

**Ard Oil Ltd. & Ard Energy Group Ltd. – BOCI Nosler Fed. 12 DB4H and EG6H Well
Proposals – Brief Timeline of Events from November 12, 2015**

Maljamar Prospect, Eddy County, New Mexico

- November 18, 2015 email correspondence between Houston Kauffman and Coley Means, Mr. Kauffman requested certain information which was answered.
- November 19, 2015 Burnett submits offer letter to Ard and it is received.
- November 19 – November 30, 2015 email correspondence on various information requests and status updates on the status of the submitted offer.
- November 30, 2015 – Counter proposal from Ard received by Burnett
- December 1, 2015 – Burnett submits counter proposal for term assignment to Ard

Oil Conservation Division

Case No. 15404715405

Exhibit No. 15

Burnett

Coley Means

From: Houston Kauffman <houstonk@mac.com>
Sent: Wednesday, November 18, 2015 8:34 AM
To: Coley Means
Cc: David Rhodes
Subject: Re: offer

Thx. Was about to ping u and u beat me to it. Cam Q says hey

Sent from my iPhone

On Nov 18, 2015, at 8:20 AM, Coley Means <cmeans@burnettoil.com> wrote:

Houston,

We are working up a written offer and plan to get that to Mr. Ard and you today or tomorrow.

Thanks,

COLEY MEANS
LAND MANAGER

BURNETT OIL CO., INC.
BURNETT PLAZA – SUITE 1500
801 CHERRY STREET – UNIT #9
FORT WORTH, TX 76102-6881
DIRECT: (817) 583-8761
FAX: (817) 332-7832
CMEANS@BURNETTOIL.COM

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Coley Means

From: Coley Means
Sent: Wednesday, November 18, 2015 5:15 PM
To: 'Houston Kauffman'
Subject: RE: offer

Part of it was fixed. As to Sections 13 and 24, it slides N/2SW of 13 and S2S2 of 24.

COLEY MEANS
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BURNETT OIL CO., INC.
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DIRECT: (817) 583-8761
FAX: (817) 332-7832
cmeans@burnettoil.com

From: Houston Kauffman [<mailto:houstonk@mac.com>]
Sent: Wednesday, November 18, 2015 5:04 PM
To: Coley Means
Subject: Re: offer

Had lunch with Cam, Rachel and Andy Lewis.

Do I remember that you you told me that you all (or Concho?) got the royalty fixed with the BLM at 0.125 on the sliding scale leases in Sec 13 & 24? Or part of it?

Sent from my iPhone

On Nov 18, 2015, at 11:15 AM, Coley Means <cmeans@burnettoil.com> wrote:

Tell him hello.

COLEY MEANS
LAND MANAGER

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BURNETT PLAZA - SUITE 1500
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cmeans@burnettoil.com

From: Houston Kauffman [<mailto:houstonk@mac.com>]
Sent: Wednesday, November 18, 2015 8:34 AM
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Cc: David Rhodes
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Sent from my iPhone

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Coley Means

From: Coley Means
Sent: Thursday, November 19, 2015 11:02 AM
To: 'jomarieardenergy@aol.com'; Houston Kauffman (houstonk@mac.com)
Cc: David Rhodes
Subject: Ard interest - Maljamar Prospect
Attachments: letter - offer to Ard Maljamar 11.18.15.pdf

Importance: High

Tracking:	Recipient	Delivery
	'jomarieardenergy@aol.com'	
	Houston Kauffman (houstonk@mac.com)	
	David Rhodes	Delivered: 11/19/2015 11:02 AM

Gentlemen,

Please see the attached offer concerning the Ard interest in the Maljamar Prospect. We are available to discuss if you have questions and would welcome you to come over to our offices if you prefer.

Thanks,

PS. Jo Marie Graf requested I send this to her and she will forward on to Julian. We will be sending the original via FedEx overnight delivery to your office.

