/01/19	0%	spartan Manufacturing	Lalo Garza		
191	Josh Benavides	D Catchbasin Inert	1/01/20	100%	spartan Manufacturing	Lalo Garza		
192	Josh Benavides	S Catchbasin Inert coating	1/01/20	100%	spartan Manufacturing	Lalo Garza		
193	Josh Benavides	S Catchbasin Inert Installation	1/01/20	100%	spartan Manufacturing	Lalo Garza		
194	Matt Garza	R Chemical pumps	1/01/19	0%		Lalo Garza		
195	Matt Garza	S Chemical pumps	1/01/19	0%		Lalo Garza		
196	Matt Garza	D Wind Socks	1/01/19	0%		Lalo Garza		
197	Matt Garza	D Eyewash Stations	1/01/19	0%		Lalo Garza		
198	Matt Garza	D Fire Extinguishers	1/01/19	0%		Lalo Garza		
199		Automation and Filtration	1/01/20	25%				
200	Josh Benavides	D Filter Screens	1/01/19	0%	spartan Manufacturing	Lalo Garza		
201	Josh Benavides	D Filterpot Gaskets	1/01/19	0%	spartan Manufacturing	Lalo Garza		
202	Josh Benavides	D Filtration Skids	12/13/20	25%	spartan Manufacturing	Lalo Garza		
203	Kay Helzer	D Pressure Transmitters	1/01/19	0%	Techstar	Lalo Garza		
204	Kay Helzer	D Analog Temp Transmitter	1/01/19	0%	Techstar	Lalo Garza		
205	Kay Helzer	D High Tank Level KFI Switches	1/01/20	100%	RPV @ Spartan	Lalo Garza		
206	Kay Helzer	D Guided Wave Radars	12/03/20	100%	Techstar @ Cyberdyne	Lalo Garza		
207	Taylor Benavides	D Drivers touchscreens/Printer	1/01/19	0%	SWD Systems	Lalo Garza		
208	Taylor Benavides	D Operator Computer Screens Displays/Backup Battery	1/01/19	0%	SWD Systems	Lalo Garza		
209	Taylor Benavides	D Instrumentation labels	1/01/19	0%	Cyberdyne Automation	Lalo Garza		
210		Electrical	1/01/20	0%				
211	Randall Horn	R Electrical Installation	1/01/19	0%	Electrician	Lalo Garza		
212	Lalo Garza	D VFD Control Skid	12/02/20	25%	spartan Manufacturing	Lalo Garza		
213	Lalo Garza	R VFD Commissioning	1/01/19	0%	spartan Manufacturing	Lalo Garza		
214	Lalo Garza	S VFD Commissioning	1/01/19	0%	spartan Manufacturing	Lalo Garza		
215	Kay Helzer	R Generators	1/01/19	0%	Electrician	Lalo Garza		
216	Matt Garza	S Permanent Power	1/01/19	0%	Electrician	Lalo Garza		
217	Matt Garza	S Generators Set up	1/01/19	0%	Electrician	Lalo Garza		
218	Raymon Hernandez	S Facility Ground Grid	1/01/19	0%	Electrician	Lalo Garza		
219	Raymon Hernandez	S Bonding Equipment to Grid	1/01/19	0%	Electrician	Lalo Garza		
220	Raymon Hernandez	S Excavation of Electrical Trenches	1/01/19	0%	Electrician	Lalo Garza		
221	Raymon Hernandez	S Backfill of Electrical Excavations	1/01/19	0%	Electrician	Lalo Garza		
222	Raymon Hernandez	S Underground Conduit Injection Area to Transformer	1/01/19	0%	Electrician	Lalo Garza		
223	Raymon Hernandez	S Underground Conduit Injection Area to Containment Wall	1/01/19	0%	Electrician	Lalo Garza		
224	Raymon Hernandez	S Under ground conduit Offload Area to containment Wall	1/01/19	0%	Electrician	Lalo Garza		
225	Raymon Hernandez	S Above ground conduit inside Containment Area	1/01/19	0%	Electrician	Lalo Garza		
226	Raymon Hernandez	S Above ground conduit at Offload Area	1/01/19	0%	Electrician	Lalo Garza		
227	Raymon Hernandez	S Injection Tank IT's	1/01/19	0%	Electrician	Lalo Garza		
228	Raymon Hernandez	S Control Network Communication	1/01/19	0%	Electrician	Lalo Garza		
229	Raymon Hernandez	S Fiber Optic Communication	1/01/19	0%	Electrician	Lalo Garza		
230	Raymon Hernandez	S Wellhead Communication	1/01/19	0%	Electrician	Lalo Garza		
231	Raymon Hernandez	S Light Poles, Lightning Protection, Lighting	1/01/19	0%	Petroguardian	Lalo Garza		
232	Raymon Hernandez	S Cameras	1/01/19	0%	Proview	Lalo Garza		
233	Raymon Hernandez	S Pulling wire at Injection Area	1/01/19	0%	Electrician	Lalo Garza		
234	Raymon Hernandez	S Pulling wire at Containment Area	1/01/19	0%	Electrician	Lalo Garza		
235	Raymon Hernandez	S Pulling wire at Offload Area	1/01/19	0%	Electrician	Lalo Garza		
236	Raymon Hernandez	S Testing and terminating wires at Injection Area	1/01/19	0%	Electrician	Lalo Garza		
237	Raymon Hernandez	S Testing and terminating wires at Containment Area	1/01/19	0%	Electrician	Lalo Garza		
238	Raymon Hernandez	S Testing and terminating wires at Offload Area	1/01/19	0%	Electrician	Lalo Garza		
239	Raymon Hernandez	S Final Electric Inspection	1/01/19	0%	Electrician	Lalo Garza		
240		Commissioning	1/01/20	0%				
253		Project Hand Off	1/01/20	0%				
254	Lalo Garza	Final workdown with contractors	1/01/19	0%	Elite	Lalo Garza		
255	Lalo Garza	Walk down with client	1/01/19	0%	Elite	Lalo Garza		
256	Lalo Garza	Demobilization of site	1/01/19	0%	Elite	Lalo Garza		

