



XTO Energy Inc.
810 Houston Street
Fort Worth, Texas 76102-6298
(817) 870-2800
(817) 885-1806 Fax

July 20, 2015

Nadel and Gussman Permian, L.L.C.
601 Marienfeld
Midland, TX 79701
Attn: Scott Grifo

RE: XTO – Golden Corral 6 State 1H
E/2E/2 of Section 6-25S-29E
E/2SE/4 of Section 31-24S-29E
Eddy County, New Mexico

Dear Working Interest Owner:

XTO Energy Inc. hereby proposes the drilling of an approximate 8,460' TVD and 16,500' TMD well to test the 3rd Bone Spring formation at a surface location of 200' FSL and 800' FEL of Section 6, T25S-R29E and a bottom hole location of 2,440' FSL and 330' FEL of Section 31, T24S-29E, Eddy County, New Mexico. The proposed proration unit for this well is the E/2E/2 of Section 6, T25S-29E and E/2SE/4 of Section 31, T24S-29E, Eddy County, Mexico. A preliminary plat is included for your review.

The approximate cost to drill this test is \$1,989,000.00 with a completion cost of \$5,110,000.00 as evidenced on the enclosed Authority for Expenditure (AFE). Should you wish to participate with your interest, please sign the enclosed AFE and return to the undersigned.

Should you elect to participate, an A.A.P.L. Form 610-1989 Model Form Operation Agreement covering this acreage will be sent for your execution. This form will contain a 200% non-consent penalty and overhead rates of \$7,500 for drilling and \$750 for producing.

Should you have any questions regarding this matter, I can be contacted at (817) 885-2746 or via email at angie_repka@xtoenergy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Angie Repka', written over a horizontal line.

Angie Repka, CPL
Division Landman

Encl.

**BEFORE THE OIL CONVERSATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: XTO ENERGY INC.
Hearing Date: October 1, 2015



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.: 1504520	DISTRICT: PERMIAN BASIN
AFE DESC: D&C HORZ IN 2ND BONE SPRING	FIELD: OPERATED
DATE: 07/01/2015	ACCOUNTING ID: 22073
AFE TYPE: DEVELOPMENT DRILLING	WELL NAME: GOLDEN CORRAL 6 STATE 01H
OPERATOR: 81 - XTO ENERGY INC.	STATE/COUNTY: New Mexico / Eddy
SECTION/TOWNSHIP/RANGE: 6/24S/29E	XTO WI DECIMAL: 0.999999000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	SUPPLEMENT	TOTAL
FRAC FLUID/SW DISPOSAL	0.00	90,000.00	0.00	90,000.00
CMPL WATER TRANSFER SERVICE	0.00	50,000.00	0.00	50,000.00
TOTAL:		140,000.00		140,000.00
DRLG-DAYWK,FTG.& RIG MVG	518,000.00	0.00	0.00	518,000.00
COMPLETION RIG	0.00	50,000.00	0.00	50,000.00
CASING CREWS & LAYDOWN SERVICE	30,000.00	0.00	0.00	30,000.00
DIRECTIONAL TOOLS & SERVICES	126,000.00	0.00	0.00	126,000.00
ROADS AND LOCATION	200,000.00	4,000.00	0.00	204,000.00
DRILLING & COMPL FLUIDS & CHEM	105,000.00	0.00	0.00	105,000.00
WELL LOGGING: OPEN HOLE	20,000.00	0.00	0.00	20,000.00
SURF/INT CEMENT & SERVICE	40,000.00	0.00	0.00	40,000.00
BITS, MILLS & REAMERS	53,000.00	0.00	0.00	53,000.00
DRLG RENTALS: SUB-SURFACE	99,000.00	0.00	0.00	99,000.00
DRLG RENTALS: SURFACE	105,000.00	0.00	0.00	105,000.00
RIG FUEL, POWER & WATER	127,000.00	0.00	0.00	127,000.00
WELL LOGGING: CASED HOLE	0.00	100,000.00	0.00	100,000.00
STIMULATION & PUMPING SERVICES	0.00	1,600,000.00	0.00	1,600,000.00
DRILLING SUPERVISION	84,000.00	0.00	0.00	84,000.00
MUD LOGGER	34,000.00	0.00	0.00	34,000.00
MISC SUPPLIES	21,000.00	0.00	0.00	21,000.00
TITLE WORK/OPINIONS	18,000.00	0.00	0.00	18,000.00
DRILLING OVERHEAD	7,000.00	0.00	0.00	7,000.00
TRUCKING & HOT SHOT	21,000.00	0.00	0.00	21,000.00
FLUID HAULING, SOLIDS CTRL	196,000.00	20,000.00	0.00	216,000.00
FLOWBACK	0.00	110,000.00	0.00	110,000.00
FRAC TANKS	0.00	50,000.00	0.00	50,000.00
PROD CSG CEMENT & SERVICE	0.00	60,000.00	0.00	60,000.00
DISTRICT TOOL-SUBSURFACE	0.00	10,000.00	0.00	10,000.00
PROD CSG CREW/LAYDOWN SVS	0.00	30,000.00	0.00	30,000.00
CMPL RENTALS: SUB SURFACE	0.00	10,000.00	0.00	10,000.00
CMPL RENTALS: SURFACE	0.00	20,000.00	0.00	20,000.00
CMPL ENGR/SUPERVISION	0.00	15,000.00	0.00	15,000.00
CMPL CONTINGENCIES	0.00	20,000.00	0.00	20,000.00
CMPL MISC LABOR	0.00	10,000.00	0.00	10,000.00
MISC LABOR/WELDING	21,000.00	0.00	0.00	21,000.00
CMPL FLUID/CHEM/TRANSP	0.00	195,000.00	0.00	195,000.00
COMPLETION BITS,SCRAPERS&MILLS	0.00	25,000.00	0.00	25,000.00
FRAC PIT	0.00	50,000.00	0.00	50,000.00
WIP-INTAN. DEVLPMNT COSTS TOTAL:	1,825,000.00	2,379,000.00		4,204,000.00