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6666

November 18, 2015

Ard Oil, Ltd. & Ard Energy Group, Ltd.
c/o Mr. Julian Ard
222 West Fourth Street
PH No. 5
Fort Worth, Texas 76102

RE: Maljamar Prospect – Eddy County, New Mexico

Dear Mr. Ard,

This letter sets out the offer of Burnett Oil Company (“Burnett”) to take a term assignment covering the full interest of Ard Oil, Ltd. and Ard Energy Group, Ltd. (collectively “Ard”) in the Maljamar Prospect, or in the alternative, to enter into a joint operating agreement on terms previously suggested by Houston Kauffman. The lands comprising the Maljamar Prospect and the Ard interest therein is set forth below.

Term Assignment Offer

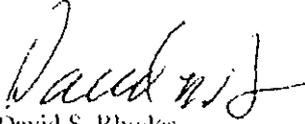
Burnett offers to take an assignment of the Ard interest (10.83438% working interest) in the Maljamar Prospect for a term of approximately two months, expiring January 23, 2016. Burnett will pay Ard seven hundred and fifty dollars (\$750) per net acre as bonus consideration. Ard will deliver an eighty percent (80%) net revenue interest to Burnett, and the assignment will have a one hundred and eighty (180) day continuous development obligation timed from spud to rig release. Burnett will earn Ard’s interest in the spacing and proration unit for each well producing or capable of producing in paying quantities from the base of the San Andres formation to the top of the Abo formation.

Joint Operating Agreement with ORRI in Lieu of Non-consent Penalty

In the alternative, Burnett offers to enter into a joint operating agreement, substantially on the AAPL Model 610-1989 Horizontal form covering all of the Ard interest in the Maljamar Prospect. In lieu of the usual non-consent penalty for an election not to participate in a proposed well, Ard will be entitled to a three percent (3%) overriding royalty interest, proportionately reduced to its working interest. If Ard elected not to participate in any well, Ard will assign to Burnett all of its interest in the spacing and proration unit for the proposed well from the base of the San Andres formation to the top of the Abo formation reserving the overriding royalty interest. Such assignment will be due ten days from receipt of Ard’s election, and a failure to timely tender the assignment will cause Ard to be deemed non-consent under a three hundred percent (300%) non-consent penalty. A recordable form of assignment will be agreed to as part of the operating agreement. Further, the operating agreement will grant Burnett a preferential right to purchase the Ard interest if Ard ever decides to sell its interest in the Maljamar Prospect.

Please let us know if either of the two proposed offers set forth above is acceptable to Ard. Your prompt attention and response to this offer is greatly appreciated. Should you have questions or if you would like to discuss this matter further, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Rhodes". The signature is written in a cursive style with a large initial "D" and a stylized "S".

David S. Rhodes
Vice President of Land

DESCRIPTION OF LANDS MALJAMAR PROSPECT*

Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico

Section 12: NENW, NWNE, S/2 NW, SWNE, N/2SW, NWSE, SESW, SWSE (less and except the well bore for the Hudson Oil Company of Texas-Knockabout Federal #1 located in the NESW - 1830' PSI. & 1980' FWL of said Section 12, API No. 30015336780000)

Section 13: SESW, NW4, N/2 SW

Section 24: N/2, N2S2, SESW, SWSE, SESE

containing 1280 acres, more or less.

Limited to those depths from the base of the San Andres Formation (being also the top of the Glorieta formation) to the top of the Abo formation.

INTERESTS OF THE PARTIES

Ard Oil, Ltd.	10.5010416%
Ard Energy Group, Ltd.	0.3333334%

*This offer covers those lands and depths that were reassigned to Ard Oil Ltd., and Ard Energy Group, Ltd., pursuant to that certain Partial Reassignment of Term Assignment dated effective October 13, 2013, and that certain Partial Reassignment of Term Assignment dated effective October 1, 2014, both from COG Operating LLC, as Assignor, reassigning to Ard Oil and Ard Energy, unearned interests under a Term Assignment(s).

