

Spaulding Field 2014 Review

January 2014

Snow pack and drifting caused all man power to keep roads open to check field. Due to the fresh water that is in the field wells had to be checked daily for freeze problems. Snow Removal to keep access to check none producing wells and facility daily. (100 hours on Cat loader, 25 hours on Backhoe, 120 Man hours) \$16,100

Checking none producing wells daily without snow removal. (55 Man hours, Truck 55 hours) \$4,100

Lease cleanup and overhead. (40 Man hours) \$1,200

Expenses and contractors. \$450

Total \$21,850

February 2014

There was a lot of snow in the field and most man power was used daily just to check wells. Some cleanup was done around the facility and inside the facility.

Snow Removal to keep access to check none producing wells and facility daily. (90 hours on Cat loader, 25 hours on Backhoe, 115 Man hours) \$14,800

Checking none producing wells daily without snow removal. (54 Man hours, Truck 54 hours) \$4,100

Lease clean up and overhead. (60 Man hours) \$1,800

Expenses and contractors. \$150

Total \$20,850

March 2014

Snow pack was still high with wind causing drifting. Man power was used to keep the roads open, with some work being done to individual wells due to freeze/thaw problems.

Snow Removal to keep access to check none producing wells and facility daily. (35 hours on Cat loader, 20 hours on Backhoe, 75 Man hours) \$7,500

Checking none producing wells daily without snow removal. (75 Man hours, Truck 75 hours) \$5,700

Working on wells. (15 Man hours, 10 Backhoe hours) \$1,300

Lease clean up and overhead. (100 Man hours) \$3000

Lease Expenses and contractors. \$200

Total \$14,700

April 2014

Weather started turning for the better during the days. Crew was able to start fixing roads for erosion control as well as removing snow. Due to the drastic changes in weather between night and day it was very important to check wells twice a day because the freezing/thawing caused problems at well heads from the field being shut down. More man power was spent on changing plumbing at well heads. With snow disappearing crews were able to start field cleanup of trash and organizing for upcoming work on main facility and locations. Preparation for the spring runoff began on location berms.

Snow Removal and road work to keep access to check none producing wells and facility daily. (30 hours on Cat loader, 20 hours on Backhoe, 50 Man Hours) \$6,100
Checking none producing wells daily. (100 Man hours, Truck 100 hours) \$7,500
Working on wells. (75 Man hours, 10 hours on Backhoe, 10 hours on Cat loader, 5 hours on Winch Truck) \$4,500
Lease clean up and overhead. (55 Man hours, 5 hours on Winch Truck and Trailer, 5 hours on Cat loader) \$3,500
Main Facility Upgrade. (10 Man hours, 5 hours on Cat loader, 5 hours on Backhoe) \$1,200
Lease Expenses and contractors. \$200
Total \$23,000

May 2014

The biggest snow storm of the year hit in the middle of the month, besides that weather started to clear up. Man power was diverted to helping the Work Over Rig on the Entrada #1-28 injection well. Erosion control on lease roads and locations continued throughout the month. MIT was done on the Margaret Spaulding #18 well. Pit reclamation started by moving water from the lower pits on the system to the upper pits. As the snow cleared more lease cleanup was done. Plans for Main Facility Upgrade began and order lists were started. Three Phase power installation started 14 miles from the field.

Road repair and snow removal for lease roads. (20 hours on Cat loader, 20 hours on Backhoe, 40 Man hours) \$4,900
Check none producing wells daily. (85 Man hours, Truck 85 hours) \$6,400
Working on wells and Work Over Rig support. (190 Man hours, 20 hours on Backhoe, 15 hours on Cat loader, 5 hours on Winch Truck) \$9,400
Main Facility Upgrade. (10 Man hours) \$300
Lease cleanup and overhead. (30 Man hours) \$900
Pit Reclamation (5 Man Hours) \$150
Lease Expenses and contractors. \$50
Total \$22,100

June 2014

The frost finally came out of the ground. The soil piles that were treated in the fall of 2013 were stirred and mixed to help the peroxide dry out of the soil. The two lower pits continued to pump up to the upper three pits. The lower pits began to dry out, but were too soft to get equipment into them. Storm water and erosion control continued on a couple locations. Construction started on the facility up grade. Crew began taking apart old plumbing inside the main facility and checking for old leaks and cracks in the plumbing system. All pipe and parts were cleaned and inspected. Plumbing that was reinstalled was done to company standards. Designs were built for the inside of the Big Knock Out Vessel and interior construction was started. Previously used water tanks were drained and opened up. Water tanks were then steam cleaned so construction could begin. A pad was build east of the water tanks so that three new water tanks could be installed for the production water system. Meetings were held with engineers and surface owners to discuss plans for the main facility upgrade. Blue prints and order lists continued. Lease cleanup and organization of previous inventories continued.