2020.02.14

See Lone Ranger construction pictures.



















2020.02.07 See Lone Ranger construction pictures.







2020.01.10 See attached Injectivity Test report.



2020.01.08

We are waiting a design/build schedule from the operator. Below are some of the off load skids, variable frequency drive (vfd) skid and catch basin being built for Lone Ranger.





2019.12.18

During the drilling process, another zone in the true Lower Fusselman at 12,064' to 12,150' (86' zone) was seen that has great perm & porosity. Stephen Smith & a team of Geoscientist, Geologist, & Lonquist spent 15 straight days working 20-21 hrs/Day working political issues dealing with UIC and the RRC to get our original SWD permit modified "in-house" approval with the revision formation tops by the RRC.

Our original W15 SWD permit was to inject 12,310' to 14,000' which he had modified "in-house" to 12,066' to 13,180' on Monday of this week. This permit was actually approved at 09:43hrs Monday the 16th of December. **See attached permit & below.**

WAYNE CHRISTIAN, CHAIRMAN
CREDIT CHAIRMAN, COMMISSIONER
RYAN SUTTON, COMMISSIONER



DANNY SORRELLI
ASSISTANT EXECUTIVE DIRECTOR
DIRECTOR, OIL AND GAS DIVISION
PAUL DUBOIS
ASSISTANT DIRECTOR, TECHNICAL PERMITTING

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

**PERMIT TO DISPOSE OF NON-HAZARDOUS OIL AND GAS WASTE BY INJECTION INTO A
POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS**

PERMIT NO. 15488, COMMERCIAL AMENDMENT

TAURUS MIDSTREAM LLC
715 N GLENVILLE DRIVE STE 430
RICHARDSON, TX 75081

Authority is granted to inject Non-Hazardous Oil and Gas waste into the well identified herein in accordance with Statewide Rule 9 of the Railroad Commission of Texas and based on information contained in the application (Form W-14) dated December 9, 2019 for the permitted interval of the FUSSELMAN, MONTOYA, and ELLENBURGER formations and subject to the following terms and special conditions:

LONE RANGER SWD (000000) LEASE
SPRABERRY (TREND AREA) FIELD
MARTIN COUNTY, DISTRICT 08

WELL IDENTIFICATION AND PERMIT PARAMETERS:

Well No.	API No.	LIC Number	Permitted Fluids	Top Interval (feet)	Bottom Interval (feet)	Maximum Liquid Daily Injection Volume (BBU/day)	Maximum Gas Daily Injection Volume (MCF/day)	Maximum Surface Injection Pressure for Liquid (PSIG)	Maximum Surface Injection Pressure for Gas (PSIG)
1	31742648	000115416	Saltwater, Frac Water, and Other Non-Hazardous O/G Waste	12,066	13,180	20,000		8,000	

