

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

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 _____

30-015-41401
 Legend Natural Gas
 Colt State #4

[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

2013 JUN -6 A 11:01
 RECEIVED OCD

[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 MOSLEY
 Print or Type Name

Signature

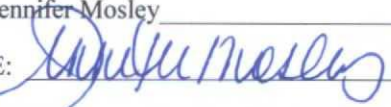
Title

Date

e-mail Address

SR. Regulatory Analyst 06/05/2013
 jmosley@ng2.com

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ ☒ Disposal _____ Storage
Application qualifies for administrative approval? _____ ☒ Yes _____ No
- II. OPERATOR: _____ Legend Natural Gas III, LP _____
ADDRESS: _____ 15021 Katy Freeway, Suite 200, Houston, TX 77094 _____
CONTACT PARTY: _____ Jennifer Mosley _____ PHONE: _____ 817-872-7822 _____
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes _____ ☒ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: _____ Jennifer Mosley _____ TITLE: _____ Sr. Regulatory Analyst _____
SIGNATURE: _____  _____ DATE: _____ 06/06/2013 _____
E-MAIL ADDRESS: _____ jmosley@lng2.com _____
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108 Application for Authorization to Inject
Legend Natural Gas III, LP
Colt State SWD 4
API 30-015-41401
1066' FNL & 850' FWL (Unit D)
Section 5, T-25S, R-28E
Eddy County, New Mexico

- I. The purpose of this application is to request approval to drill the Colt State SWD 4 and inject produced water into the Delaware formation from 5200'-5700'.
- II. Legend Natural Gas III, LP
15021 Katy Freeway, Suite 200
Houston, TX 77494
Contact Party: Jason Vining (817)872-7845 or Jennifer Mosley (817)872-7822
- III. Injection well data sheet and wellbore schematic diagram attached
- IV. This is not an expansion of an existing project
- V. Map is attached showing wells within the ½ mile "Area of Review"
- VI. Wells within the ½ mile radius "Area of Review" that penetrate the proposed injection zone include :
 1. Colt State No. 001- (API 30-015-35557, operated by Legend Natural Gas III, LP). All data for this well has been submitted to the ENMRD, Dist. II Office.
 2. Full Choke Com 2H-(30-015-40906, operated by Legend Natural Gas III, LP). All data for this well has been submitted to the ENMRD, Dist. II Office.
- VII.
 1. The proposed average daily injection rate is approximately 5,000 BWPD. The maximum rate will be approximately 7,500 BWPD. If the average or maximum rate increases in the future the Division will be notified.
 3. This is a closed loop system.
 4. Proposed maximum injection pressure is 1040 psig (0.2 psi/ft X 5200')
 5. Source of injected water will be from Bone Spring formation. No compatibility problems are expected. Analyses of Delaware and Bone Spring formations are attached. ✓
- VIII. The injection zone is the Delaware composed of Sandstone from 4,080'-5,800'. Any underground water sources will be shallower than 100' based on State Engineers records.
- IX. The Delaware injection interval will be acidized with approximately 10,000 gal 7.5% NEFE acid and frac with approximately 250,000 lbs. of sand.
- X. Logs for this well will be submitted to the ENMRD, Dist. II office after the well has been drilled.
- XI. There are no fresh water wells located within one-mile of the injection well.
- XII. Affirmative Statement is attached
- XIII. Proof of Notice is attached

Legend Natural Gas

Colt State #4 SWD

30-015-41401

Black River Field

Eddy County, New Mexico

Sec 5 25S 28E NW4 NW4

1066' FNL 850' FWL

Surface Casing: 10-3/4" 45.5#, J-55 set @ 500' in 14.5" hole w/ 480 sx cmt to surface

Production Casing: 7" 23#, N-80, set @ 6000' in 9-7/8" hole w/ 3000 sx cmt to surface

Tubing: 3-1/2" NOV TK-15 internally coated tubing set @ 5150'

Packer: 3-1/2" x 7" 23# Arrowset 1X set @ 5150'

Perforations: Delaware formation from (5200' - 5700')

TD: 6000'

PBTD: 5956'

INJECTION WELL DATA SHEET

OPERATOR: Legend Natural Gas III, LPWELL NAME & NUMBER: Colt State SWD 4

WELL LOCATION: 1006' N, 850' W D 5 25S 28E
 FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATICWELL CONSTRUCTION DATASurface CasingHole Size: 14 1/2" Casing Size: 10 3/4"Cemented with: 480 sx. *or* ft³Top of Cement: Surface Method Determined: Circ.Intermediate CasingHole Size: Casing Size: Cemented with: sx. *or* ft³Top of Cement: Method Determined: Production CasingHole Size: 9 7/8" Casing Size: 7"Cemented with: 3000 sx. *or* ft³Top of Cement: Surface Method Determined: Circ.Total Depth: 6000' TVD Injection Interval5200' feet to 5700'

PERFORATED

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" Lining Material: NOV TK-15

Type of Packer: AS1X

Packer Setting Depth: 5150'

Other Type of Tubing/Casing Seal (if applicable):

Additional Data

1. Is this a new well drilled for injection? X Yes No

If no, for what purpose was the well originally drilled?