Check none producing wells daily. (95 Man hours, Truck 95 hours) \$7,100
Working on wells. (5 Man hours, 5 hours on Backhoe) \$550

Main Facility Upgrade. (95 Man hours, 10 hours on Backhoe) \$3,650
Lease cleanup and overhead. (45 Man hours) \$1,350
Pit Reclamation and Soil piles. (105 Man hours, 50 hours on Cat loader, 25 hours on Backhoe)
\$10,400
Lease Expenses and contractors. \$250
Total \$23,300

July 2014

Previously used Oil tanks were cleaned, inspected and had burners added to heat oil. The oil sale load lines were taken apart inspected and re-plumbed with new valves. All valves on oil tanks were replaced. Three new water tanks were installed for the injection system. Most man power was used to weld and install plumbing on the new injection system. All water tanks were sandblasted and epoxy coated inside. Work on the Big Knockout interior was finished. Lower pits continued to get pumped back up the system to the upper three pits. An evaporation sprinkler was installed on pit #2. The soil piles continued to be stirred to help dry out. Three phase power continued being constructed down Jackson County Road 12 to the Field. Weed control started throughout the Main Facility and individual locations.

Check none producing wells daily. (80 Man hours, Truck 80 hours) \$6,000
Main Facility Upgrade. (405 Man hours, 20 hours on Backhoe, 5 hours on Cat loader) \$14,250
Lease cleanup and overhead. (30 Man hours) \$900
Pit Reclamation and Soil piles. (25 Man hours, 10 hours on Cat loader) \$1,800
Weed Control. (10 Man hours) \$300
Lease Expenses and contractors. \$1,000
Total \$24,250

August 2014

Dumplines from heater treater and both knockouts were replaced and new valves installed going to water tanks. All new underground lines were welded. Pad was designed and built for the injection pumps. Water was pumped out of lower two pits and evaporation sprinklers continued drying pit #2. Weed control was done on locations and around pits. Some erosion control was done on lease roads. Plans were made for electricians on locations.

Check none producing wells daily. (65 Man hours, Truck 65 hours) \$4,900
Main Facility Upgrade. (305 Man hours, 25 hours on Backhoe, 5 hours on Cat loader) \$11,700
Lease cleanup and overhead. (20 Man hours) \$600
Pit Reclamation and Soil piles. (5 Man hours, 5 hours on Cat loader) \$700
Lease roads and erosion control. (10 Man hours, 10 hours on Backhoe) \$1,100
Weed Control. (50 Man hours) \$1,500
Lease Expenses and contractors. \$950
Total \$16,950

September 2014

Gas lines inside the heater treater room were rebuilt to company standards and inspected. New control valves were used when necessary. Injection pump intake line was welded and installed from tanks to pump pad. New circulation lines were installed from water and oil tanks to heater treater. New valves and flowlines were installed on the six wells that are mentioned, as well as cellars so all valves are visible. Electricians began work on locations. Underground power lines

were tested to the following wells: MS #4, MS #5, MS #13, MS #14, MS #15 and the Entrada #1-28. The 600 Amp vault was set for power going to the west side of the field and the new three-phase power line was constructed going west all the way to MS #9.

Check none producing wells daily. (50 Man hours, 50 Truck hours) \$2,800

Main Facility Upgrade. (315 Man hours, 55 hours on Backhoe, 10 hours on Cat loader) \$14,900

Working on wells. (55 Man hours, 5 hours on Backhoe, 5 hours on Cat loader, Winch Truck 5 hours) \$3,100

Pit Reclamation and Soil piles. (10 Man hours, 5 hours on Backhoe) \$700

Lease cleanup and overhead. (40 Man hours) \$1,200

Lease Expenses and contractors. \$450

Total \$23,150

October 2014

All hours and expenses are being processed at this time.

Electricians were working on MS #5, MS #7, MS #9, MS #13 and MS #15 locations for power. MS #7 and MS #9 building were cleaned out and a concrete pad was set under both buildings so the new electrical will meet standards. The buildings were also insulated. Inlet lines from wells at the knockouts were rebuilt and designed for high line pressure safety. Concrete blocks were set on the injection pump pad to hold the pumps. Pit #2 was pumped up to Pit #1 so it can start drying out for reclamation.

November 2014 Goals

Transformer for the 1000 Amp service will be installed and power will be constructed for MS #4, MS#14, MS #8, Injection Pumps and the Main Facility. The small injection pump will be set. Flowlines and will be installed into the injection pump and Entrada #1-28 well. Flowlines for MS #4, MS #5, MS #7, MS #9, MS #13, MS #14 and MS #15 will be pressure tested from the well to the Main Facility prior to start up. New man way catwalk will be set on the new water system at the Main Facility. Final inspections and plumbing will be done to the entire lease.

December 2014 Goals

Goal to start field if all inspections and tests meet company standards. If new problems arise all man power will be used to get field producing. Snow removal most likely will resume.

2015 Goals

Optimize field and well production. Make a plan and design to get the rest of the Spaulding Field up to company standards starting the Spring of 2015. Upgrade electricity, flowlines and other production equipment to meet company standards. Update all MIT tests. Continue all reclamation and soil cleanup. Continue work on weed control and storm water plans.

CM Production/Proven Petroleum
Walden Office
walden@cmproductionllc.com

Grady Camper
Production Supervisor
gradyc@cmproductionllc.com