

ABOVE THIS LINE FOR DIVISION USE ONLY

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



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 CHOKE FEDERAL COM 4H 258894**

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

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

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[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

[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 CROOD
Print or Type Name

Signature

Title

Date

e-mail Address

- NSL 7105
- Legend natural
GAS 25 LP
WELL
FULL CHOKE
Federal com
4H
30-015-Pending
Pool
- willow LAKE
Bonespring
64450

Regulatory Analyst
5/15/14
jcrood@nmdc.com



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

May 15, 2014

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

Re: Legend Natural Gas III, LP, NSL
Full Choke Federal Com 4H
Unit P, 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) for Full Choke Federal Com 4H in Eddy County, New Mexico. This application is being sent in regards to the Full Choke Federal Com 4H proposed production interval being approximately 172.4 from the nearest quarter/quarter line in Section 31, T-24-S, R-28-E in the Willow Lake; Bone Spring, West pool (64450).

The affected offset wells to the Full Choke Federal Com 4H are the Full Choke Federal Com 6H, proposed well with the BLM and the producing Full Choke State Com 3H. Notification has been sent via certified mail to the offset mineral 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 31 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

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 30-015-	Pool Code U4450	Pool Name WILLOW LAKE; BONE SPRING
Property Code 305425	Property Name FULL CHOKE FEDERAL COM	Well Number 4H
OGRID No. 258894	Operator Name LEGEND NATURAL GAS III, LP	Elevation 2999'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	32	24-S	28-E		280	SOUTH	1165	EAST	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
B	32	24-S	28-E		330	NORTH	1500	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

<p>GEODEIC COORDINATES NAD 83 NME BOTTOM HOLE LOCATION Y=429404.1 N X=611697.4 E LAT.=32.180305° N LONG.=104.105911° W</p> <p>LAST TAKE POINT Y=429349.3 N X=611697.8 E LAT.=32.180154° N LONG.=104.105910° W</p> <p>CORNER COORDINATES TABLE NAD 27 A - Y=429678.4 N, X=569357.8 E B - Y=429672.4 N, X=572011.9 E C - Y=424331.0 N, X=572038.3 E D - Y=424329.4 N, X=569377.4 E E - Y=429675.4 N, X=570684.8 E F - Y=424330.2 N, X=570707.9 E</p> <p>NAD 83 A - Y=429736.6 N, X=610541.3 E B - Y=429730.6 N, X=613195.5 E C - Y=424389.1 N, X=613222.0 E D - Y=424387.5 N, X=610561.0 E E - Y=429733.6 N, X=611868.4 E F - Y=424388.3 N, X=611891.5 E</p> <p>GEODEIC COORDINATES NAD 83 NME FIRST TAKE POINT Y=424987.6 N X=611704.9 E LAT.=32.168165° N LONG.=104.105917° W</p> <p>SURFACE LOCATION Y=424668.4 N X=612055.9 E LAT.=32.167285° N LONG.=104.104785° W</p>	<p>GEODEIC COORDINATES NAD 27 NME BOTTOM HOLE LOCATION Y=429345.9 N X=570513.9 E LAT.=32.180183° N LONG.=104.105419° W</p> <p>LAST TAKE POINT Y=429291.1 N X=570514.2 E LAT.=32.180033° N LONG.=104.105418° W</p> <p>NAD 27 A - Y=429678.4 N, X=569357.8 E B - Y=429672.4 N, X=572011.9 E C - Y=424331.0 N, X=572038.3 E D - Y=424329.4 N, X=569377.4 E E - Y=429675.4 N, X=570684.8 E F - Y=424330.2 N, X=570707.9 E</p> <p>NAD 83 A - Y=429736.6 N, X=610541.3 E B - Y=429730.6 N, X=613195.5 E C - Y=424389.1 N, X=613222.0 E D - Y=424387.5 N, X=610561.0 E E - Y=429733.6 N, X=611868.4 E F - Y=424388.3 N, X=611891.5 E</p> <p>GEODEIC COORDINATES NAD 27 NME FIRST TAKE POINT Y=424929.5 N X=570521.3 E LAT.=32.168043° N LONG.=104.105425° W</p> <p>SURFACE LOCATION Y=424610.2 N X=570872.2 E LAT.=32.167163° N LONG.=104.104293° W</p>	<p>PROPOSED WELL PATH</p> <p>GRID AZ.=359°54'10" HORIZ. DIST.=4417.4'</p> <p>DETAIL 2997.2' 2988.6' 600' 3014.2' 3001.5'</p> <p>GRID AZ.=312°17'40" HORIZ. DIST.=474.6'</p> <p>SEE DETAIL</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p>Signature: <i>Jennifer Eldon</i> Date: 5/15/14</p> <p>Printed Name: Jennifer Eldon</p> <p>E-mail Address: jeldon@lng2.com</p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 22, 2013</p> <p>Date of Survey: 11/22/13</p> <p>Signature of Registered Professional Surveyor: <i>Ronald J. Eidson</i></p> <p>NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 3239</p> <p>Certificate Number: 12641 Ronald J. Eidson 3239</p> <p>ACK REL W.O. 14130319 JWSC W.O. 14130473</p>
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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

