



15021 Katy Freeway
Suite 200
Houston, TX 77094
(281) 644-5900
Fax: (281) 644-5901

777 Main Street
Suite 900
Fort Worth, TX 76102
(817) 872-7800
Fax: (817) 872-7898

March 13, 2014

SENT VIA CERTIFIED MAIL

Via Certified Mail

Working Interest Owners – Listed on Exhibit "A"

RE: Pardue "29" Federal Com 4H
SL 45' FNL & 1290' FWL
BHL 330' FSL & 380 FWL
Section 29, T-24S, R-28E
Eddy County, New Mexico

Gentlemen and Ms. Barton:

Legend Natural Gas III, LP (Legend) proposes to form a 640 acre working interest unit covering all of Section 29, T-24S-R-28E, Eddy County, New Mexico for the exploration and production of oil and gas.

Within the working interest unit, Legend proposes to be Operator and drill the Pardue "29" Federal Com 4H, a north to south horizontal well, at the above referenced location, with a proposed TVD of 7,972 feet and a horizontal measured depth of 12,747 feet to evaluate the Second Bone Spring Sand. Enclosed is a survey plat and map(s) for the well location. The proposed communitized area for the well will be 160 acres, being the W/2W/2 of Section 29, T-24S, R-28E, Eddy County, New Mexico. Legend has applied for a drilling permit from the State of New Mexico Oil Conservation Division for the subject well.

Enclosed for your review and execution is an AFE for the drilling and completion of the subject well. Also enclosed for your review and execution is an Operating Agreement dated March 31, 2014 covering all of Section 29, T-24S, R-28E, Eddy County, New Mexico. If you have any questions, please do not hesitate to contact the undersigned at 281-644-5972 or via email at Jmccauley@lng2.com.

Sincerely,

John McCauley
Landman

Oil Conservation Division
Case No. 215228
Exhibit No. 2

Enclosures: Survey plat (1) Maps (2)
Drilling & Completion AFE
Operating Agreement w/attachments (Article XVI, Exhibits, A,C,D,E,F, and H)

EXHIBIT "A"
Working Interest Owners

Legend Natural Gas III, LP
15021 Katy Freeway
Suite 200
Houston, Texas 77094
Attn: John McCauley

Occidental Oil & Gas Corporation
5 Greenway Plaza
Suite 110
Houston, Texas 77046
Attn: Wesley Robertson

Certified Mail #7013-2630-0001-7097-7258

EOG Resources
P.O. Box 2267
Midland, Texas 79702-2267

Certified Mail #7013-2630-0001-7097-7265

Brett C. Barton
1919 N. Turner
Hobbs, New Mexico 88240

Certified Mail #7013-2630-0001-7097-7272

Heidi C. Barton
1919 N. Turner
Hobbs, New Mexico 88240

Certified Mail #7013-2630-0001-7097-7289

Roy G. Barton, III
1919 N. Turner
Hobbs, New Mexico 88240

Certified Mail #7013-2630-0001-7097-7296

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EOG Resources
P. O. Box 2267
Midland, Texas 79702-2267
Attn: Daniel McCright

2. Article Number

(Transfer from service label)

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x Robert Force

☒ Agent☐ Addressee

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R. Force

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Legend Natural Gas LLC
15021 Katy Freeway, Suite 200
Houston, Texas 77094
Attn: Melinda Sanchez