Coley Means

From: Jo Marie at Ard Energy <JoMarieArdEnergy@aol.com>
Sent: Thursday, November 19, 2015 11:08 AM
To: Coley Means
Subject: Re: Ard interest - Maljamar Prospect

Importance: High

Coley,

Thank you. I have sent your email to Julian.

Jo Marie Graf
Ard Energy LLC
222 W 4th Street, #PH-5
Fort Worth, TX 76102
817-882-9377
817-875-8989 cell
817-882-9460 FAX
JoMarieArdEnergy@aol.com

On Nov 19, 2015, at 11:01 AM, Coley Means <cmeans@burnettoil.com> wrote:

Gentlemen,

Please see the attached offer concerning the Ard interest in the Maljamar Prospect. We are available to discuss if you have questions and would welcome you to come over to our offices if you prefer.

Thanks,

PS. Jo Marie Graf requested I send this to her and she will forward on to Julian. We will be sending the original via FedEx overnight delivery to your office.

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<letter - offer to Ard Maljamar 11.18.15.pdf>

Coley Means

From: Houston Kauffman <houstonk@mac.com>
Sent: Thursday, November 19, 2015 11:41 AM
To: Coley Means
Cc: jomarieardenergy@aol.com; David Rhodes
Subject: Re: Ard interest - Maljamar Prospect

Thx. I'll meet with Julian late this afternoon

Sent from my iPhone

On Nov 19, 2015, at 11:01 AM, Coley Means <cmeans@burnettoil.com> wrote:

Gentlemen,

Please see the attached offer concerning the Ard interest in the Maljamar Prospect. We are available to discuss if you have questions and would welcome you to come over to our offices if you prefer.

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<letter - offer to Ard Maljamar 11.18.15.pdf>

Coley Means

From: Coley Means
Sent: Monday, November 23, 2015 1:13 PM
To: 'Houston Kauffman'
Subject: RE: Ard interest - Maljamar Prospect

Ok. Let me know if he has questions.

Thanks,

COLEY MEANS
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BURNETT OIL CO., INC.
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FORT WORTH, TX 76102-6881
DIRECT: (817) 583-8761
FAX: (817) 332-7832
CMEANS@BURNETTOIL.COM

From: Houston Kauffman [<mailto:houstonk@mac.com>]
Sent: Monday, November 23, 2015 10:44 AM
To: Coley Means
Subject: Re: Ard interest - Maljamar Prospect
Importance: High

I wasn't successful in getting his attention last week. He's out of town today but told me he'd look at it tomorrow.

Houston
817-312-6592 cell

On Nov 19, 2015, at 11:01 AM, Coley Means <cmeans@burnettoil.com> wrote:

Gentlemen,

Please see the attached offer concerning the Ard interest in the Maljamar Prospect. We are available to discuss if you have questions and would welcome you to come over to our offices if you prefer.

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PS. Jo Marie Graf requested I send this to her and she will forward on to Julian. We will be sending the original via FedEx overnight delivery to your office.

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DIRECT: (817) 583-8761
FAX: (817) 332-7832
[CMLASS/TURNOUT.COM](http://www.cml.com)

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<letter - offer to Ard Maljamar 11.18.15.pdf>

Coley Means

From: Coley Means
Sent: Tuesday, November 24, 2015 1:22 PM
To: 'Houston Kauffman'
Cc: David Rhodes
Subject: RE: Ard interest - Maljamar Prospect

Do you or Mr. Ard have any comments, questions, or thoughts?