Our injection packer was set @ 12,036' by WL on December 11th. *This additional 15 days of work with Smith's group saved the investors approximately \$375,000 by keeping us from waiting on the RRC to modify our original permit and move the injection zone up.* We would have had to set our packer at 12,310' as approved with the original permit and leave this zone 12,064' to 12,150' (86' zone) above our packer and the only way we could get to it is by POOH with 5.5" tubing and drilling out the Perm Packer and RIH with new Perm Packer setting it where are currently.

Bottom line, we can still have room to increase more SWD in any growth in the future.

We can always go at a later date and perm/acidize this new(Ellenberger) zone if we ever need to without pulling tubing and drilling up packer.

2019.12.18 **Our RRC approved rate is 25,000 BPD @ max injection pressure of 6,000psi**
We have finished our 20,000 Acid job and down our infectivity test and here are the results.
Pumping Acid at a rate of 26 BPM or 37,440 BPD @ 1,600psi
Displacing Acid at a rate of 30 BPM or 43,200 BPD @ 2,000psi

After allowing Acid to spend for 2 hours our Injection Test was conducted as follows:

5 BPM or 7,200 BPD @ 95 psi
10 BPM or 14,400 BPD @ 248 psi
15 BPM or 21,600 BPD @ 450 psi
20 BPM or 28,800 BPD @ 893 psi
25 BPM or 36,000 BPD @ 1,485 psi
30 BPM or 43,200 BPD @ 2,231 psi

We have a very good SWD well and looks like we will have no problem going up to the 50,000 BPD rate as designed. Congratulations Folks!

2019.12.18 Standby. Spot 4 single manifold and 2 lined frac tanks. Fill single manifold with 2000 bbls FW. Cut mousehole 5' in cellar and fab lid. Building cellar covers, pour ready mix cement in cellar to bottom of SOW. C/O blind flange on tree with 5 1/8" 10M flange x 3" 1502 with plug. PU trash on and surrounding location, load all misc items into trash trailer. Shut down for night.

Petroplex Acidizing Company is rigging up on location making prep to Acidize well.

2019.12.17 Standby. Performed H5 test, witnessed by Field Inspector Steven Hayes of the TRRC. Installed piping, gauges, and needle valves on all casing valves. Dropped ball, allowed 37 minutes to fall, rupture pump out plug. Performed 2nd H5 test, good test. Shut down for night, standby.

Roustabouts scheduled to arrive today @ 10:00hrs and finish cleaning out cellar and entire location of trash. **The RRC Steven Hays witnessed our Mechanical Integrity Test (MIT) yesterday afternoon and everything was successful.** Working to finalize our Completion procedure and get out today. Truck on location to spot 5 x 500bbl frac tanks. 2 for Acid & 3 for FW to conduct step-rate injection test. Petroplex Acidizing Co scheduled to Acidize well tomorrow.

2019.12.16 Standing by. Install production tree assembly, tested, standby for completion phase. Roustabouts scheduled to arrive today @ 10:00hrs and finish installing casing valves extension up to surface for future use. **The RRC guy will be onsite @ 11:00hrs for the Mechanical Integrity Test (MIT).** Dirt Contractor arriving this morning to clean and blade location making ready for Frac Tank Delivery later this afternoon. The Completion procedure is expected today. Petroplex Acidizing Co is scheduled to Acidize well Wednesday the 18th.

2019.12.15 Standby. Finish loading out rig to new location. 100% moved out. Sent landing joints, wear bushings, test plug, bushing puller to Encore Yard.

2019.12.14 Waiting on daylight. Rig down load out to new location. Hauled 49 loads. 80% moved out. Shut down for night, wait on daylight.

2019.12.13 Night crew rigging down, waiting on trucks. Change pipe rams. clean mud pits. Release rig at 16:00 on 12/12/2019. Called TRRC to postpone H5 test to Monday

12/16/2019 11 am. Linda-Operator #8 took the report. Rigging down while cleaning on mud pits, squat subs and lay down derrick @ 22:00.

