



Status Report

**LLOX, L.L.C.
Riverbend Prospect**

July 14, 2016

Operations Since Last Report

- The well reached 12,933' measured depth, 10,740' true vertical depth, on July 2 and a decision was made to stop drilling and evaluate the well
- Well logs were run, sidewall cores were taken and a decision was made to run 7" diameter production casing in the well to total depth
- After setting the production casing, the drilling rig moved off of the well location and a smaller completion rig is moving in as of the date of this report

Operational Forecast – Next Two Weeks

- The completion rig will be utilized to run production tubing and to install other standard completion equipment in the well. The completion rig will move off of the location prior to the commencement of testing operations
- The well will be flow tested for 2 – 3 days. Any liquids recovered in the testing will be contained in vessels and hauled off of the location. Any natural gas that is produced during the testing will be flared in accordance with regulatory requirements
- After the well testing is completed, the well will be shut-in
- Once we finish our evaluation of the well test data, a decision will be made as to whether or not we will proceed to install a pipeline to a natural gas transmission line, place production facilities on the well location and put the well on production

Additional Information

- Testing operations are expected to conclude around July 20 - 21. The flaring of natural gas during the test is expected to occur around July 17 – 20. After testing, if we elect to plug and abandon the well, we will set cement plugs in the well in accordance with all regulatory requirements, pick up all of the boards and debris from the well site/road and we will level the location and road. Should we have a successful well, we will still remove all of the boards and we will install an all-weather access road and smaller location pad around the well.