Thanks,

COLEY MEANS
LAND MANAGER

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801 CHERRY STREET - UNIT #9
FORT WORTH, TX 76102-6881
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FAX: (817) 332-7832
CMEANS@BURNETTOIL.COM

From: Houston Kauffman [<mailto:houstonk@mac.com>]
Sent: Monday, November 23, 2015 10:44 AM
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LAND MANAGER

BURNETT OIL CO., INC.
BURNETT PLAZA - SUITE 1500
801 CHERRY STREET - UNIT #9

FORT WORTH, TX 76102-6881
DIRECT: (817) 583-8261
FAX: (817) 332-7832
CMEANS@DALLAS.FORD.COM

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<letter - offer to Ard Maljamar 11.18.15.pdf>

Coley Means

From: Coley Means
Sent: Tuesday, November 24, 2015 4:06 PM
To: 'Houston Kauffman'
Cc: David Rhodes
Subject: RE: Ard interest - Maljamar Prospect

Houston,

In the normal course we do not share title opinions with those outside of the working interest owner group who paid for the same and who own interests in the subject. If there is a specific title question we could try to help answer it, but *would decline to provide a title opinion.*

Thanks,

COLEY MEANS
LAND MANAGER

BURNETT OIL CO., INC.
BURNETT PLAZA - SUITE 1500
801 CHERRY STREET - UNIT #9
FORT WORTH, TX 76102-6881
DIRECT: (817) 583-8761
FAX: (817) 332-7832
CMEANS@BURNETTOIL.COM

From: Houston Kauffman [<mailto:houstonk@mac.com>]
Sent: Tuesday, November 24, 2015 3:26 PM
To: Coley Means
Cc: David Rhodes
Subject: Re: Ard interest - Maljamar Prospect

Thanks. I got him to start looking at it this morning. He's out the next two days and I hope to get with him again on Friday. He did ask about the title. Do you have a title opinion you can share?

Sent from my iPhone

On Nov 24, 2015, at 1:22 PM, Coley Means <cmeans@burnettoil.com> wrote:

Do you or Mr. Ard have any comments, questions, or thoughts?

Thanks,

COLEY MEANS
LAND MANAGER

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801 CHERRY STREET - UNIT #9
FORT WORTH, TX 76102-6881
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CMEANS@BURNETTOIL.COM

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Sent: Monday, November 23, 2015 10:44 AM
To: Coley Means
Subject: Re: Ard interest - Maljamar Prospect
Importance: High

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817-312-6592 cell

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<letter - offer to Ard Maljamar 11.18.15.pdf>

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ARD ENERGY LLC
222 WEST 4TH STREET, PH-5
FORT WORTH, TEXAS 76102
817-882-9377
FAX 817-882-9460

November 27, 2015

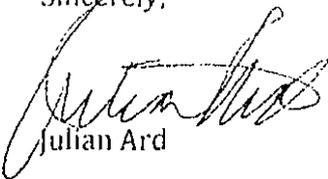
Burnett Oil Co., Inc.
Attn.: Mr. David Rhodes
Burnett Plaza - Suite 1500
801 Cherry Street, Unit #9
Fort Worth, TX 76102-6881

Re: Your letter dated 11-18-2015
Maljamar Prospect
Eddy County, NM

Dear Mr. Rhodes:

You have requested our prompt attention and response to your offer. Drilling, completion and production information regarding all wells thus far drilled by Burnett on the Puckett Lease will be appreciated and will facilitate the response you request.

Sincerely,



Julian Ard

/ cac

Coley Means

From: David Rhodes
Sent: Monday, November 30, 2015 9:54 AM
To: Carolyn Churella
Cc: Coley Means
Subject: RE: Maljamar Prospect, Eddy County, NM

Mr. Ard,

Nice to talk to you just now. Sorry I missed your call last Friday but, as I explained, our office was closed that day for the Thanksgiving holiday. As we discussed, we will gather up the information you requested in your letter dated 11-27-15 and email it to you as soon as possible. We look forward to hearing from you.