We released the rig yesterday @ 16:00hrs. The H5 Mechanical Integrity Test (MIT) with RRC witness was moved to Monday, December 16th @ 11:00hrs due to Rig Move activity going on. Rig move trucks all arrived during the night. 2 Cranes arrived early yesterday and started tear down and making rig ready to move out. Laid over Derrick at 18:00hrs yesterday afternoon. We are also currently making prep to do our completion on next Tuesday, December 17th. We are anticipating that all of the drilling rig and it's equipment will all be moved off location by Noon Monday, the 16th

2019.12.12 The rig was just released so a huge daily cost is now over. Currently making prep for H5 Mechanical Integrity Test (MIT) with RRC witness at 11:00hrs tomorrow, Friday the 13, 2019. Rig move trucks will all arrive Friday the 13th of Dec. Also currently making prep to do our completion on next Tuesday, December 17th. Anticipating that all of the drilling rig and it's equipment will all be moved off location by Noon Monday, the 16th.

2019.12.12 Cleaning mud pits & torque stack on traveler stand. Run 5.5" set @ 12,036', spaced out, displace fresh water with Packer fluid, P/U landing joint pull test @ 20k over, set 75k on Packer, land out, R/D casing crew, test packer seals @ 550 psi for 30 min., nipple down BOP to set Pack off, set Pack off & install blind cap, cleaning mud pits, torque stack on traveler stand.

Currently cleaning mud pits to make ready for Rig Release.

Expect Rig Release around Noon or latest Mid Afternoon.

See attached Days V Depth V Cost Budget to Actual cost estimates.

They have done an excellent job of planning, cost estimating Budget (AFE) and are ahead of plan.

2019.12.11 Running 5.5" Casing @ 400'. Lay down drill pipe and BHA. Rig up Eline truck. RIH with Gauge ring, gamma ray/perforator, and CCL. Log from 12,500' to 10,900'. Run CCL back to surface. Swap out tools RIH with Gamma & CCL to 12,500' Log back to 10,800', pull out of hole & swap tools RIH with Gamma perf. & Packer, set packer @ 12,036', Pull out of hole, Rig down wire line truck, Rig up Casing crew equipment, M/U Latch seal assembly, run 5.5" casing T/400'.

Currently we are RIH with our 5.5" Injection Tubing @ 7,133' looking to be tagging and space out on Packer around 15:00hrs today and **looking to Rig Release tomorrow afternoon.**

2019.12.10 TOOH L/D drill pipe. Offload, strap, caliper 5-drill collars, eccentric reamer, 6.75" milltooth bit. PU BHA and TIH. Tag @ 12,922' wash & ream F/12,922' T/12,971', TIH to btm with no issues, Circulate Btms Up, TOOH F/13,180' T/12,417', cut drilling line, TOOH L/D Drill pipe F/12,417' T/5000'.

Currently POOH to Lay down DP and RU cased hole logging company. Stephen Smith (driller) has been working with the RRC & UIC to modify the injection zone from 12,310' to 14,000' to 12,066' to 13,180' for 14 straight days to get them to make this change internally. He hopes we get that approval today so we can set our packer around 12,000' not 12,300'.

They worked that tight spot out and had no problems with TOOH afterwards. We do have permission from the RRC to not go run the additional 280' of OH logs so that will save us some good money as well. The new drilling contract was signed with another operator yesterday and we will see some more savings on our De-mob cost as well. The current projection for rig release is 3-4 days. Then we will come back and complete.

2019.12.09 WAITING ON DC's. Strap out of hole, Pull rot. head & install trip nipple, L/D NMDC's, 3 Stab's; Break Bit, Clean off rig floor, PJSM with wireline crew, rig up lubricator & wireline sheaves, run open hole logs,

Rig down logging, Rig up & rig down wireline truck to run packer, Waiting on 3rd party tools (DC's)

As normal Oilfield Operations, nothing happens during daylight or normal business hours. The drilling company made two attempts to get our OH logs into our 6-3/4" OH section. Our first log was a total length of 112' and weight 831#, they cut down our first run to 85.5' and 624#. We did get about 300' of new OH log that is currently being processed. See pictures of trucks and tools.

The driller had problems getting in around our tight hole from 12,840-12,867' during our drilling and first short trip. We wiped out this area on our last TOOH prior to RU to run loggers and when we came off bottom, we had absolutely no problems.