2. Name of the Injection Formation: Delaware

3. Name of Field or Pool (if applicable): SWD; Delaware (96100)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NO

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

Avalon-6140'-6835'TVD; Bone Spring - 7110-8000' TVD

Black River Field
Eddy County, New Mexico



LEGEND
NATURAL GAS III, LP

Location: Sec 5 25S 28E NW4 NW4
1066' FNL 850' FWL

API -30-015-41401

PROPOSED WELL SETTING

CASING

HOLE
SIZE

14-1/2"

10-3/4", 45.5#, J-55, ST&C
Cmt to Surface w/ 480 sx
Set @ 500'

7" ArrowSet 1X PKR @ 5150'
3-1/2", NOV TK-15 Internally Coated

9-7/8"

Delaware Formation
5200' - 5700'

PBTD
5956'

7", 23#, N-80, ST&C
Cmt to Surface w/ 3000 sx
Set @ 6000'

TD @ 6000'

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

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NMOCD ARTESIA

Form C-101
Revised November 14, 2012

☐ 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 SUITE 200 HOUSTON, TX 77094		² OGRID Number 258894
		³ API Number 30-015- 41401
⁴ Property Code 39919	⁵ Property Name COLT STATE SWD	⁶ Well No. 4

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	5	25S	28e		1066	NORTH	850	WEST	EDDY

*** Proposed Bottom Hole Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name SWD; DELAWARE	Pool Code 96100
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Additional Well Information

¹¹ Work Type N	¹² Well Type INJ (SWD)	¹³ Cable/Rotary r	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3031 GR
¹⁶ Multiple N	¹⁷ Proposed Depth 6000 TVD	¹⁸ Formation DELAWARE	¹⁹ Contractor	²⁰ Spud Date UPON APPROVAL
Depth to Ground water <133'		Distance from nearest fresh water well 2500' NW OF WATER WELL		Distance to nearest surface water 2500' SOUTH OF CHINA DRAW

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
SURFACE	12 1/4	9 5/8	J-55 36#	500	230	SURFACE
PROD.	8 3/4	5 1/2	5-55 17#	6000	340	SURFACE

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
	5000	3500	

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
 I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☐ if applicable.
 Signature: *Jennifer Mosley*

Printed name: JENNIFER MOSLEY
 Title: SR. REGULATORY ANALYST
 E-mail Address: jmosley@lng2.com
 Date: 05/08/2013

Phone: 817-872-7822

OIL CONSERVATION DIVISION

Approved By:

T.C. Shaped

Title:

Regulatory Analyst

Approved Date:

5/24/2013

Expiration Date:

5/24/2015

Conditions of Approval Attached

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-015-41401

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
COLT STATE SWD

8. Well Number 4

9. OGRID Number
258894

10. Pool name or Wildcat
SWD; DELAWARE

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
LEGEND NATURAL GAS III, LP

3. Address of Operator
15021 KATY FREEWAY, SUITE 200; HOUSTON, TX 77094

4. Well Location

Unit Letter D : 1066 feet from the NORTH line and 850 feet from the WEST line
Section 5 Township 25S Range 28E NMPM EDDY County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3031' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: CHANGE PROPOSED CASING PROGRAM ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHANGING PROPOSED CASING AND CEMENT PROGRAM

SURFACE: HOLE SIZE 14 1/2"; CASING SIZE 10 3/4"; CASING WT/FT J-55 45.5#; SETTING DEPTH 500'; SXS 480; TOC@ SURFACE

PRODUCTION: HOLE SIZE 9 7/8"; CASING SIZE 7" CASING WT/FT N-80 23#; SETTING DEPTH 6000'; SXS 3000; TOC@ SURFACE

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jennifer Mosley TITLE SR. REGULATORY ANALYST DATE 06/05/2013

Type or print name JENNIFER MOSLEY E-mail address: jmosley@lng2.com PHONE: 817-872-7822
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

District I
1625 N. French Dr., Hobbs, NM 88240
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District IV
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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised November 14, 2012

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

~~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, SUITE 200 HOUSTON, TX 77094		² OGRID Number 258894
		³ API Number 30-015-41401
⁴ Property Code 39919	⁵ Property Name COLT STATE SWD	⁶ Well No. 4

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	5	25S	28E		1066	NORTH	850	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

⁹ Pool Information

Pool Name SWD; DELAWARE	Pool Code 96100
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Additional Well Information

¹¹ Work Type N	¹² Well Type INJ (SWD)	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 3031 GR
¹⁶ Multiple N	¹⁷ Proposed Depth 6000' TVD	¹⁸ Formation DELAWARE	¹⁹ Contractor	²⁰ Spud Date UPON APPROVAL
Depth to Ground water <133'		Distance from nearest fresh water well 2500' NW OF WATER WELL		Distance to nearest surface water 2500' SOUTH OF CHINA DRAW

²¹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
SURFACE	14 1/2	10 3/4	J-55 45.5#	500	480	SURFACE
PROD.	9 7/8	7	N-80 23#	6000	3000	SURFACE

Casing/Cement Program: Additional Comments

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²² Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
	5000	3500	

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: <i>Jennifer Mosley</i>		OIL CONSERVATION DIVISION	
Printed name: JENNIFER MOSLEY		Approved By:	
Title: SR. REGULATORY ANALYST		Title:	
E-mail Address: jmosley@lng2.com		Approved Date:	
Date:		Expiration Date:	
Phone: 817-872-7822		Conditions of Approval Attached	

DISTRICT I
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Phone (575) 393-6161 Fax: (575) 393-0720

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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3466 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-41401	Pool Code 96100	Pool Name DELAWARE; SWD
Property Code 39919	Property Name COLT STATE SWD	Well Number 4
OGRID No. 258894	Operator Name LEGEND NATURAL GAS III, L.P.	Elevation 3031

Surface Location

UL or lot No. D	Section 5	Township 25 S	Range 28 E	Lot Idn	Feet from the 1066	North/South line NORTH	Feet from the 850	East/West line WEST	County EDDY
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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
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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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

N: 424378.14 E: 607900.76	SURFACE LOCATION Lat - N 32°09'48.90" Long - W 104°06'55.83" NAD83 NADSPCE- E 608739.97 (NAD-83)	N: 424387.29 E: 610560.77	N: 424389.02 E: 613221.73
N: 421710.01 E: 610529.48			
N: 419044.91 E: 607848.34		N: 419064.36 E: 610529.48	N: 419083.66 E: 613206.62

OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jennifer Mosley 05/03/2013
Signature Date

JENNIFER MOSLEY
Printed Name

jmosley@lng2.com
Email Address

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.

