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Topic: **Analysis Paralysis** –

A discussion of BLM permitting and right of way and effect on operations.

•This Administration is slow walking the entire regulatory process. This has significantly reduced the APD's (federal drilling permits) available to drill and the time it takes to apply and received APD approval and reduced or curtailed the process to obtain right of ways needed for access to drill and produce. The regulatory process to obtain permits to drill and rights of way is incredibly time consuming. The current Administration uses expanded environmental and endangered species statutes to drag out the permitting and right of way application processes. (In addition to streamlining the permitting right of way process the BLM needs to add significant numbers of regulatory process staff-including but not limited to realty specialists, engineers, adjudicators, and fix its major computer software hiccups. AFFMSS2 software has, in its own right, created significant barriers to the overall permitting process.)

•Application Permit to Drill (APD) process - see attached timeline.

Key Take-aways – incredible time consumption. Owning a lease is just the first of many steps. Two critical components follow the lease acquisition. An approved permit to drill (APD) to be able to drill a well on a federal lease. Additionally, the operator needs to have sufficient rights of way to have access to and complete and produce the well. *Process timeframe now almost a year.*

•Rights of way- Typically four types of rights of ways are needed – roads, pipeline, transmission (electric), tele-communication and water.

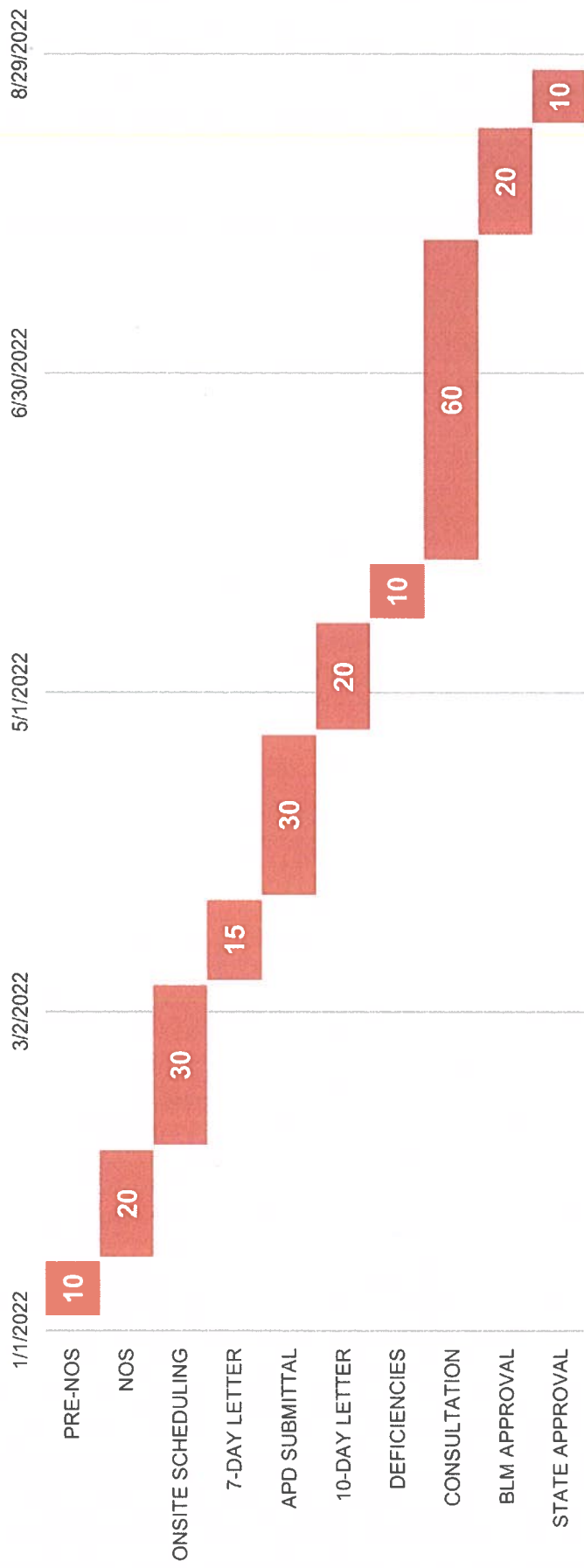
Key take-aways-lack of staff and added regulatory requirements have more than doubled the time it takes to acquire the necessary formal rights of way. Similar process of NEPA evaluation as APD, except there is an extreme lack of staff to process the applications for rights of way. Paperwork processing is more complex than APD due to legal description requirements, in addition, to all the similar environmental analysis required. *Process timeframe-can take up to two years.*

•Drilling/completion/production discussion – see attached timeline, graphs and cost pie charts.