David

DAVID S. RHODES
VICE PRESIDENT - LAND

BURNETT OIL CO., INC.
BURNETT PLAZA - SUITE 1500
801 CHERRY STREET - UNIT #9
FORT WORTH, TX 76102-6883
OFFICE: (817) 583-8684
FAX: (817) 332-7832
DSRHODES@BURNETTOIL.COM

From: Carolyn Churella [<mailto:carolynardenergy@icloud.com>]
Sent: Friday, November 27, 2015 2:27 PM
To: David Rhodes
Subject: Maljamar Prospect, Eddy County, NM

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David Rhodes

From: Julian Ard <julianard@sbcglobal.net>
Sent: Monday, November 30, 2015 5:18 PM
To: David Rhodes
Cc: Houston Kauffman; epadillapl@qwestoffice.net; JM Ard Energy
Subject: Maljamar Prospect

Dear Mr. Rhodes,

Thank you for your letter dated November 18, 2015 proposing that Ard either grant a term assignment or enter into a JOA covering our interest in the referenced prospect.

In response to your proposal, the Ard entities would be willing to grant a term assignment under the same general terms as the previous term assignment granted to Concho effective April 1, 2011. The new term assignment would be subject to a mutually acceptable form. More specifically, the new term assignment would include an upfront bonus of \$1,800 per net acre, a proportionately reduced overriding royalty equal to 25% less existing lease burdens (in no event less than a proportionately reduced 2%), and a 45 day continuous drilling requirement. All of those terms are per the prior Concho term assignment. It is our understanding Burnett is endeavoring to maintain its other term assignments on this prospect with the same overriding royalty. The new term assignment would provide for commencement of actual drilling of the initial well by January 23, 2016 <x-apple-data-detectors://3>, as Burnett's plans indicate.

I look forward to your response and consummating this transaction as soon as possible.

Julian Ard

Sent from my iPhone

Coley Means

From: David Rhodes
Sent: Tuesday, December 01, 2015 9:43 AM
To: Coley Means
Subject: FW: Maljamar Prospect

This was in my junk mail.

DAVID S. RHODES
VICE PRESIDENT – LAND

BURNETT OIL CO., INC.
BURNETT PLAZA – SUITE 1500
801 CHERRY STREET – UNIT #9
FORT WORTH, TX 76102-6881
OFFICE: (817) 583-8681
FAX: (817) 332-7832
DSRHODES@BURNETTOIL.COM

-----Original Message-----

From: David Rhodes
Sent: Tuesday, December 01, 2015 9:39 AM
To: David Rhodes
Subject: FW: Maljamar Prospect

DAVID S. RHODES
VICE PRESIDENT – LAND

BURNETT OIL CO., INC.
BURNETT PLAZA – SUITE 1500
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FORT WORTH, TX 76102-6881
OFFICE: (817) 583-8681
FAX: (817) 332-7832
DSRHODES@BURNETTOIL.COM

-----Original Message-----

From: Julian Ard [<mailto:julianard@sbcglobal.net>]
Sent: Monday, November 30, 2015 5:18 PM
To: David Rhodes
Cc: Houston Kauffman; epadillapl@qwestoffice.net; JM Ard Energy
Subject: Maljamar Prospect

Dear Mr. Rhodes,

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I look forward to your response and consummating this transaction as soon as possible.

Julian Ard

Sent from my iPhone

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Coley Means

From: Coley Means
Sent: Tuesday, December 01, 2015 3:34 PM
To: julianard@sbcglobal.net
Cc: David Rhodes; Houston Kauffman (houstonk@mac.com)
Subject: proposal - Maljamar Prospect

Tracking:	Recipient	Delivery
	julianard@sbcglobal.net	
	David Rhodes	Delivered: 12/1/2015 3:34 PM
	Houston Kauffman (houstonk@mac.com)	

Mr. Ard,

Thank you for your email of November 30 in response to Burnett's offer to take a term assignment of your interest in the Maljamar Prospect. The terms of your counter offer are unacceptable to Burnett as written; however, Burnett will take a term assignment of the Ard interest on substantially the following terms:

Burnett will pay bonus consideration of \$1,000 per net acre. Ard will deliver a 75% net revenue interest (thereby reserving an overriding royalty interest equal to the difference between lease burdens (subject to sliding scale royalty, if applicable) and 25%, proportionately reduced) and not subject to a minimum overriding royalty amount. The term assignment will have a 180 day continuous development requirement timed from spud to rig release. As originally proposed, the term will be for approximately two months, expiring January 23, 2016.

