

September 17, 2015 well proposals to Ard Oil and Ard Energy

Oil Conservation Division
Case No. 15404 + 15405
Exhibit No. 2



Via FedEx

September 17, 2015

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

RE: Nosler 12 Fed No. DB 4H Well and Nosler 12 Fed No. EG 6H Well
Maljamar Prospect; Eddy County, New Mexico

Gentlemen:

Burnett Oil Co., Inc. hereby proposes the drilling and completion of the Nosler 12 Fed No. DB 4H Well as a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit A, 600' FNL and 200' FEL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico, and the Nosler 12 Fed No. EG 6H Well, also a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit H, 1800' FNL and 300' FEL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico.

Enclosed are AFE's for the drilling and completion of the captioned wells along with a location plat for the well and related equipment and a wellbore diagram. Burnett plans to spud the Nosler 12 No. DB 4H well within the first half of January 2016 and drill the Nosler 12 Fed No. EG 6H shortly thereafter, likely within six months of completing the DB 4H well. Accordingly, your prompt response to this proposal is greatly appreciated.

If you wish to participate in the drilling and completion of the captioned wells, please so indicate by signing the AFE(s) and returning the same to the undersigned within thirty (30) days of your receipt hereof. You should also include any well data requirements with your election. If you do not wish to participate in the drilling and completion of either or both of the captioned wells, please contact us to discuss alternate arrangements for your interest.

Thank you for your attention to this matter. Please do not hesitate to contact us should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "David Rhodes", with a long horizontal flourish extending to the right.

David Rhodes

Vice President of Land

Enclosures

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 9/17/2015 LEASE: No. 12 Fed WELL #: DB 411 AFE #:
 OPERATOR: Burnett Oil Co., Inc. LOCATION: BL: UNRA, 600' FNL, 200' FEL, Sec 11, T17S, R31E PROPERTY #:
 COUNTY/STATE: Eddy County, NM BHL: Unit B, 970 FNL, 1870' FEL, Sec 12, T17S, R31E FED LEASE #:
 PROSPECT/FIELD: FREN (Glor. Verso) FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock
 Surface location dictated by Sand Dune Lizard habitat TD: MD: 9,100' TVD: 5,400'

INTANGIBLE COSTS:												
DRILL	COMPL									DRILL	COMPL	TOTAL
5830 10	5850 08	LOCATION & ROADWAY (PAT HOLE, ETC)								11,000	19,500	30,500
5830 15		LOCATION & ROADWAY RESTORATION								10,000		10,000
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN								10,000	4,500	14,500
5830 20	5850 21	CONTRACT RATE-FTG/TURKEY										
5830 21	5850 21	CONTRACT RATE/DAYWORK	17	FEET @		\$12,500	PER FOOT					
	5850 20	COMPLETION WORKOVER UNIT	21	DAYS @		\$3,200	PER DAY					
5830 26	5850 28	BITS AND STABILIZERS								40,100	2,500	42,600
5830 22	5850 22	FUEL, LUBRICANTS, WATER								101,000		101,000
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)								41,000	21,000	62,000
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL								75,000		75,000
5830 50	5850 50	PRIMARY CEMENTING (incl Equip)								13,000	5,000	18,000
5830 50	5850 50	SQUEEZE CEMENTING										
5830 44		CORING AND CORE ANALYSIS										
5830 40		MUD LOGGING	17	DAYS @		\$1,100	PER DAY			18,700		18,700
5830 42		DRILL STEM TESTING										
5830 40		OPEN HOLE LOGGING										
	5850 40	PERFORATING AND CASING HOLE LOGS								6,000		6,000
5830 76	5850 76	CASING CREWS, TONGS, HANDLING TOOLS								11,300		11,300
5830 24	5850 24	SURFACE EQUIPMENT RENTALS								194,000		194,000
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS								2,000		2,000
5830 76	5850 76	MISCELLANEOUS LABOR								18,000	3,000	21,000
	5850 10	ACIDIZING										
	5850 15	FRACTURING								234,000		234,000
	5850 65	WELL TESTING (FLWBCK, BHP, ETC)										
	5850 78	CONTRACT LABOR										
5830 37		DIRECTIONAL DRILLING								151,100		151,100
5830 27	5850 27	FISHING RENTAL AND SERVICES										
5830 71	5850 71	SUPERVISION	17	DAYS @		\$1,600	PER DAY			27,200	44,000	71,200
5830 72	5850 72	OPERATING OVERHEAD								7,300		7,300
5830 00	5850 00	OTHER / CONTINGENCIES	Drill				Completion	15.00%		191,000	197,000	378,000
5830 55		PLUGGING EXPENSE								8,000		8,000
5830 84	5850 84	INSURANCE								4,200		4,200
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:										\$1,165,600	\$1,438,300	2,603,900
TANGIBLE COSTS:												
		FEET	SIZE, "OD	WEIGHT / GRADE								
840 10	CASING, DRIVE / CONDUCTOR	90	20"	Included in Location Cost								
840 10	CASING, SURFACE	500	13-3/8"	48# L-40 ST&C	24	12,000				12,000		12,000
840 15	CASING, PROTECTION/INTERMED	2000	9-5/8"	36# J-55 LT&C	18 5	17,000						17,000
860 10	CASING, PROD. PACKER / COMPLETION	9500	7" x 5-1/2"	23# L & 17# L-80 LT&C	13 25					224,000		224,000
860 15	TUBING	6100	2-7/8"	6.5# J-55	5					30,500		30,500
840 20	WELL HEAD TO CASING POINT					7,300						7,300
860 20	CHRISTMAS TREE ASSEMBLY - COMPLETION					10,000				10,000		10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:										\$58,300	\$475,000	\$533,300
TOTAL DRILLING AND COMPLETION COSTS:										\$1,221,900	\$1,913,300	\$3,135,200
LEASE EQUIPMENT COSTS:												
870 20	TANKS, HEATERS, TREATING FACILITIES					50,000						50,000
870 22	SEPARATOR & HEATER TREATER					50,000						50,000
870 23	COMPRESSOR & DEHYDRATOR											
870 53	FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe	3	10 00				50,000		50,000
870 25	PERM IMPROVEMENTS (GATES, FENCES, ETC.)											
870 13	ROADS	5000	3/4", 7/8" & 1"	Grade D	3	4 50				26,100		26,100
870 15	SUBSURFACE PRODUCTION EQUIPMENT					4,000				4,000		4,000
870 10	PUMPING (SURFACE) UNIT & EQUIP					112,000				112,000		112,000
870 11	PUMP BASE & TIE DOWNS					6,000				6,000		6,000
870 14	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					5,000				5,000		5,000
870 17	INSTALLATION COSTS					17,200				17,200		17,200
870 70	SUPERVISION											
	OTHER					2,000				2,000		2,000
TOTAL LEASE EQUIPMENT COSTS:										\$0	\$323,500	\$323,500
LEASEHOLD COSTS:												
810 35	TITLE FEES											
TOTAL LEASEHOLD COSTS:										\$0	\$0	\$0
TOTAL WELL COST:										\$3,458,700		
TOTAL DRY HOLE COST:										\$1,221,000		
TOTAL COST:										\$4,679,700		