Key take-aways- *one well average time average 15 weeks start to finish*
(assuming, full capital funding, no interruption due to mechanical issues, downhole issues, supply chain issues, internal staffing issues.)
(example well int his discussion represents a total capital outlay of \$8,000,000.00)

Alex B. Campbell V is an owner/shareholder and Vice President of Land, Legal, Regulatory and HSE for Enduring Resources, LLC. A Colorado native, Alex earned his BA/BS and MBA from Colorado State University. During his 42 years as a land manager, Alex has been an active member of numerous professional organizations, is a Life Member of the Denver Association of Professional Landmen, and was the recipient of the 1996 Landman of the Year award. He has been an active member of the RMMLF and serves as the DAPL/RMMLF Landman Trustee. Alex is Past Chairman of the Board of Directors for the Western Energy Alliance, and serves on the Executive Board of Directors for the New Mexico Oil & Gas Association and is the Vice Chairman for the Independent Producers Association of New Mexico. During his distinguished Land career, Alex has been a member of the Board of Directors and Owner of Esenjay Exploration, Inc., Aspect Energy, LLC, and Core Resources, LLC. Alex is an expert in federal and state regulatory issues, as well as the entire range of land management challenges that accompany acquisitions, divestitures and active unconventional drilling programs in the Rocky Mountain, Texas, and Louisiana oil and natural gas producing regions.