Stephen Smith is working with his contacts in Austin with the RRC & UIS to see if we can get away with this last 280' OH because it is all Ellenberger. He has Chris Weyand of Lonquist & Associates meeting up with the UIS/RRC today after discussion last Friday to modify the "Original" W14 permit to change our Injection interval 12,300' to 14,000' up to our new injection interval 12,066.5' to 13,280'.

We are going to RIH with bit, hole opener & DC's with our 4.5" DP to wipe out this spot and run back to bottom to make sure we can get logs down if they are in fact going to demand us run. Again, Stephen Smith is working with them directly to allow us not to have to run this last 280'

Sorry for this delay but sometimes Mother Nature takes control of operations. The Great thing is we look to have a very good SWD well we lost a total of 5,000 bbls during our last wiper trip. This is prior to any Acid Job or cleaning up so they are very confident it is going to do well.



2019.12.08

TOOH @ 5,000'. Fill mud pits with fresh water, Rot. drill F/12,879' T/13,180', Circ. & clean hole, Wiper trip F/13,180' T/12,550', TIH F/12,550' T/13,180', Pull 4 stds wash & ream tight spot @ 12,840', TIH F/12,840' T/13,180', Circ Btms up, TOOH F/13,180' T/12,545', Monitor Well, TIH F/12,545' T/13,180', TOOH F/13,180' T/5000'

Currently TOOH @ 3,100' and expecting Weatherford here to start RU around 11:00 hrs today.

See the pictures of our 5.5" IPC tubing.

Note: The black stuff on the green is grease that has not been cleaned off yet. It is not chipping or damage to pipe.



2019.12.07 **We just TD the well @ 13,180'** (see attached mudlogs). We have seen multiple fractures and good permeability that should provide a great SWD well. We had returns on and off for this entire section and looks great.

2019.12.07 Racked back one stand, filling pits with FW. Rot. drill F/12,865' T/12,867', flowback 50 bbls until static. Trip out hole, monitor well. Lay down MWD, UBHO, and rig down MWD equipment, c/o bit, TIH. Rot Drill F/12867' T/12879', racked 1 STD back.

We had total mud losses yesterday @12,864' which is a very good thing for SWD wells but it tore up our bit due to formation change. We had to replace bit and back on bottom we are still seeing fluid losses since we got back to bottom. Again, this is great for our SWD well! We are currently drilling ahead with returns coming and going, we are seeing effects from our offsetting 6 SWD wells that are all within a 4 mile radius. We will TD this well @ 13,180' based on our projected T/Cambrian @ 13,280'. We have to stay 100' above this zone due to RRC requirements. We are currently drilling ahead 12,922' @ rates of 30-36'/hr & **expecting to TD around 15:00 to 17:00hrs today** at our current ROP.

2019.12.06 Drilling @ 12,865'. TIH F/2400' T/7331', test casing, drill DV tool, test casing TIH F/7331' T/12,540' tagged cmt stringer @ 12,545', drill cmt & shoe track R/T drill F/12,615' T/12,865'

2019.12.05 P/U 4.5" DP TIH @ 2500'. Circulate while waiting on cement. PJSM for pumping second stage. Pump second stage. 40 bbls FW, 25 bbls 9 ppg 22.738 yd, 161.5 gal/sk spacer. 105 bbls lead cement, 130 sks, 9 ppg, 4.552 yd, 22.01 gal/sk. 15 bbl tail cement, 60 sks, 13.2 ppg, 1.439 yd, 7.3 gal/sk. Plug landed @10:06, floats held, bled back 2 bbls. Wash up and rig down cementers. LD landing jt and install packoff and test to 5000 psi, test good. L/D 5" DP out of derrick. C/O Grabber & Saver sub, clean pits & fill up with fresh water, P/U BHA & DP TIH



Pic courtesy of Kurt Knewitz. He, Eric Benavides & Jay were all onsite yesterday flying drone for some great pictures and video (attached).

2019.12.04

Circulating through DV Tool open to perform second stage cement job.
Continue running casing 7 5/8" to bottom, M/U landing joint and land casing in wellhead.
Circulated 2 x casing capacity, perform first stage cement job, land plug successfully, open DV Tool and circulated to prepare second stage job.



2019.12.03

Running 7 5/8" casing @ 6837'. TOOH while logging T/11,000'. TOOH F/11,000' T/5400' while LD singles. Slip/cut drill line. TOOH F/5400' T/HWDP, Racking back stds. LD HWDP. LD logging BHA. Pull wear bushing. RU casing crew and run 7-5/8" casing.