GARY L. JONES 2013
Date Surveyed

GARY L. JONES
Signature of Professional Surveyor

Certificate No. Gary L. Jones 7977

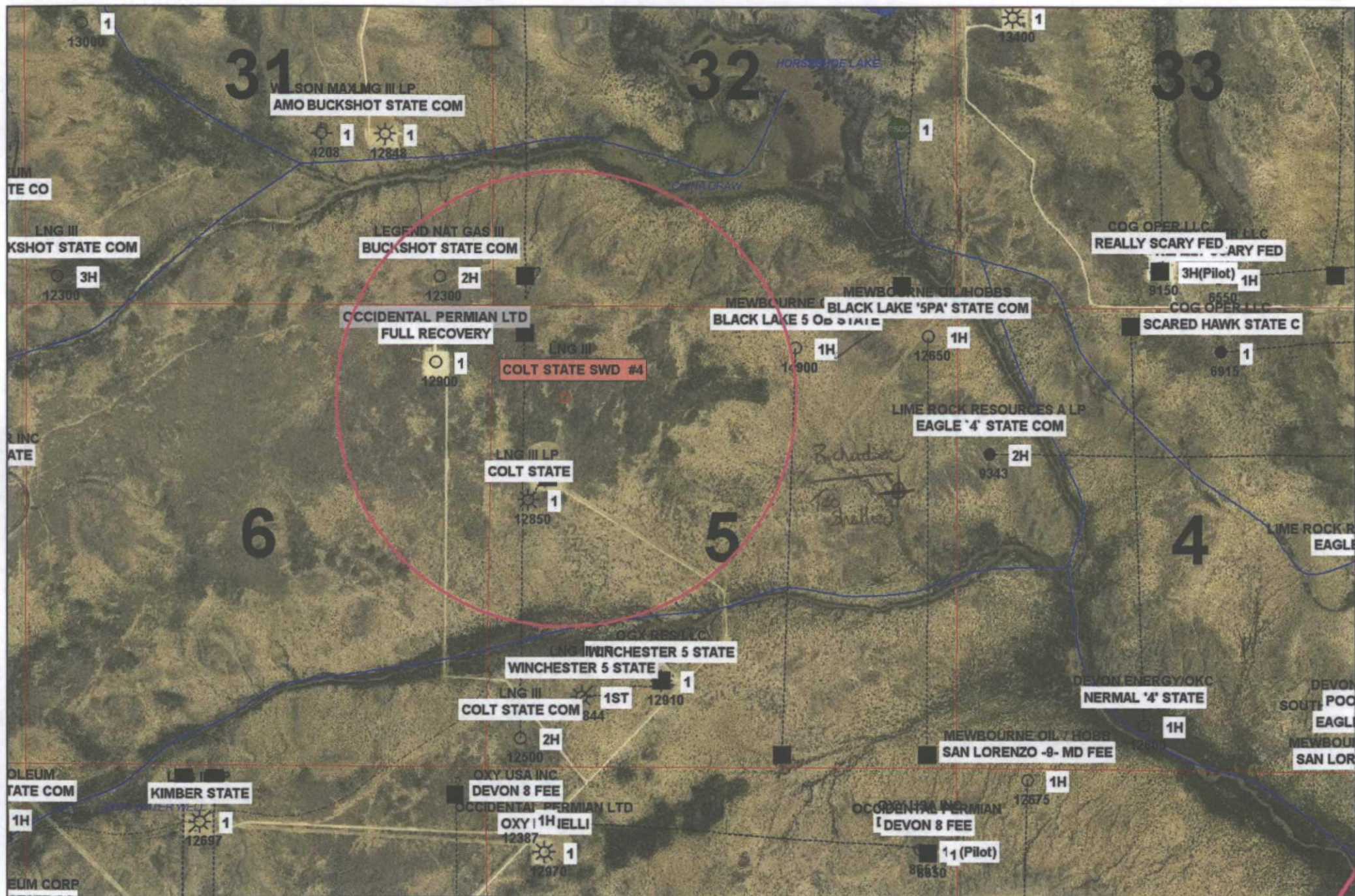
BASIN SURVEYS 28141

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	1		<u>Operator, Well, and Contact info:</u>
	2	II	Name of person submitting the application: <u>Jennifer Mosley</u> Other Contact? <u>Jason Vining</u>
	3	II	Did you Include a contact Email in the application? <input checked="" type="checkbox"/> and Mailing Address? <input checked="" type="checkbox"/> and Phone? <input checked="" type="checkbox"/>
	4	II	Operator Name: <u>Legend Natural Gas III, LP</u> OGRID Num: <u>258894</u>
	5		RULE 5.9 Compliance..... Number of Inactive Wells _____ vs Total Wells Operated _____ Is financial assurance required on any well? <u>no</u>
	6		Is there any hearing order finding this operator out of compliance with Division Rule 19.15.5.9 NMAC? <u>No</u>
	7		Are all Rule 5.9 issues OK to allow the Division to issue Disposal Permits? <u>Y</u>
	8	III	Well Name: <u>Colt State SWD 4</u>
	9	III	API Num: <u>30-015-41401</u> Spud Date: <u>N/A</u>
	10		Have you included API numbers on all wellbore diagrams and well list(s) in this application? <u>Y</u>
	11	III	Proposed well...Footages <u>1006 FNL, 950 FWL</u> Unit <u>D</u> Sec <u>5</u> Tsp <u>2SS</u> Rge <u>28E</u> County <u>Eddy</u>
	12		General Location (i.e. Y miles NW of Z): <u>Approximately 5 miles SW of Magala, NM</u>
	13		Current Well Status: <u>PERMITTED</u>
	14	I	General Summary of Planned Work to Well: <u>DRILL WELL IN ORDER TO INJECT PRODUCED WATER INTO THE DELAWARE FORMATION</u>
	15		<u>INTERVAL TOP and BOTTOM:</u>
	16	IIIB.(2)	Proposed disposal Top Depth: <u>5200</u> Formation Name: <u>SWD; DELAWARE, BLACK RIVER</u> (include Member Names for Delaware or Mesaverde)
	17	IIIB.(2)	Proposed disposal Bottom Depth: <u>5100</u> Formation Name: <u>SWD; DELAWARE, BLACK RIVER</u>
	18	IIIB.(2)	Is the disposal interval OpenHole? _____ or Perfed? <u>X</u> or Both? _____
	19	IIIB.(2)	What will be the disposal tubing size OD? <u>3 1/2"</u> Packer Seat, Feet: <u>5150'</u>