In effect, Burnett is willing to move your direction on the bonus consideration and delivered net revenue interest. We believe the 45 day continuous development obligation is simply too short for a horizontal drilling program (versus a vertical one) especially in light of the current commodity price environment.

Please let us know if these terms are acceptable to you.

Thank you,

COLEY MEANS
LAND MANAGER

BURNETT OIL CO., INC.
BURNETT PLAZA - SUITE 1500
801 CHERRY STREET - UNIT #9
FORT WORTH, TX 76102-6881
DIRECT: (817) 583-8761
FAX: (817) 332-7832
CMEANS@BURNETTOIL.COM

Coley Means

From: Coley Means
Sent: Tuesday, December 01, 2015 3:34 PM
To: julianard@sbcglobal.net
Cc: David Rhodes; Houston Kauffman (houstonk@mac.com)
Subject: proposal - Maljamar Prospect

Tracking:	Recipient	Delivery
	julianard@sbcglobal.net	
	David Rhodes	Delivered: 12/1/2015 3:34 PM
	Houston Kauffman (houstonk@mac.com)	

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November 18, 2015

Ard Oil, Ltd. & Ard Energy Group, Ltd.
c/o Mr. Julian Ard
222 West Fourth Street
PH No. 5
Fort Worth, Texas 76102

RE: Maljamar Prospect – Eddy County, New Mexico

Dear Mr. Ard,

This letter sets out the offer of Burnett Oil Company (“Burnett”) to take a term assignment covering the full interest of Ard Oil, Ltd. and Ard Energy Group, Ltd. (collectively “Ard”) in the Maljamar Prospect, or in the alternative, to enter into a joint operating agreement on terms previously suggested by Houston Kauffman. The lands comprising the Maljamar Prospect and the Ard interest therein is set forth below.

Term Assignment Offer

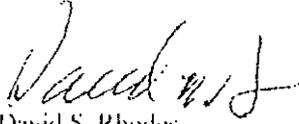
Burnett offers to take an assignment of the Ard interest (10.83438% working interest) in the Maljamar Prospect for a term of approximately two months, expiring January 23, 2016. Burnett will pay Ard seven hundred and fifty dollars (\$750) per net acre as bonus consideration. Ard will deliver an eighty percent (80%) net revenue interest to Burnett, and the assignment will have a one hundred and eighty (180) day continuous development obligation timed from spud to rig release. Burnett will earn Ard’s interest in the spacing and proration unit for each well producing or capable of producing in paying quantities from the base of the San Andres formation to the top of the Abo formation.

Joint Operating Agreement with ORRI in Lieu of Non-consent Penalty

In the alternative, Burnett offers to enter into a joint operating agreement, substantially on the AAPL Model 610-1989 Horizontal form covering all of the Ard interest in the Maljamar Prospect. In lieu of the usual non-consent penalty for an election not to participate in a proposed well, Ard will be entitled to a three percent (3%) overriding royalty interest, proportionately reduced to its working interest. If Ard elected not to participate in any well, Ard will assign to Burnett all of its interest in the spacing and proration unit for the proposed well from the base of the San Andres formation to the top of the Abo formation reserving the overriding royalty interest. Such assignment will be due ten days from receipt of Ard’s election, and a failure to timely tender the assignment will cause Ard to be deemed non-consent under a three hundred percent (300%) non-consent penalty. A recordable form of assignment will be agreed to as part of the operating agreement. Further, the operating agreement will grant Burnett a preferential right to purchase the Ard interest if Ard ever decides to sell its interest in the Maljamar Prospect.

