

5/13/2014	SUSPENSE	ENGINEER	5/14/2014	NSP	NSL	PRYAM 141343898
5/13/2014		MAM	LOGGED IN	NSL		PRYAM 141338212

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



320 Acre
 Proration
 Location

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication

☒ NSL ☒ NSP ☐ SD

Full Choice Federal Com Lett - Legend
 Natural GAS

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

III Limited
 Partnership

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

Well

- Full Choice
 Federal com Lett
 30-015 - Pending

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

Pool
 - Willow
 LAKE BOWE
 SPRING
 64450

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jennifer Enrod
 Print or Type Name

[Signature]
 Signature

SR Regulatory Analyst
 Title

5/8/14
 Date

jenn@nrc.com
 e-mail Address

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-DIS-	Pool Code W4450	Pool Name Willow Lake; Bone Spring
Property Code	Property Name FULL CHOKE FEDERAL COM	Well Number 6H
OGRID No. 258894	Operator Name LEGEND NATURAL GAS III, LP	Elevation 3036'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	5	25-S	28-E		290	NORTH	1060	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	32	24-S	28-E		330	NORTH	2620	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

2620' 2619.5' 391.9' 2608.1' 1060' 290' 52' 339'SEC. 32 T24S SEC. 5 GRID AZ. = 00°00'27" HORIZ. DIST. = 4681.5' GRID AZ. = 67°44'35" HORIZ. DIST. = 1674.8' LOT 4 F LOT 3 E LOT 2 LOT 1 3040.0' 3034.3' 600' 600' 3034.0' 3031.3'	SCALE: 1"=2000' GEODETIC COORDINATES NAD 83 NME BOTTOM HOLE LOCATION Y=429406.7 N X=610508.3 E LAT.=32.180319° N LONG.=104.109755° W LAST TAKE POINT Y=429344.8 N X=610507.9 E LAT.=32.180149° N LONG.=104.109756° W CORNER COORDINATES TABLE NAD 27 A - Y=424320.4 N, X=566717.4 E B - Y=429680.3 N, X=568031.2 E C - Y=429678.4 N, X=569357.8 E D - Y=424329.4 N, X=569377.4 E E - Y=422980.8 N, X=569369.5 E F - Y=422978.4 N, X=568036.8 E G - Y=424324.9 N, X=568047.4 E NAD 83 A - Y=424378.4 N, X=607901.0 E B - Y=429738.4 N, X=609214.7 E C - Y=429736.6 N, X=610541.3 E D - Y=424387.5 N, X=610561.0 E E - Y=423038.8 N, X=610533.2 E F - Y=423036.4 N, X=609220.5 E G - Y=424382.9 N, X=609231.0 E GEODETIC COORDINATES NAD 83 NME FIRST TAKE POINT Y=424726.2 N X=610507.6 E LAT.=32.167453° N LONG.=104.109788° W SURFACE LOCATION Y=424092.0 N X=608958.0 E LAT.=32.165718° N LONG.=104.114801° W	GEODETIC COORDINATES NAD 27 NME BOTTOM HOLE LOCATION Y=429348.5 N X=569324.7 E LAT.=32.180198° N LONG.=104.109262° W LAST TAKE POINT Y=429286.7 N X=569324.4 E LAT.=32.180027° N LONG.=104.109264° W GEODETIC COORDINATES NAD 27 NME FIRST TAKE POINT Y=424668.1 N X=569324.0 E LAT.=32.167331° N LONG.=104.109296° W SURFACE LOCATION Y=424034.0 N X=567774.4 E LAT.=32.165597° N LONG.=104.114308° W	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Jennifer Elnod</i> Date: <i>5/8/14</i> Printed Name: <i>Jennifer Elnod</i> E-mail Address: <i>jelnod@lng2.com</i> SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. MARCH 4, 2014 Date of Survey: <i>10/6/2014</i> Signature: <i>Ronald J. Eidson</i> Professional Surveyor: <i>12641</i> Certified: <i>Ronald J. Eidson</i> 12641 ACK REV:5/6/14 REL W.O.:14110038 JWSC W.O.:14110464
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

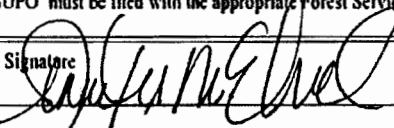
FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