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	20	VII	What max surf inj. psi are you proposing? <u>1040</u> If differing from 0.2 psi/ft surf. Grad., is supporting data attached such as a Step Rate Test? _____
	21		<u>FRESH WATERS:</u>
	22	VIII	Depth to bottom of Fresh Waters: _____ Formation Name(s)? _____
	23	XI	Any Fresh Water Wells Within 1 Mile? <u>NO</u> If so, did you attach an analysis from these Wells? _____
	24		Are all "Fresh" waters isolated with Casing and Cement? _____ ("Fresh" water is defined as less than 10,000 mg/l of TDS)
	25	XII	Included "Affirmative Statement" concerning any Connection from Disposal Depths to existing Fresh Waters? <u>✓</u>
	26		<u>WASTE WATERS:</u>
	27	XIV	Will this be a Lease Only disposal well? _____ or only used for the Operator's own waste needs? <u>✓</u> or Commercial Disposal? _____
	28	VII	Which formations will supply the waste waters to be disposed into this well... List most common...? <u>BONE SPRING</u>
	29	VII	Are Waste waters compatible with proposed disposal interval waters? <u>YES</u> Did you include waste water analysis? <u>YES</u>
	30		<u>AT PROPOSED WELL....INSITU WATERS AND HYDROCARBON POTENTIAL:</u>
	31		Is a discussion included of the potential for future OIL/GAS recovery from the proposed disposal interval? <u>NO</u>
	32		If your proposed well for disposal is a depleted producer (within the proposed interval); do you know what was the cumulative oil/gas/water? _____ and did you include a Rate-Time plot of this depleted interval? _____
	33	VII	Insitu water analysis Included? _____ Is the salinity within the disposal interval more than 10,000 mg/l of TDS? _____ or how will you determine this insitu water salinity? _____
	34	VIII	Does the application include a list of Formation tops down to and including the bottom of the target formation? _____
	35		What is the top _____ and bottom _____ of the Salado Salt (....If this well is in the Southeast and the Salt is present)
	36	X	Are all existing Logs (including any CBL over the disposal interval) are on the OCD Web Site? <u>YES</u> If logs not there, please send _____
	37	IIIA.	Are the wellbore diagrams for this well included in the Application... <u>YES</u> Before Conversion? _____ and After Conversion? _____

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	38		Are the top and bottom footage of the proposed disposal interval marked on the "after" diagram? <input checked="" type="checkbox"/>
	39		<u>NOTICE:</u>
	40	XIV	Date of the Newspaper Notice in the County: <input checked="" type="checkbox"/>
	41	V	Within 1/2 mile, did you clearly identify (either on a map or by legal description) all separately owned tracts of lands within the disposal interval? <input checked="" type="checkbox"/>
	42	XIII	Did you identify the owner(s) of each of these separately owned tracts? _____ Were they all formally noticed? _____
	43	XIII	If reentering a P&Aed well, are there depth divisions of ownership within that well? _____ If so, have you also noticed all the shallower interests of the intent to use the well for disposal? _____
	44	XIII	Is the proposed well within the R-111-P defined Potash Area or the BLM Secretaries Potash Area? <u>No</u> If so, did you send notice to the nearest Potash lessee? _____
	45	XIV	Who owns the surface lands at the disposal well site (BLM, SLO, or who)? _____ Was that party formally noticed? _____
	46		<u>Area of Review:</u>
	47	V	Did you include a map identifying all wells within 2 miles? <input checked="" type="checkbox"/>
	48	VI	Did you include a list of all AOR wells? <input checked="" type="checkbox"/> Is the list available to be emailed (if requested) in spreadsheet format? _____
	49	VI	Does this list identify all wells penetrating (at least the top of) the disposal interval within 1/2 mile of the proposed well? <input checked="" type="checkbox"/>
	50	VI	Did you include wellbore diagrams for all P&Aed wells that exist within the 1/2 mile AOR that penetrate the disposal interval? _____
	51		How many wells exist within the 1/2 mile AOR that penetrate the disposal interval? <u>3</u> How many of these are Plugged/Dry and Abandoned? <u>NONE</u>
	52	VI	Did you include details on cement coverage of the proposed disposal interval for all wells penetrating the disposal interval within 1/2 mile of the proposed well? <input checked="" type="checkbox"/>
	53	VI	Do all reported cement tops describe how that "top" was determined? <input checked="" type="checkbox"/> If you calced any tops, what fillup efficiency factor did you use? _____
	54	VI	Did you identify the presence and depth of all Cement Stage Tools (DV) in the subject well and in the AOR wells? _____

Miss	Row	C-108	C-108 disposal application submittals... CHECKLIST to ensure all items are supplied or considered.
	55	VIII	For the target formation, is there significant formation structural depth changes within the 1/2 mile AOR? <u>NO</u>
	56	VIII	Is there any Karst or Massive Limestone in this target formation? _____ ...or in the formations directly above or below? _____
	57		<u>Administrative or Hearing:</u>
	58	VI	How many wells within the 1/2 mile AOR currently are producing (or still have open perforations) within the disposal interval? <u>3</u> is it "gas" or "oil"?
	59	 NOTE: If the proposed disposal interval is a "Gas" interval or if any AOR wells are producing or have open perforations within this interval then this application may not be properly classified as a "disposal". These types of applications must be processed at an examiner hearing.
	60		Any other Issues..?