5. Lease Serial No.
NM-102909

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
FULL CHOKE FEDERAL COM 4H

9. API Well No.
30-015-

10. Field and Pool, or Exploratory
Willow Lake; Bone Spring (64450)

11. Sec., T. R. M. or Blk. and Survey or Area
SECTION 32 T-24S R-28E

12. County or Parish
EDDY

13. State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator LEGEND NATURAL GAS III, LP

3a. Address 777 MAIN ST., STE. 900
FORT WORTH, TX 76102

3b. Phone No. (include area code)
817-872-7822

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 280 FSL & 1165 FEL

At proposed prod. zone BH-330 FNL & 1500 FEL

14. Distance in miles and direction from nearest town or post office*
APPROX 9.18 MILES WEST/SOUTHWEST OF MALAGA, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

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,
applied for, on this lease, ft. **SURFACE-30'**
SUB-SURFACE
FULL CHOKE COM 3H - 1103' (Horse Lake & Eftatcl)
805' (VERT)

19. Proposed Depth
12616' MD; 7980' TVD

20. BLM/BIA Bond No. on file
NMB000525

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
2999' GR

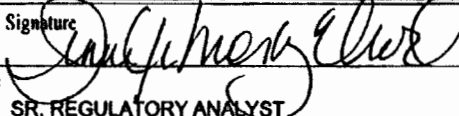
22. Approximate date work will start*
05/01/2014

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:

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

25. Signature 
Title
SR. REGULATORY ANALYST

Name (Printed Typed)
JENNIFER MOSLEY ELROD

Date
03/25/2014

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)