XTO ENERGY INC.
AUTHORITY FOR EXPENDITURE

AFE NO.:	1504520	DISTRICT:	PERMIAN BASIN
AFE DESC:	D&C HORZ IN 2ND BONE SPRING	FIELD:	OPERATED
DATE:	07/01/2015	ACCOUNTING ID:	22073
AFE TYPE:	DEVELOPMENT DRILLING	WELL NAME:	GOLDEN CORRAL 6 STATE 01H
OPERATOR:	81 - XTO ENERGY INC.	STATE/COUNTY:	New Mexico / Eddy
SECTION/TOWNSHIP/RANGE:	6/24S/29E	XTO WI DECIMAL:	0.999999000

DETAIL OF EXPENDITURES	DRYHOLE	COMPLETION	SUPPLEMENT	TOTAL
CONDUCTOR PIPE	30,000.00	0.00	0.00	30,000.00
TUBING	0.00	70,000.00	0.00	70,000.00
WELLHEAD	25,000.00	10,000.00	0.00	35,000.00
TANK BATTERIES	0.00	30,000.00	0.00	30,000.00
LEASE AND FLOW LINES	0.00	10,000.00	0.00	10,000.00
SEP,DEHY,TREATERS,HEAT EXCH,SC	0.00	10,000.00	0.00	10,000.00
PACKER & SUB-SURFACE EQUIPMENT	0.00	20,000.00	0.00	20,000.00
SUB-SURFACE PUMP, RODS & ACCES	0.00	150,000.00	0.00	150,000.00
SURFACE CASING	34,000.00	0.00	0.00	34,000.00
INTERMEDIATE CASING	75,000.00	0.00	0.00	75,000.00
PRODUCTION/LINER CASING	0.00	294,000.00	0.00	294,000.00
TUBING HEAD/X-MAS TREE	0.00	8,000.00	0.00	8,000.00
WIP-Lease & Well Equip. TOTAL:	164,000.00	602,000.00		766,000.00
TOTAL THIS AFE:	1,989,000.00	3,121,000.00		5,110,000.00

*** This AFE is an estimate only. By returning one signed copy, you agree to pay your share of the actual costs incurred. ***

REMARKS: D&C 7500' HORZ IN 2ND BONE SPRING. WELL WILL BE DRILLED TO A TD OF ~8,460'TVD/16,500'MD.
DRILLING COSTS BASED ON 28 DAYS SPUD-RR WITH 3 DAY RIG MOVE - WELL IS ON SAME PAD AS
GOLDENCHILD STATE 6 #1H AND IS PLANNED TO BE DRILLED BACK-TO-BACK.

Prepared By: STEPHANIE RABADUE

Approved By: JACK MOHR

Signature: _____

Non Operator Approval

DATE _____

COMPANY _____

BY _____

TITLE _____