Wells Located Within a ½ Mile Radius

30-013
-34584
Occidental - Full Recovery No. 001C- Sent in C-103 to amend BOP Program in 2009, no other public records; did not drill. *Cancelled*

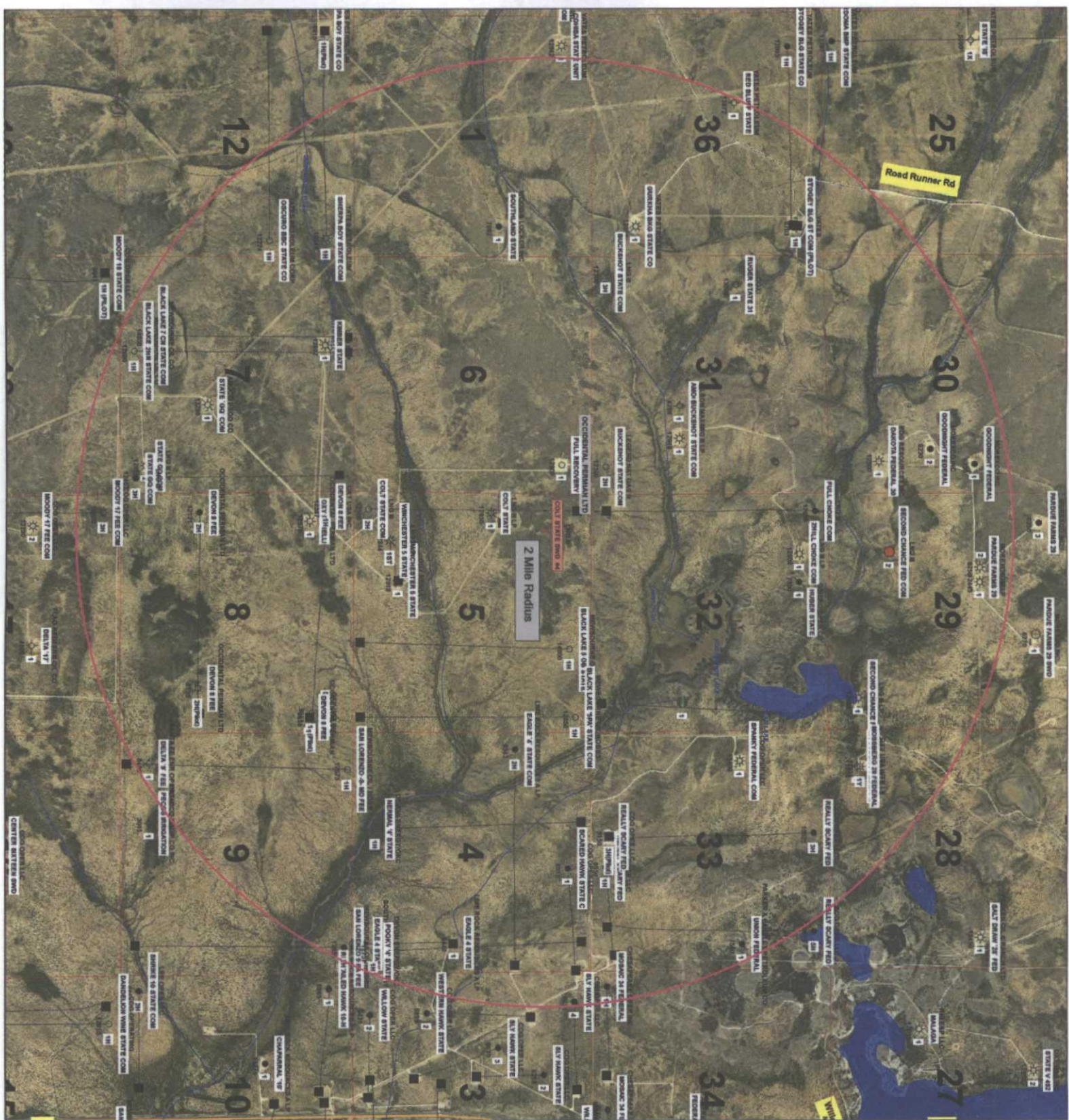
30-013
-40921
Mewbourne - Black Lake 5 OB State 1H-C-103 to move location on 3/2013; not drilled as of 5/16/2013; no other public records. *Proposed*

Legend Natural Gas III, Limited Partnership - Buckshot State Com 2H- Permitted to Drill, Horizontal, Oil Well; Amended surface location 5/2013. Proposed Spud Date, 10/2013.

30-013
-40906
-41093
Proposed Casing and Cement Program: Surface 17.5" Hole, 13.375", 48# Casing, Setting Depth @ 400'TVD, 445 sxs, Estimated TOC@ Surface. Intermediate, 12.25" Hole 9.625", 36# Casing, Setting Depth @ 2500'TVD, 655 sxs, estimated TOC@Surface. Production 7.785" Hole, 5.5" 17# Casing, Setting Depth @ 7900'TVD, 12700'MD, 1700 sxs, estimated TOC@Surface. *New*

30-013
-35557
Legend Natural Gas III, Limited Partnership - Colt State No. 001- Spud Well 8/24/2007, Completed well, Ready to Produce 12/20/2007; Gas Well Morrow Field. Casing and Cement Program: Surface 17.5" Hole, 13.375", 61# Casing, Setting Depth @ 520'TVD, 300 sxs, Estimated TOC@ Surface. Intermediate, 12.25" Hole 9.625", 36# Casing, Setting Depth @ 2427'TVD, 860 sxs, estimated TOC@Surface. Production 8.5" Hole, 7" 26# Casing, Setting Depth @ 9500'TVD, 800 sxs, estimated TOC@Surface, 4.5" liner set 12850'; 555sxs PP, TOC@ 9295'. Perforated 12406'-12710'. Cement covers SWD Injection Interval; please see attached cementing report and wellbore diagram. *Active*