Timeline

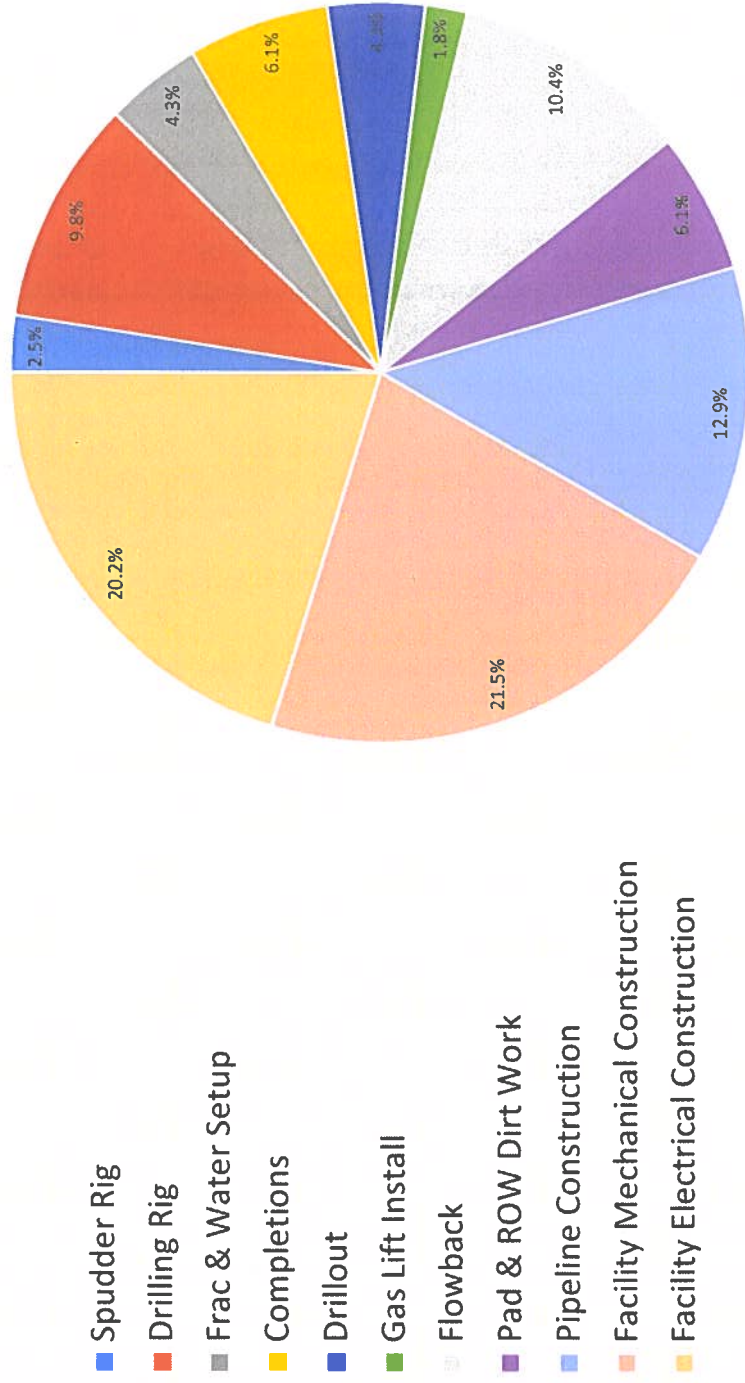


To date, timelines set forth by the BLM in Onshore Oil and Gas

Order No. 1 (43 CFR Part 3160) are currently not strictly

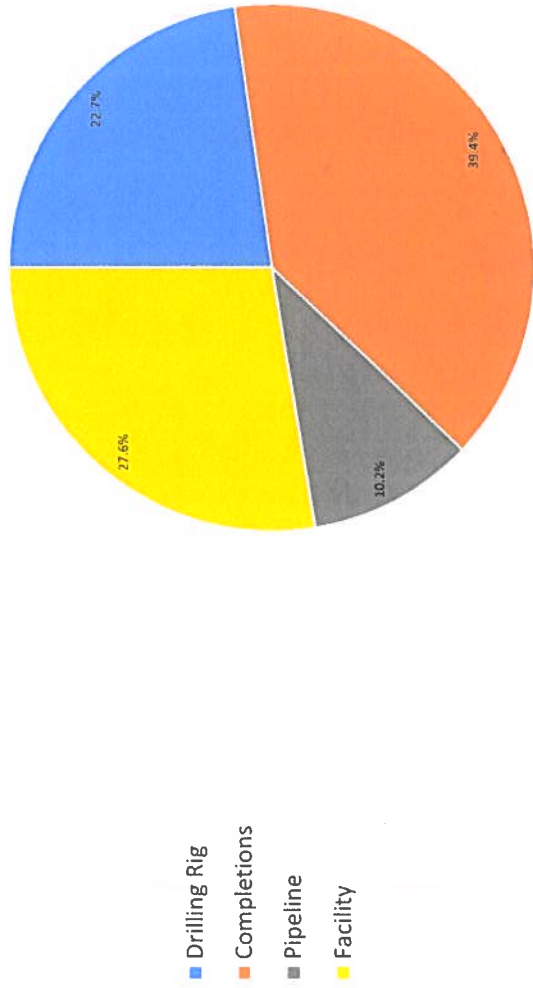
adhered to due to internal staff shortages, additional regulatory evaluation processes and turnover .

One Producing Well Timeline Breakdown - Total of 15 Weeks



Costs for One Well Average: Facility Start to Production

One Well Average Cost Breakdown: Facility Start to Production



Assumptions

Facilities & Pipeline Construction:

1. Pipeline construction assumes gathering system is roughly 1 mile away and ready to accept additional product. Pipeline consists of (1) 4" Steel Oil Line, (1) 6" Steel Gas Line, & (1) 4" Poly Water Line
2. Facility construction assumes: (1) Separator, (1) Treater, (2) Water Tanks, (1) LACT Unit, (1) Water Pump, (2) VRUs, (1) Air System and (1) ECD.
3. Electrical construction assumes: (1) electrical connect to transformer, (1) MCC, (4) 25 HP motors, (1) 20 HP Motor, and instrumentation for all applicable control valves.
4. Costs represent a facility constructed for (1) well. Typically costs/well are reduced by putting multiple wells to a single facility.

Drilling:

1. Well average TD is roughly 12,940 ft and assumes no downtime from drilling complications; well average TVD is roughly 4520 ft.

Completions:

1. Costs do not include \$/barrel from processing and treating water via recycle system.
2. Requires 214,400 BBLs of water average. Costs do not include trucking water. Trucking water would equate to about 1,192 trucks. Trucking from local water well equates to about a 2.5-3 hour round trip depending on weather.
3. Requires 12,880,600 lbs of sand - one sand truck can carry 43,000 lbs of sand. One well would require about 300 truck loads of sand.

Drillout/Gas Lift Install/Flowback:

1. Assumes drillout is accomplished with a typical drilling rig and not a coil-tubing unit.
2. Assumes gas lift install is accomplished with a typical workover rig.
3. Assumes flowback is in operation for 14 days of production.