1a. Type of work: ☒ DRILL ☐ REENTER		5. Lease Serial No. NM-102909
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator LEGEND NATURAL GAS III, LP		7. If Unit or CA Agreement, Name and No.
3a. Address 777 MAIN ST., STE. 800 FORT WORTH, TX 76102		8. Lease Name and Well No. FULL CHOKE FEDERAL COM 6H
3b. Phone No. (include area code) 817-872-7822		9. API Well No. 30-015-
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 290 FSL & 1040 FEL At proposed prod. zone BH-330 FNL & 2020 FEL		10. Field and Pool, or Exploratory Willow Lake; Bone Spring (64450)
14. Distance in miles and direction from nearest town or post office* APPROX 9.18 MILES WEST/SOUTHWEST OF MALAGA, NM		11. Sec., T. R. M. or Blk. and Survey or Area SH-SECTION 5 T-25S R-28E BH-SECTION 32 T-24S R-28E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 290 FSL	16. No. of acres in lease 160 Acres	17. Spacing Unit dedicated to this well 160
18. Distance from proposed location* to nearest well, drilling, completed, SUB-SURFACE applied for, on this lease, ft. FULL CHOKE (OM 1-130' (vert) FULL CHOKE COM 2H-1400' (horiz)	19. Proposed Depth 13130' MD; 8010' TVD	20. BLM/BIA Bond No. on file NMB000525
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3036' GR	22. Approximate date work will start* 05/01/2014	23. Estimated duration 2 MONTHS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed Typed) JENNIFER MOSLEY ELROD	Date 03/25/2014
Title SR. REGULATORY ANALYST		
Approved by (Signature)	Name (Printed Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