Please let us know if either of the two proposed offers set forth above is acceptable to Ard. Your prompt attention and response to this offer is greatly appreciated. Should you have questions or if you would like to discuss this matter further, please do not hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "David S. Rhodes".

David S. Rhodes
Vice President of Land

DESCRIPTION OF LANDS MALJAMAR PROSPECT*

Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico

Section 12: NENW, NWNE, S/2 NW, SWNE, N/2SW, NWSE, SESW, SWSE (less and except the well bore for the Hudson Oil Company of Texas-Knockabout Federal #1 located in the NESW - 1830' FSL & 1980' FWL of said Section 12, API No. 30015336780000)

Section 13: SESW, NW4, N/2 SW

Section 24: N/2, N2S2, SESW, SWSE, SESE

containing 1280 acres, more or less.

Limited to those depths from the base of the San Andres Formation (being also the top of the Glorieta formation) to the top of the Abo formation.

INTERESTS OF THE PARTIES

Ard Oil, Ltd.	10.5010416%
Ard Energy Group, Ltd.	0.3333334%

*This offer covers those lands and depths that were reassigned to Ard Oil Ltd., and Ard Energy Group, Ltd., pursuant to that certain Partial Reassignment of Term Assignment dated effective October 13, 2013, and that certain Partial Reassignment of Term Assignment dated effective October 1, 2014, both from COG Operating LLC, as Assignor, reassigning to Ard Oil and Ard Energy, unearned interests under a Term Assignment(s).

ARD ENERGY LLC
222 WEST 4TH STREET, PH-5
FORT WORTH, TEXAS 76102
817-882-9377
FAX 817-882-9460

November 27, 2015

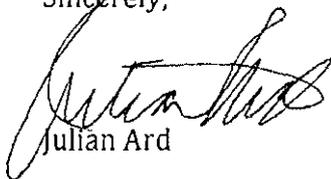
Burnett Oil Co., Inc.
Attn.: Mr. David Rhodes
Burnett Plaza - Suite 1500
801 Cherry Street, Unit #9
Fort Worth, TX 76102-6881

Re: Your letter dated 11-18-2015
Maljamar Prospect
Eddy County, NM

Dear Mr. Rhodes:

You have requested our prompt attention and response to your offer. Drilling, completion and production information regarding all wells thus far drilled by Burnett on the Puckett Lease will be appreciated and will facilitate the response you request.

Sincerely,



Julian Ard

/ cac

David Rhodes

From: Julian Ard <julianard@sbcglobal.net>
Sent: Monday, November 30, 2015 5:18 PM
To: David Rhodes
Cc: Houston Kauffman; epadillapl@qwestoffice.net; JM Ard Energy
Subject: Maljamar Prospect

Dear Mr. Rhodes,

Thank you for your letter dated November 18, 2015 proposing that Ard either grant a term assignment or enter into a JOA covering our interest in the referenced prospect.

In response to your proposal, the Ard entities would be willing to grant a term assignment under the same general terms as the previous term assignment granted to Concho effective April 1, 2011. The new term assignment would be subject to a mutually acceptable form. More specifically, the new term assignment would include an upfront bonus of \$1,800 per net acre, a proportionately reduced overriding royalty equal to 25% less existing lease burdens (in no event less than a proportionately reduced 2%), and a 45 day continuous drilling requirement. All of those terms are per the prior Concho term assignment. It is our understanding Burnett is endeavoring to maintain its other term assignments on this prospect with the same overriding royalty. The new term assignment would provide for commencement of actual drilling of the initial well by January 23, 2016 <x-apple-data-detectors://3> , as Burnett's plans indicate.

I look forward to your response and consummating this transaction as soon as possible.

Julian Ard

Sent from my iPhone

Coley Means

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Sent: Tuesday, December 01, 2015 3:34 PM
To: julianard@sbcglobal.net
Cc: David Rhodes; Houston Kauffman (houstonk@mac.com)
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