

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 and Natural Resources****Oil Conservation Division**

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

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MAR 28 2014

NM OCD ARTESIA

☐ AMENDED REPORT**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

| | | |
|---|--|--|
| ¹ Operator Name and Address Legend Natural Gas III, LP 15021 Katy Freeway, Ste. 200 Houston, TX 77094 | | ² OGRID Number 258894 |
| ⁴ Property Code 39572 | | ³ API Number 30-015- 42256 |
| ⁵ Property Name Colt State Com | | ⁶ Well No. 3H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| 4 | 5 | 25S | 28E | | 290 | North | 1000 | West | Eddy |

8. Proposed Bottom Hole Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| N | 5 | 25S | 28E | | 330 | South | 2181 | West | Eddy |

9. Pool Information

| Pool Name | Pool Code |
|--------------------------|-----------|
| Willow Lake; Bone Spring | 64450 |

Additional Well Information

| | | | | |
|------------------------------|--|--|-----------------------------------|---|
| ¹¹ Work Type N | ¹² Well Type O | ¹³ Cable/Rotary R | ¹⁴ Lease Type State | ¹⁵ Ground Level Elevation 3036' |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 12700' MD; 7985' TVD | ¹⁸ Formation Bone Spring | ¹⁹ Contractor | ²⁰ Spud Date Upon Arrival |
| Depth to Ground water <201' | | Distance from nearest fresh water well 7763' North | | Distance to nearest surface water 650' NE |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf. | 14.75 | 11.75 | 42 | 400 | 375 | Surface |
| Inter. | 10.625 | 8.625 | 32 | 2500 | 850 | Surface |
| Prod. | 73875 | 5.5 | 17 | 12700 | 2200 | Surface |

Casing/Cement Program: Additional Comments

Drill 14-3/4" hole to approx 400' with fresh water spud mud system. Run 11-3/4" 42# H40 STC casing to TD and cement to surface in one stage. Will use 1" topout tubing and class "C" cement to cement to surface if necessary. Drill 10-5/8" hole to approx 2,500' with saturated brine water mud system. Run 8-5/8" 32# J55 LTC casing to TD and cement to surface in one stage. Drill 7-7/8" vertical production hole to approx. 7,500' with cut brine mud system. Drill 7-7/8" curve/lateral production hole to approx 12,700' with cut brine mud system. Run 5-1/2" 17# P110 BTC casing to TD and cement to surface in one stage.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------|------------------|---------------|--------------|
| | | | |
| | | | |
| | | | |

| | | | |
|---|-----------------------------------|--|--|
| <p>23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.</p> <p>I further certify that I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/>, if applicable.</p> <p>Signature: <i>Jennifer M. Elrod</i></p> | | <p>OIL CONSERVATION DIVISION</p> | |
| <p>Printed name: <i>Jennifer Elrod</i></p> | | <p>Approved By: <i>T.C. Elrod</i></p> | |
| <p>Title: <i>SR. Regulatory Analyst</i></p> | | <p>Title: "Geologist"</p> | |
| <p>E-mail Address: <i>jelrod@mg2.com</i></p> | | <p>Approved Date: <i>3-31-2014</i></p> | <p>Expiration Date: <i>3-31-2016</i></p> |
| <p>Date: <i>03/25/2014</i></p> | <p>Phone: <i>817-872-7822</i></p> | <p>Conditions of Approval Attached</p> | |

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

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MAR 28 2014

NMOCD ARTESIA

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 42256 | Pool Code U4450 | Pool Name Willow Lake; Bone Spring |
| Property Code 39572 | Property Name COLT STATE COM | Well Number 3H |
| OGRID No. 258894 | Operator Name LEGEND NATURAL GAS, LLC | 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 | 1000 | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 5 | 25-S | 28-E | | 330 | SOUTH | 2181 | WEST | 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>GEODETIC COORDINATES NAD 83 NME</p> <p>SURFACE LOCATION Y=424091.9 N X=608898.0 E</p> <p>BOTTOM HOLE LOCATION Y=419382.0 N X=610032.0 E</p> <p>PROPOSED WELL PATH</p> | <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=424033.8 N X=567714.4 E</p> <p>LAT.=32.165597° N LONG.=104.114502° W</p> <p>BOTTOM HOLE LOCATION Y=419324.0 N X=568848.3 E</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><i>Jennifer M. Elrod</i> 03/24/2014 Signature Date</p> <p>JENNIFER M. ELROD Printed Name</p> <p>jelrod@ng2.com E-mail Address</p> | |
| | <p>CORNER COORDINATES TABLE NAD 27</p> <p>A - Y=424320.4 N, X=566717.4 E B - Y=424324.9 N, X=568047.4 E C - Y=424329.4 N, X=569377.4 E D - Y=418997.7 N, X=569346.3 E E - Y=418987.9 N, X=568005.6 E F - Y=418978.2 N, X=566664.9 E</p> <p>NAD 83</p> <p>A - Y=424378.4 N, X=607901.0 E B - Y=424383.0 N, X=609231.0 E C - Y=424387.5 N, X=610561.0 E D - Y=419055.7 N, X=610530.0 E E - Y=419045.9 N, X=609189.3 E F - Y=419036.1 N, X=607848.6 E</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>OCTOBER 15, 2013</p> <p>Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Eidson</i> 10/15/2013 Certificate Number 3239</p> <p>BKL JWSC W.O. 13.11.1164</p> |