2019.12.02

Washing to bottom to find original TD of 12,615'. TOOH and LD directional BHA. PU/MU logging equipment. TIH and PU 12 jts of drill pipe. TIH T/12608', drop logging tool down drill string. Confirm tools are set with pumps. Begin logging to 12165'. Stop logging and TIH to bottom and wash to bottom to TD @12615'.

2019.12.01 Circulating hole clean. Rotate F/11200' T/11911'. Rig service. Rotate F/11911' T/12450'. Rig service. Rotate F/12450' T/12575', reduced ROP of 10 ft/hr to find Ellenberger top. Circulate cutting to surface to confirm. Ellenberger top called @ 12570'. Rotate F/12575' T/12615' for casing point. Sweep hole and circulate.

02:00 to 05:00hrs controlled drilled and circ bottoms up to locate T/Ellenberger today. Making plans to do wiper trip with LWD equipment to see about picking some good injection zones above the T/Ellenberger to join in the OH Completion of the Ellen. The hole condition is well.

2019.11.30 Drilling ahead at 11,200'. TIH T/5400'. remove trip nipple and install rotating head. Break circulation and had good returns. TIH T/9570', wash down last two stds. Rotate F/9750' T/9890'. 400 psi pressure drop on stand pipe pressure, replaced 2" on pump #3. Rotate F/9890' T/11200'.

2019.11.29 TIH @ 2400'. Drill F/8831' T/9527'. Rig service. Drill F/9527' T/9750'. ROP decreased significantly, decision was made to TOOH for the bit. Pump two sweeps and circulate 2 BU. Pull three stds wet, pump slug and TOOH T/4830'. Pull rotating head and install trip nipple. TOOH T/574'. Rack back collars. LD motor and pull MWD, Break off bit. Bit was ringed out on the face. PU replacement motor, scribe, install MWD, test MWD, test good. Install bit and top monel. TIH T/2400'



2019.11.28 Circulating @ 8831'. Rotate/slide F/6479' T/7702'. Rig service. Rotate F/7702' T/7760'. NPT for Pump repair on pumps #1,2 for module gaskets. Rotate F/7760'. T/8831'. After making a connection and going to bottom, pressure spiked and bit became stuck. Racked back stand and worked the next stand. Pulled 100k over and came free. Back ream out and circulate after getting loose.

2019.11.27 Drilling 8.75" intermediate #2 @6479'. TIH with packer to 5525' and set. Packer set successfully, Test casing to 1653 psi for 30 min, bled off to 1635 psi, test good. TOOH to LD packer and PU directional tools. 1 hr downtime for high winds. Wind passed and continued TOOH. LD packer and MU 8.75" intermediate #2 BHA. TIH T/610'. Rig service. TIH T/5482'. Slip/cut drill line. Wash down and tag shoe @5595'. Drillout shoe @40 RPM, 500 GPM, 2-4K torque. No cement below shoe. Tag formation @5636'. Drill ahead T/6479'

Drilling company had to shut down our operations for about an hour yesterday due to massive sand storm with winds exceeding 60MPH that came in with the Cold Front. See pic's.



2019.11.26 TIH with packer to test casing. Cemented 9 5/8" 1st Intermediate Casing. Plug did not bump, pumped 2 additional bbls , plug did not bump. Checked floats, holding, bled back 1.5 bbls. No cement or spacer to surface. Install and test packoff, swap over to FW in pits, PU BHA. TIH to 5550' and tagged plug. Attempt to pressure test casing. Test failed. Troubleshoot and isolate surface equipment. Pressure would bleed off and hold @750 psi. Drill out float collar and plug. TIH on elevators and tagged @5594.5 with 15k weight. No cement in shoe track. Decision was made to TOOH to PU packer to test casing. TOOH and stand back BHA. PU packer.

2019.11.25 Pumping cement. LD directional BHA. Pull wear bushing. RU and run 9-5/8" intermediate casing to 5600', tight hole @ 3500. RD casing crew. Circulate 2 casing capacities. RU Cementers.