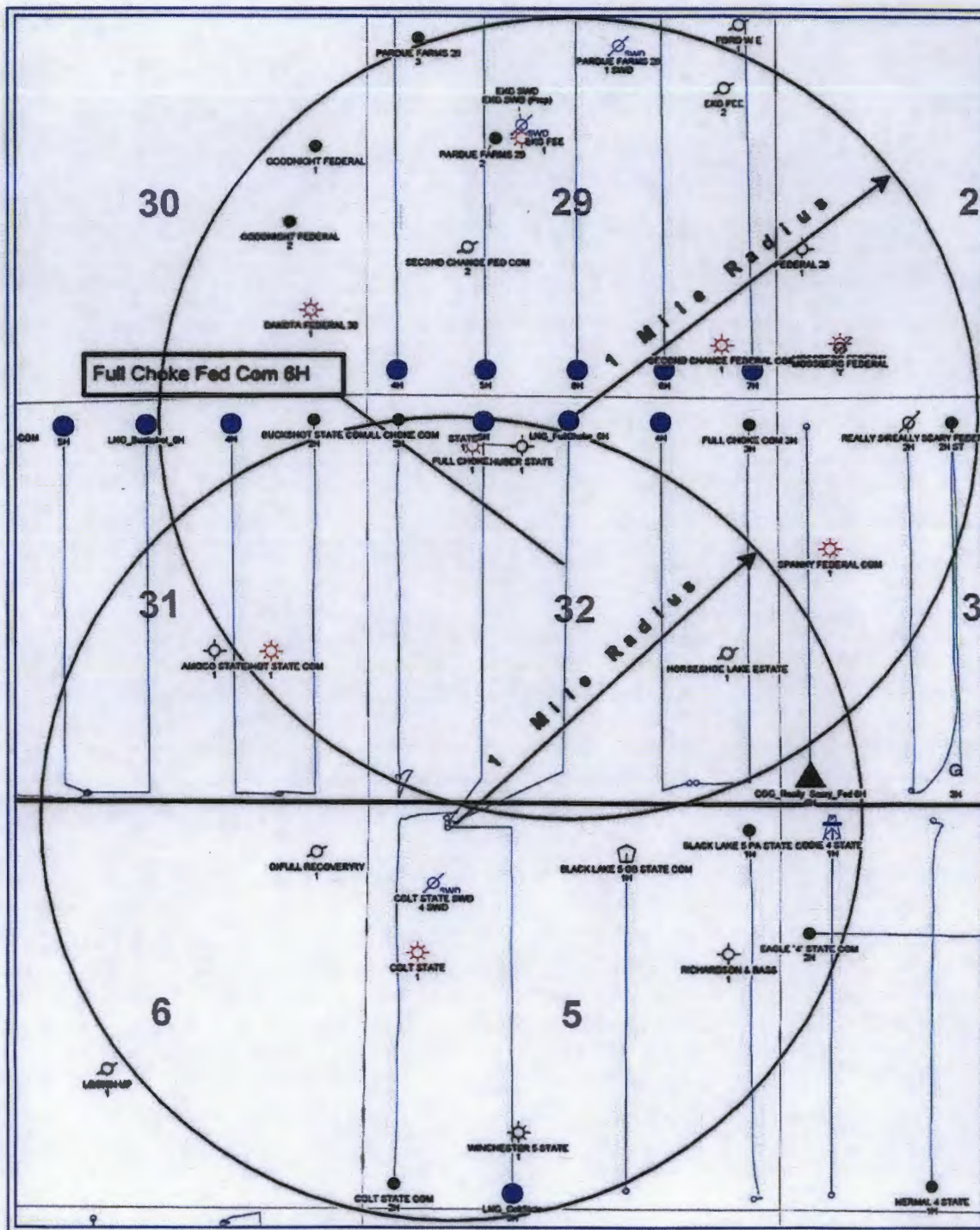


EXHIBIT #3



PERMIAN NM - CAPROCK2

Full Choke Fed Com 8H 1 Mile Radius Map



POSTED WELL DATA

Well Name
Well Number

- WELL SYMBOLS**
- Abandoned Well
 - Day Hole
 - Gas Well
 - Junior
 - Large Triangle
 - OS Well
 - Woman Symbol Standards - Permit
 - Salt Water Disposal
 - Selling Well
 - NEW DRILL WELL - Injector

April 1, 2014



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

2014 MAY 13 P 2:09

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

May 6, 2014

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Legend Natural Gas III, LP, NSL and NSP Application
Full Choke Federal Com 6H
Lot 4, Section 5 T-25S, R-28E
Unit C, Section 32 T-24S, R-28E
Eddy County, New Mexico

Attn: Mr. Michael McMillan:

Pursuant to Division Rule 19.15.15.13, Legend Natural Gas III, LP respectfully requests administrative approval of a Non-Standard Location (NSL) and a Non-Standard Spacing Unit (NSP), for the Full Choke Federal Com 6H in Eddy County, New Mexico. This application is being sent in regards to the Full Choke Federal Com 6H proposed production interval being approximately 52.0' from the nearest quarter/quarter line in Section 32, T-24-S, R-28-E in the Willow Lake; Bone Spring, North pool (64450).

The affected offset wells to the Full Choke Com 5H and the Full Choke Federal Com 4H, both proposed wells with the Bureau of Land Management. Notification has been send via certified mail to the offset mineral owners as well as working interest owners. Copies of the certified mail receipts are attached.

Approval of this application will allow Legend Natural Gas to recover additional oil and gas reserves from the Willow Lake; Bone Spring pool underlying the middle two quarter sections of Section 17 that may otherwise not be recovered by the other proposed wells, thereby preventing waste and will not violate correlative rights.

If you have any questions please contact I at (817)872-7822 or Mr. John McCauley at (281)644-5972.

Sincerely,

Jennifer Elrod
Sr. Regulatory Analyst
Legend Natural Gas III, LP
777 Main St., Suite 900
Fort Worth, TX 76102



7013 3020 0001 9648 0387

BYM - Carlsbad Field Office
420 East Greene Street
Carlsbad, NM 88220-6292

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New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

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City, State, ZIP+4 Santa Fe, NM 87504-1148	



