

6666

August 20, 2014

Ard Oil, Ltd.
Ard Energy Group, Ltd.
222 West 4th Street, Suite PH5
Fort Worth, Texas 76102

RE: Partition Federal No. 4H
Section 13, T-17-S, R-31-E
Eddy County, New Mexico

Mr. Ard,

Included herewith is Burnett Oil Co., Inc.'s AFE for the captioned well. If Ard Oil Ltd. and Ard Energy Group Ltd. (collectively 'Ard') wish to participate in the drilling and completion of this well, then please so elect by returning both fully executed originals of the AFE to us. We are sending Ard an AFE for this well because there is uncertainty as to whether or not the term assignment dated March 18, 2011 Ard executed in favor of COG Operating, LLC remains in effect.

Should Ard and COG agree that the term assignment remains in full force and effect, Burnett stands ready to honor the assignment by allowing COG its thirty days to elect to participate in the well (Burnett has previously submitted an AFE to COG, its election period will expire September 3rd) and recognizing Ard's overriding royalty interest under the assignment. If the term assignment has expired pursuant to its terms and is not in effect, then please let us know your decision to participate in the captioned well.

Should you have any questions please do not hesitate to contact us. Your attention to this matter will be appreciated.

Sincerely,



Coley Means

enclosures

cc: Joseph Scott, COG Operating LLC

Oil Conservation Division
Case No. _____
Exhibit No. 2

CCCC

August 1, 2014

ARD Energy Group, Ltd.
222 West 4th Street, Suite PH5
Fort Worth, TX 76102

Re: **Partition Federal 4H - AFE #2372**
Section 13-17S-31E, Unit C
Eddy County, New Mexico

Gentlemen:

Burnett Oil Co., Inc.'s AFE for the above referenced well is enclosed. Please indicate your approval by signing a copy of this letter and the enclosed AFE and returning both originals within thirty (30) days to my attention

Also please note below there is an election to participate in BOCI's Control of Well Insurance. This insurance covers the expenses involved in controlling a blowout, the cost of re-drilling the well to the depth reached prior to the blowout, cost of cleanup and containment, pollution and contamination damages. (This is a brief description, and the exact terms are to be found only in the policy.) The limit of insurance is \$10,000,000 per occurrence.

Any non-operating working interest owner may be covered under BOCI's policy by so indicating below and returning a copy of this letter to Burnett. Failure to respond to this letter will result in our assumption that you do desire coverage and you will be billed accordingly. If you are presently covered by your own policy, please provide us with a copy of your Certificate of Insurance for our files.


____ We do desire to be covered under BOCI's Control of Well Insurance and understand a pro-rata premium will be charged to us.

____ We do not desire to be covered under BOCI's Control of Well Insurance and we will provide our own coverage.

Signed: _____ By: _____ Date: _____

Should you have any questions, please do not hesitate to contact Coley Means at (817)583-8761.

Sincerely,


Yesenia Garces
Land Technician

Enclosure: BOCI AFE #2372

CCCC

August 1, 2014

ARD Oil, Ltd.
222 West 4th Street, Suite PH5
Fort Worth, TX 76102

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Section 13-17S-31E, Unit C
Eddy County, New Mexico

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Sincerely,


Yesenia Garces
Land Technician

Enclosure: BOCI AFE #2372