30-013
-40900
Legend Natural Gas III, Limited Partnership - Full Choke com 2H - Horizontal Oil Well- Spud Well on 2/25/2013, Completed and Ready to Produce on 05/13/2013. Casing and Cement Program: Surface 17.5" Hole, 13.375", 48# Casing, Setting Depth @ 424'TVD, 445 sxs, Estimated TOC@ Surface. Intermediate, 12.25" Hole 9.625", 36# Casing, Setting Depth @ 2545'TVD, 655 sxs, estimated TOC@Surface, Production 7.785" Hole, 5.5 17# Casing, Setting Depth @ 12721'MD, 1700 sxs, estimated TOC@500'. Cement covers SWD Injection interval; please see attached cementing report and wellbore diagram. *Active*



WATER SAMPLES REPRESENTATIVE OF WATER BEING INJECTED INTO THE PROPOSED SWD WELL												
Delaware												
Lab Test #	Lease	Location	Salesman	Date Out	Sample Date	Specific Gravity	Ionic Strength	TDS	pH	conductivity	Ca (mg/L)	Mg (mg/L)
2011128362	Sly Hawk State	1	William D Polk	9/28/2011	9/13/2011	1.17	4.06	256802.26	6.50		26180.00	4101.14
Bone Spring												
Lab Test #	Lease	Location	Salesman	Date Out	Sample Date	Specific Gravity	Ionic Strength	TDS	pH	conductivity	Ca (mg/L)	Mg (mg/L)
2012108003	Boyles	24 1H	William D Polk	4/16/2012	4/3/2012	1.13	3.41	206441.81	6.69		3700.86	841.87
Wolfcamp												
Lab Test #	Lease	Location	Salesman	Date Out	Sample Date	Specific Gravity	Ionic Strength	TDS	pH	conductivity	Ca (mg/L)	Mg (mg/L)
2012105892	Augustus 10	1H		3/15/2012	3/8/2012	1.06	1.46	89771.55	6.60		3963.30	639.83

TH (CaCO3)	Na (mg/L)	K (mg/L)	Zn (mg/L)	Fe (mg/L)	Ba (mg/L)	Sr (mg/L)	Mn (mg/L)	Resistivity	HCO3 (mg/L)	CO3 (mg/L)	OH (mg/L)	SO4 (mg/L)	Cl (mg/L)	CO2 (mg/L)	H2S (mg/L)	
83379.63	62970.16	1133.12	38.78	20.06	1.84	905.03	9.33		73.00	0.00		70.00	161300.00	360.00	0.00	
TH (CaCO3)	Na (mg/L)	K (mg/L)	Zn (mg/L)	Fe (mg/L)	Ba (mg/L)	Sr (mg/L)	Mn (mg/L)	Resistivity	HCO3 (mg/L)	CO3 (mg/L)	OH (mg/L)	SO4 (mg/L)	Cl (mg/L)	CO2 (mg/L)	H2S (mg/L)	
13271.35	69386.15	1109.30	0.00	17.57	0.00	483.07	0.00		1403.00	0.00		700.00	128800.00	400.00	0.00	
TH (CaCO3)	Na (mg/L)	K (mg/L)	Zn (mg/L)	Fe (mg/L)	Ba (mg/L)	Sr (mg/L)	Mn (mg/L)	Resistivity	HCO3 (mg/L)	CO3 (mg/L)	OH (mg/L)	SO4 (mg/L)	Cl (mg/L)	CO2 (mg/L)	H2S (mg/L)	
13352.51	28320.32	350.70	0.00	17.85	1.77	707.79	0.00		220.00	0.00		950.00	54600.00	60.00	0.00	

C-108 Affirmative Statement
Legend Natural Gas III, LP
Colt State SWD 4
API 30-015-41401
1066' FNL & 850' FWL (Unit D)
Section 5, T-25S, R-28E
Eddy County, New Mexico

Available geologic and engineering data has been examined with no evidence of open faults or hydrological connection between the injection zone and any underground sources of drinking water has been found.


Jennifer Mosley
Regulatory Analyst – Legend Natural Gas III, LP

06/04/2013
Date

Affidavit of Publication

NO.

22589

STATE OF NEW MEXICO

County of Eddy:

Danny Scott

being duly sworn, says that he is the **Publisher**
of the Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same
day as follows:

First Publication June 6, 2013

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

18th day of June 2013



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires:

5/12/2015

Latisha Romine

Latisha Romine
Notary Public, Eddy County, New Mexico

Copy of Publication:

LEGAL NOTICE



Legend Natural Gas III, LP, 15021 Katy Freeway, Suite 200, Houston, TX, 77094, has filed Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well is located 1066 FNL and 850 FWL, Sec. 5, Township 25S, Range 28E, Eddy County, New Mexico. Disposal water will be sourced from area wells producing from the Hay Hollow; Bone Spring, formation. The disposal water will be injected into the Delaware formation at a depth of 5200'-5700' at a maximum injection pressure of 1000 psig and a maximum rate of 7500 BWPD. The well is located approximately 5 miles Southwest of Magala, NM. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within 15 days of the date of this publication. Any interested party with questions or comments may contact Ms. Jennifer Mosley at Legend Natural Gas III, LP, 777 Main St., Suite 900, Fort Worth, TX 76102 or call (817)872-7822.


Published in the Artesia Daily Press, Artesia, N.M., June 5, 2013. Legal No 22589.

LEGAL NOTICE

Legend Natural Gas III, LP, 15021 Katy Freeway, Suite 200, Houston, TX, 77094, has filed Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well is located 1066 FNL and 850 FWL, Sec. 5, Township 25S, Range 28E, Eddy County, New Mexico. Disposal water will be sourced from area wells producing from the Hay Hollow; Bone Spring, formation. The disposal water will be injected into the Delaware formation at a depth of 5200'-5700' at a maximum injection pressure of 1040 psig and a maximum rate of 7,500 BWPD. The well is located approximately 5 miles Southwest of Magala, NM. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within 15 days of the date of this publication. Any interested party with questions or comments may contact Ms. Jennifer Mosley at Legend Natural Gas III, LP, 777 Main St., Suite 900, Fort Worth, TX 76102 or call (817)872-7822.