2019.11.24 Pulling rotating head. Work through tight spot at 1680', unsuccessful. TIH t/2500' and est returns. Pump sweeps, circ hole clean. TIH to 5610' and drill to 5635', circ sweeps. TOOH to 4500'. C&C mud. Work on mud prop, TOOH to 1950'. Wash/ream through tight hole F/1678' T/BHA. Currently PU & TIH with 9-5/8" Casing @ 2,081'

The drilling company experienced the same type of hole problems associated with the direct offset QEP Ests #1 well and seem to have worked past the problem section with some additional re-working. They had to circulate and Rotate their way out of the tight spot from 1702' to 1,296' (406') by circulating and rotating then 1,296' to 506', B/13-3/8" casing they just pulled pipe with no circulating or rotating. Should be running 9-5/8" casing and cementing today.



Hole Rubble



2019.11.23 LD BHA. **RRC notified of upcoming casing/cement job.**

2019.11.22 Drilling 12.25" intermediate @3920'
Drill out ft equipment and formation to 695'. Rack back HWDP and run in 3 stands of drill collars, resume drilling T/1972'. Rig service. Drill F/1972' T/3920'.





- 2019.11.21 Drillout show track. Finish nipple up, rig up testers, had accumulator problem causing top pipe rams and annular to function at the same time. Called for electrician. Off critical path: Test choke manifold, repaired electric chokes, Fabbing up flowline with welder. Troubleshoot and repair upon arrival of electrician. Performed shell test of entire BOPE system and released torque crew. Finish testing BOPs, test surface casing to 1500 psi for 30 min, perform accumulator draw down test. Set wear bushing. PU/MU intermediate BHA. TIH to top of float collar.
- 2019.11.20 NU orbit Valve and hanging flow line. Finish LD surface BHA. RU and Run 10 jts 13-3/8" casing. Could not land casing at 416' after washing, casing set at 410'. Circulate 2 casing at capacities. Spot and RU cementers. Pump 485 SKS (115 bbls) 14.8 PPG, 1.33 YD cement. Displace with 58 bbls of freshwater. Landed plug @14:54, floats held, bled back 0.5 bbls. 38 bbls cement back to surface. RD cementers and WOC for 4 hours. Clean cellar for wellhead. Cut casing and conductor. Install and test weld on wellhead. NU BOP, choke line, koomy lines, install lower VBRS.
- 2019.11.19 LD BHA. Slip off drill line. Install shaker slides. Dress out shakers with screens. Test pumps and fix leaks. PU/MU BHA. Tag bottom @ 89'. Drill ahead from 89' to 416'. TD section @ 3:15 AM. Circulate hole clean and drop gyro. LD BHA.
- 2019.11.18 Strapping surface BHA. Finishing welding shaker slides.

Continue rigging up and finish 1000 day Ensign inspection. Weld and modify rig shaker slides for reserve pit. RU cellar pumps and water lines for rig pits. **RRC notified of spudding well.**



2019.11.17 Rigging up on rig floor and sub structures. Finish spotting equipment and release trucks. Kept the cranes on location to finish rig up after floor is raised. Continue to rig up, raise derrick, raise sub structures. Crews broke tour, now on 24 hours. Hauling 10# brine to reserve pit.



2019.11.16 Rig idle, waiting on daylight.

Received 18 loads from old location. Rig 100% moved. Set rig camps, and continued to rig up and prepare rig to spud. Rig is estimated 50% rigged up. Estimated spud date on Monday 11/18/2019. Below are some pictures on location.



Good morning Partners! Attached are the Daily Reports and a few pictures of the location as our Rig is moving in.

2019.11.15 Rig idle, waiting on daylight. 85% moved in, 45% rigged up. Below are some pictures on location.





- 2019.11.14 Rig idle, waiting on daylight. 70% rigged down, 30% moved in. Moving in on new location. Hauled 23 loads, spot mats for subs and backyard equipment. Unload trucks and misc equipment.
- 2019.11.13 Rig idle, waiting on daylight. 40% rigged down, 5% moved in. Received 20 loads that include all drillpipe and some rig mats. Installed reserve pit liner. This is work that has gone on yesterday, you can see we received a total of 20 loads yesterday and the Rig has not been actually released, but we may save a bit of \$ with move cost.
- 2019.11.12 Rigging down
Start rig down operations. Set 3 house camp with water/sewer prior to rig mob, build up dirtwork around cellar and re-level same. It looks like we are almost 100% done with all the MSA's and putting the final touches on outstanding issues.

Please email or call with any questions or comments.

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