7013 3020 0001 9648 0394

Pardue Limited Company
126 N. Canyon Street
Carlsbad, NM 88220

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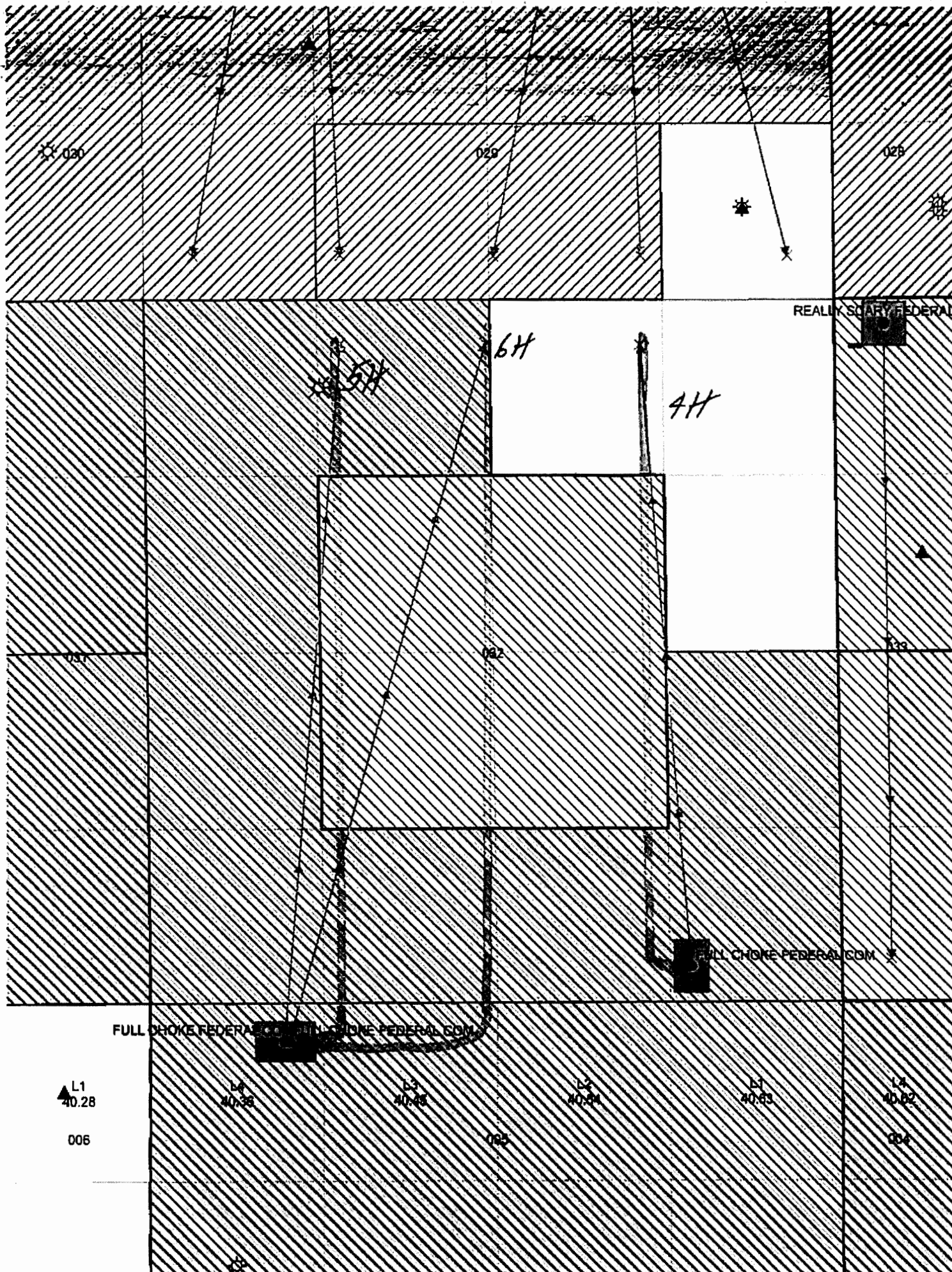
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Total Postage & Fees	\$

Postmark
Here

Sent To	Pardue Limited Company
Street, Apt. No., or PO Box No.	126 North Canyon Street
City, State, ZIP+4	Carlsbad, NM 88220

7013 3020 0001 9648 0394



McMillan, Michael, EMNRD

From: John McCauley <JMcCauley@lng2.com>
Sent: Tuesday, June 10, 2014 4:12 PM
To: McMillan, Michael, EMNRD
Cc: Jennifer Elrod
Subject: Re: Full choke 6H notification

Michael,

Yes, I did also notify the effected parties in the E/2E/2 and W/2W/2 of Section 32, T-24S, R-28E, Eddy County, New Mexico.

Thanks,

John McCauley

Sent from my iPhone

On Jun 10, 2014, at 5:10 PM, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us> wrote:

John:

Did you notify the affected parties in the E/2 E/2, and the W/2 W/2 of Section 32 24S28E, Eddy County, New Mexico for the NSP application?

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462