-  Devon, Occidental & Legend
-  Mewborne Oil Company
-  Legend Natural Gas III, LP
-  Devon

 LEGEND NATURAL GAS III, LP	
Colt State 4 Proposed SWD Well 205.286 Stock River Field Eddy County, Texas	
Author:	Date:
Map:	1" = 5000 ft 8 May, 2013

C-108 Application for Authorization to Inject
Legend Natural Gas III, LP
Colt State SWD 4
API 30-015-
1066' FNL & 850' FWL (Unit D)
Section 5, T-25S, R-28E
Eddy County, New Mexico

OFFSET OPERATOR/LEASEHOLDER/SURFACE OWNER NOTIFICATION LIST

Section 5 : Mewborne Oil Company

Attn: Corey Mitchell
500 W. Texas, Suite 1020
Midland, TX 79701

Section 5 & 6: Occidental Petroleum Corporation

Attn: Jeremy D. Murphrey
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

Surface Owner: State of New Mexico

Attn: Nick Jaramillo
310 Old Santa Fe Trail
Santa Fe, NM 87501-2708

Section 5 & 6: Devon Energy Production Company, LP

Attn: Ken Gray
20 North Broadway Ave.
Oklahoma City, OK 73102

June 3, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSET LEASEHOLD OWNERS & SURFACE OWNERS

Re: Legend Natural Gas III, LP
Form C-108 (Application for Authorization to Inject)
Colt State SWD 4
API-30-015-41401
1066' FNL & 850'FWL, Unit F, Section 5, T-25S, R-28E
Eddy County, New Mexico

Ladies & Gentlemen:

Enclosed please find a copy of the Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the Legend Natural Gas III, LP Colt State SWD 4 well that is being proposed to drill. You are being provided a copy of the application as an offset leaseholder or the surface owner of the land on which the well is located. Legend Natural Gas III, LP proposed to drill the Colt State SWD 4 and utilize the well as a produced water disposal well, injection to occur into the SWD; Delaware formation through a perforated interval from approximately 5200 feet to 5700 feet.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you have any questions please contact myself at (817)872-7822 or Mr. Jason Vining at (817)872-7845.

Sincerely,



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

LEGEND

NATURAL GAS, LLC

777 Main Street
Suite 900
Fort Worth, TX 76102

CERTIFIED MAIL™

7012 1640 0002 3400 6369



Attn: KEN GRAY
DEVON ENERGY COMPANY, LP
20 NORTH BROADWAY AVE.
OKLAHOMA CITY, OK 73102

CERTIFIED MAIL™

LEGEND

NATURAL GAS, LLC

777 Main Street
Suite 900
Fort Worth, TX 76102

7012 1640 0002 3400 6406



STATE OF NEW MEXICO
Attn: Nick Jaramillo
310 Old Santa Fe Trail
Santa Fe, NM 87501-2708

LEGEND

NATURAL GAS, LLC

777 Main Street
Suite 900
Fort Worth, TX 76102

7012 1640 0002 3400 6390



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5 GREENWAY PLAZA STE. 110
HOUSTON, TX 77046-0521

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Devon Energy Production Company, LP Attn: KEN GRAY
 Street, Apt. No.,
 or PO Box No. **20 North Broadway Ave.**
 City, State, ZIP+4
Oklahoma City, OK 73102
 PS Form 3800, August 2006 See Reverse for Instructions

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 Street, Apt. No.,
 or PO Box No. **5 Greenway Plaza, Ste. 110**
 City, State, ZIP+4
Houston, TX 77046-0521
 PS Form 3800, August 2006 See Reverse for Instructions

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Newbourne Oil Company Attn: Corey Mitchell
 Street, Apt. No.,
 or PO Box No. **500 W. Texas, Ste. 1020**
 City, State, ZIP+4
Midland, TX 79701
 PS Form 3800, August 2006 See Reverse for Instructions



RECEIVED OCD

2013 JUN -6 A 11: 01

June 5, 2013

New Mexico Oil Conservation Division
Attn: Philip R. Goetze, P.G.
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Application for Authorization to Inject
Colt State SWD 4
Sect. 5, Township 25S, Range 28E
1066 FNL, 850 FWL, Unit D
Eddy County, New Mexico

Mr. Goetze,

Legend Natural Gas III, LP respectfully request administrative approval or authorization to inject for the Colt State SWD 4 well as referenced above. Attached for your review is a copy of the C-108 application. Once we receive the newspaper publication affidavit, I will send you a copy. This should post in the Artesia Daily Press on 06/06/2013.

If there are any questions regarding the paperwork please call me at (817)872-7822.

If you have any questions for the engineer please call Jason Vining at (817)872-7845.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jennifer Mosley". The signature is fluid and cursive.

Jennifer Mosley
Regulatory Compliance Analyst
Legend Natual Gas IV, LLC
Office: (817)872-7822
Fax: (817)872-7898

Goetze, Phillip, EMNRD

From: Jennifer Mosley <jmosley@lng2.com>
Sent: Monday, July 15, 2013 8:32 AM
To: Goetze, Phillip, EMNRD
Subject: RE: C-108 Permit Application Review - Colt State SWD #4
Attachments: InactiveWellList.aspx.mht

Phillip:

Here is the new inactive well list that I found this morning. I guess they were running behind on volumes for the State GQ 1 SWD and it is now off the inactive list. The Kimber State should also be off of the inactive list very soon. With the State GQ off, this now leaves Legend with two inactive wells.

Thank you for your time and your help.