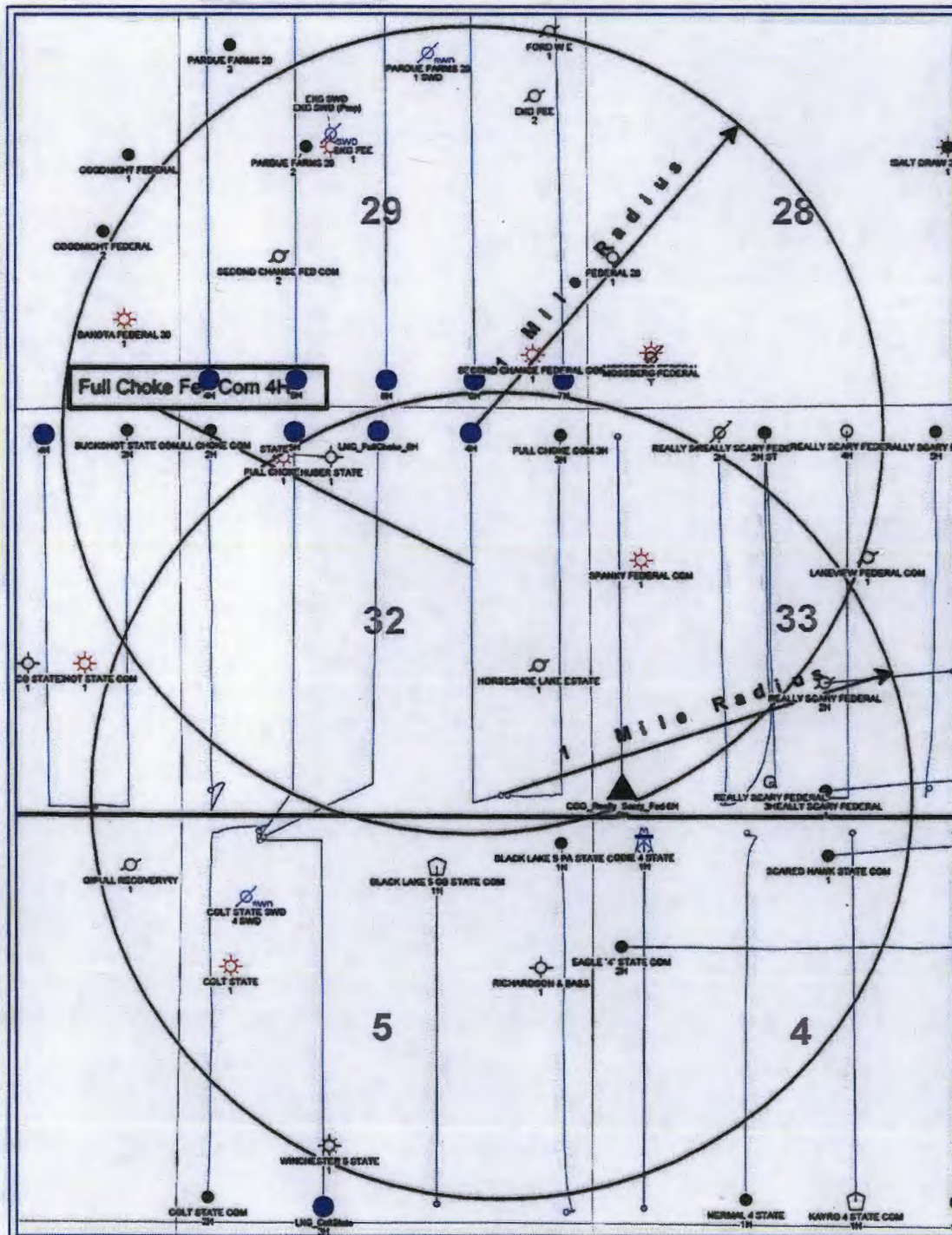


EXHIBIT #3



POSTED WELL DATA

Well Name
Well Number

- WELL SYMBOLS**
- Abandoned Well
 - Dry Hole
 - Gas Well
 - Jointed
 - Large Triangle
 - Oil Well
 - Vertical Spontaneous Standards - Permit
 - Self Water Disposal
 - Chilling Well
 - NEW DRILL WELL - Injectors

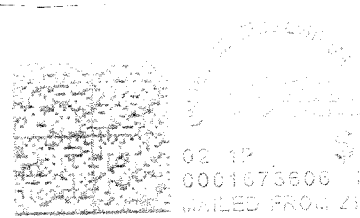
April 1, 2014



LEGEND NATURAL GAS, LLC
777 MAIN STREET
SUITE 900
FORT WORTH, TEXAS 76102



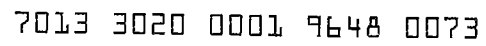
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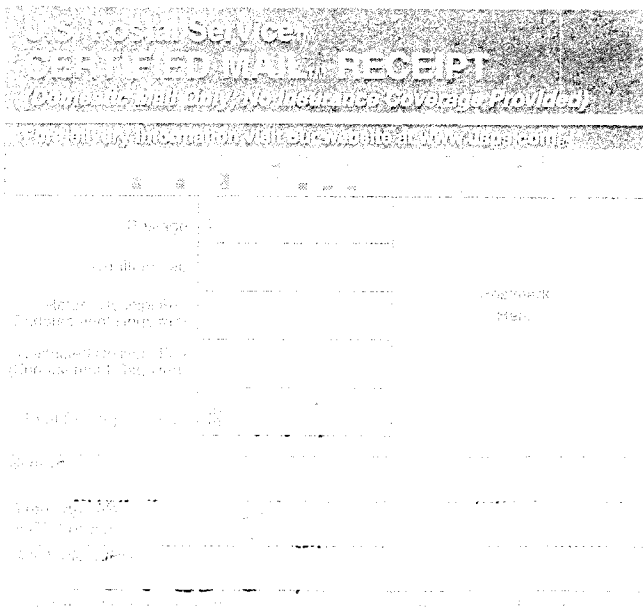
New Mexico State Land Office
Mineral Resources Division
P.O. Box 1148
Santa Fe, NM 87504-1148

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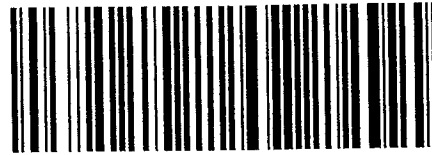
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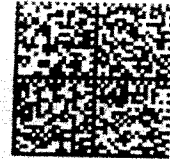


LEGEND NATURAL GAS, LLC
777 MAIN STREET
SUITE 900
FORT WORTH, TEXAS 76102

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7013 3020 0001 9648 0042



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7013 3020 0001 9648 0042

McMillan, Michael, EMNRD

From: Jennifer Elrod <jelrod@lng2.com>
Sent: Wednesday, June 11, 2014 9:45 AM
To: McMillan, Michael, EMNRD
Subject: RE: Full Choke Federal Com 4H

Yes Sir, Section 32, not Section 31.
Thank You.

From: McMillan, Michael, EMNRD [<mailto:Michael.McMillan@state.nm.us>]
Sent: Wednesday, June 11, 2014 10:44 AM
To: Jennifer Elrod
Subject: Full Choke Federal Com 4H

Ms. Elrod:

I want to double check that you are applying for this NSL because you want recover additional oil and gas reserves underlying the middle two quarter sections of Section 32, not Section 31 as stated in your letter.
I will process this application as soon as I get a response from 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