

Cimarex Energy Co.
600 N. Meridenfeld
Suite 600
Midland, TX 79701
MAIN 432.571.7800

April 3, 2014



Partnership Properties
P.O. Box 2250
Denver, CO 80201

**Re: Proposal to Drill
Hayduke 34 Federal Com 3H
SE/4 of Section 34, Township 25 South, Range 26 East & E/2E/2 of Section 3,
Township 26 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico**

To Whom it May Concern,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Hayduke 34 Federal Com 3H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL
432.620.1966

Oil Conservation Division
Case No. 15140
Exhibit No. 3

**ELECTION TO PARTICIPATE
Hayduke 34 Federal Com 3H**

_____ Partnership Properties Co. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

_____ Partnership Properties Co. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this ____ day of _____, 2014.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

_____ Partnership Properties Co. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Partnership Properties Co. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Partnership Properties Co.
 P.O. Box 2250
 Denver, CO 80201

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee
X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

91 7108 2133 3333 1609 2423

PS Form 3811, July 2013

Domestic Return Receipt

E-CERTIFIED
 PRODP LEAFRE
 PBP Account #: 35644897
 Serial #: 3207254
 APR 04 2014 1:08P

0423

Partnership Properties Co.
 P.O. Box 2250
 Denver, CO 80201

Package ID: 91 7108 2133 3333 1609 2423
 Postage ZIP Code: 80201

Returned
 undeliverable
 4/22/14

Cimarex Energy Co.
600 N. Mainfield
Suite 800
Midland, TX 79701
MAIN 432.871.7800



April 23, 2014

Freeport-McMoran Oil and Gas LLC.
Attn: Alan Baum
717 Texas Avenue, Suite 2100
Houston, Texas 77002

**Re: Proposal to Drill
Hayduke 34 Federal Com 3H
SE/4 of Section 34, Township 25 South, Range 26 East & E/2 of Section 3, Township
26 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico**

Dear Mr. Baum,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

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Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL
432.620.1966

**ELECTION TO PARTICIPATE
Hayduke 34 Federal Com 3H**

_____ Freeport-McMoran Oil and Gas LLC. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

_____ Freeport-McMoran Oil and Gas LLC. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this ____ day of _____, 2014.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

_____ Freeport-McMoran Oil and Gas LLC. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Freeport-McMoran Oil and Gas LLC. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Cimarex Energy Co.
600 N. Marienfeld
Suite 600
Midland, TX 79701
MAIN 432.571.7800



March 26, 2014

Legacy Reserves Operating, LP
Attn: Fred Schantz
303 W. Wall St. #1400
Midland, Texas 79701

Re: Proposal to Drill
Hayduke 34 Federal Com 3H
SE/4 of Section 34, Township 25 South, Range 26 East & E/2E/2 of Section 3,
Township 26 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico

Dear Mr. Schantz,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1380' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

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Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL
432.620.1966

**ELECTION TO PARTICIPATE
Hayduke 34 Federal Com 3H**

_____ Legacy Reserves Operating, LP elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

_____ Legacy Reserves Operating, LP elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this ____ day of _____, 2014.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

_____ Legacy Reserves Operating, LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ Legacy Reserves Operating, LP elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Legacy Reserves Operating, LP
Attn: Fred Schantz
303 W. Wall St. #1400
Midland, Texas 79701

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *July Guller* Agent Addressee

B. Received by (Printed Name) *July Guller* C. Date of Delivery *3-28*

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **91 7108 2133 3939 1609 2027**

PS Form 3811, July 2013 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Freeport-McMoran Oil and Gas
Attn: Alan Baum
717 Texas Avenue, Suite 2100
Houston, Texas 77002

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X *Alan Baum* Agent Addressee

B. Received by (Printed Name) *Alan Baum* C. Date of Delivery *4-25*

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail® Priority Mail Express™
 Registered Return Receipt for Merchandise
 Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **91 7108 2133 3939 1609 2669**

PS Form 3811, July 2013 Domestic Return Receipt

Cimarex Energy Co.
600 N. Marienfeld
Suite 600
Midland, TX 79701
MAIN 432.571.7800



March 26, 2014

EOG Resources, Inc.
Attn: Matthew Phillips
5509 Champions Drive
Midland, Texas

**Re: Proposal to Drill
Hayduke 34 Federal Com 3H
SE/4 of Section 34, Township 25 South, Range 26 East & E/2 of Section 3, Township
26 South, Range 26 East, N.M.P.M.
Eddy County, New Mexico**

Dear Mr. Phillips,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

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Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL
432.620.1966

**ELECTION TO PARTICIPATE
Hayduke 34 Federal Com 3H**

_____ EOG Resources, Inc. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

_____ EOG Resources, Inc. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this ____ day of _____, 2014.

Signature: _____

Title: _____

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

_____ EOG Resources, Inc. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

_____ EOG Resources, Inc. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.