Respectfully,
Jennifer Mosley

From: Goetze, Phillip, EMNRD [<mailto:Phillip.Goetze@state.nm.us>]
Sent: Tuesday, July 09, 2013 12:17 PM
To: Jennifer Mosley
Subject: C-108 Permit Application Review - Colt State SWD #4

Jennifer:

I have completed the review of Legend's C-108 application for the Colt State SWD #4 (API 30-015-41401). There are no technical issues with the application, but an approval of the permit cannot be completed due to noncompliance with 19.15.5.9 NMAC. Legend currently has three inactive wells of the total 31 wells with Legend as operator. This inactive total exceeds the two allowed for operators with less than 100 total wells. This compliance issue must be corrected prior to the approval of any new SWD permit. The Bureau will suspend the application pending the resolution of this issue. Please contact me with any questions. PRG

Phillip R. Goetze, P.G.
Engineering Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462

Inactive Well List

Total Well Count: 31 Inactive Well Count: 2

Printed On: Monday, July 15 2013

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-35126	BLACK EAGLE FEDERAL #001	N-17-24S-28E	N	258894	LEGEND NATURAL GAS III LIMITED PARTNERSHIP	F	G	10/2011	MORROW		
2	30-015-35558	KIMBER STATE #001	C-7 -25S-28E	C	258894	LEGEND NATURAL GAS III LIMITED PARTNERSHIP	S	G	03/2012	INT TO P&A APVD/COMP BY 11-3-08 RD/PH		

WHERE Ogrid:258894, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Injection Permit Checklist: Received 06/05/13 First Email Date: 06/08/13 (Email Notice Copy) Final Reply Date: 06/08/13 Suspended?: NA

Issued Permit: Type: WFX / PMX / SWD Number: 1428 Permit Date: 07/01/13 Legacy Permits or Orders: NA

Well No. #4 Well Name(s): Colt State SWD

API: 30-0 15-41401 Spud Date: NA/TBD New/Old (N) (UIC CI II Primacy March 7, 1982)

Footages 1066 FNL / 850 FWL Lot Unit D Sec 5 Tsp 25S Rge 28E County Eddy

General Location: Five miles SW of Magala Pool: SWD: Delaware Pool No.: —

Operator: Legend Natural Gas III, LP OGRID: 258894 Contact: Jennifer Mosley

COMPLIANCE RULE 5.9: Inactive Wells: 2 Total Wells: 31 Fincl Assur: Yes Compl. Order? No IS 5.9 OK? Yes 07/15/13

Well File Reviewed: ✓ Current Status: To Be Drilled

Planned Rehab Work to Well: New Well for Injection

Well Diagrams: Proposed ✓ Before Conversion — After Conversion — Are Elogs in Imaging? To Be Submitted

Well Construction Details:	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Stage Tool	Cement Sx or Cf	Cement Top and Determination Method
Planned <u>—</u> or Existing <u>Cond</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Planned <u>✓</u> or Existing <u>Surface</u>	<u>14 1/2 / 10 3/4</u>	<u>0 to 500</u>	<u>—</u>	<u>480</u>	<u>Cir. to surf.</u>
Planned <u>—</u> or Existing <u>Interm</u>	<u>9 7/8 / 7</u>	<u>0 to 6000</u>	<u>—</u>	<u>3000</u>	<u>Cir. to surf.</u>
Planned <u>—</u> or Existing <u>LongSt</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Planned <u>—</u> or Existing <u>Liner</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Planned <u>✓</u> or Existing <u>OH / PERF</u>	<u>9 7/8 / 7</u>	<u>5200-5700</u>	<u>—</u>	<u>—</u>	<u>—</u>

Injection Strat Column:	Depths (ft)	Formation	Tops?
Above Top of Inject Formation	<u>—</u>	<u>Bell Canyon</u>	<u>2560</u>
Above Top of Inject Formation	<u>—</u>	<u>Cherry Canyon</u>	<u>3360</u>
Proposed Interval TOP:	<u>5200</u>	<u>Delaware / Brushy</u>	<u>—</u>
Proposed Interval BOTTOM:	<u>5700</u>	<u>Delaware</u>	<u>—</u>
Below Bottom of Inject Formation	<u>—</u>	<u>Bone Spring</u>	<u>—</u>
Below Bottom of Inject Formation	<u>—</u>	<u>—</u>	<u>—</u>

Completion/Ops Details:
Drilled TD <u>6000</u> PBTD <u>5956</u>
Open Hole <u>—</u> or Perfs <u>X</u>
Tubing Size <u>3 1/2</u> Inter Coated? <u>Y</u>
Proposed Packer Depth <u>5150</u>
Min Packer Depth <u>5100</u> (100-ft limit)
Proposed Max. Surface Press <u>1040</u>
Calc. Injt Press <u>1040</u> (0.2 psi per ft)
Calc. FPP <u>—</u> (0.65 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P No Noticed? No BLM Sec Ord No WIPP No Noticed? No SALADO: T: 863 B: 2331 CLIFF HOUSE NA

Fresh Water: Max Depth: 300ft FW Formation Shallow Alluvial Wells? No Analysis? N/A Hydrologic Affirm Statement Yes

Disposal Fluid: Formation Source(s) Production / Delaware & BS On Lease — Only from Operator X or Commercial —

Disposal Interval: Injection Rate (AVE/MAX): 5000/7500 Protectable Waters: No CAPITAN REEF: thru No adjacent No

H/C Potential: Producing Interval? Yes Formerly Producing? No Method: E Log / Mudlog/DST/Depleted/Other No info

AOR Wells: 1/2-M Radius Map? Yes Well List? Yes Total No. Wells Penetrating Interval: 2 wells + 2 proposed

Penetrating Wells: No. Active Wells 2 Num Repairs? 0 on which well(s)? 2 active + 3 proposed Diagrams? N

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? — Diagrams? —

NOTICE: Newspaper Date 06/06/13 Mineral Owner State Surface Owner State Land Office N. Date 06/05/2013

RULE 26.7(A): Identified Tracts? — Affected Persons: Mexbourne / Occidental / Devon N. Date 06/05/2013

Permit Conditions: Horizontal wells in Delaware - no info to the west of

Issues: SW Willow Pool - request mudlog prior to commence