PREPARED BY: emg/bas

DIVISION OF INTEREST:

Burnett Oil Company (BB) 0 6688000
 Javelina Partners 0 1511812
 Zorro Partners Ltd 0 0400000
 And Oil Ltd. & And Energy Group Ltd 0 1083438
 Yates Petroleum Corp 0 0313058
 EMC Oil & Gas Ltd 0 0012548
 Greco Credit Shelter Trust 0 0012548

*And Oil Ltd 0 1050104
 *And Energy Group Ltd 0 0033334

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE:

CHARLES E. RAGEL, JR., PRESIDENT

DATE: 9-17-15 9/17/2015

APPROVED:

COMPANY:

NAME:

TITLE:

DATE:

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 9/17/2015 LEASE: Nosler 12 Fed WELL #: 0006H APE #:
 OPERATOR: Burnett Oil Co., Inc. LOCATION: SL: Unit H, 1800' FNL, 300' FEL, Sec 11, T17S, R31E PROPERTY #:
 COUNTY/STATE: Eddy County, NM BHL: Unit G, 2280' FNL, 1670' FEL, Sec 12, T17S, R31E FED LEASE #:
 PROSPECT/FIELD: FREN (Glor. Yaso) TO: MD: 9,100' TVD: 5,400' FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock
 Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:						DRILL	COMPL	TOTAL
5830 10	5850 08	LOCATION & ROADWAY (RAT HOLE, ETC)				10,000		10,000
5830 15		LOCATION & ROADWAY RESTORATION						
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN					4,500	4,500
5830 20	5850 21	CONTRACT RATE-FTG/TURKEY						
5830 21	5850 21	CONTRACT RATE/DAYWORK	17	DAYS	\$12,500			212,500
	5850 20	COMPLETION, WORKOVER UNIT	22	DAYS	22,500			495,000
5830 25	5850 26	BITS AND STABILIZERS						
5830 22	5850 22	FUEL, LUBRICANTS, WATER						
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)						
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL						
5830 50	5850 50	PRIMARY CEMENTING (incl Equip)						
5830 50	5850 50	SQUEEZE CEMENTING						
5830 44		CORING AND CORE ANALYSIS						
5830 48		MUD LOGGING	17	DAYS	\$1,100			18,700
5830 42		DRILL STEM TESTING						
5830 40		OPEN HOLE LOGGING						
	5850 40	PERFORATING AND CASING HOLE LOGS						
5830 76	5850 76	CASING CREWS, TONGS, HANDLING TOOLS						
5830 24	5850 24	SURFACE EQUIPMENT RENTALS						
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS						
5830 75	5850 75	MISCELLANEOUS LABOR						
	5850 10	ACIDIZING						
	5850 15	FRACTURING						
	5850 65	WELL TESTING (FLOWCK, BHP, ETC)						
	5850 78	CONTRACT LABOR						
5830 37		DIRECTIONAL DRILLING						
5830 27	5850 27	FISHING RENTAL AND SERVICES						
5830 71	5850 71	SUPERVISION	17	DAYS	\$1,600			27,200
5830 72	5850 72	OPERATING OVERHEAD						
5830 80	5850 80	OTHER / CONTINGENCIES	Drill					
5830 55		PLUGGING EXPENSE						
5830 84	5850 84	INSURANCE						
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$1,185,600	\$1,438,300	2,623,900
TANGIBLE COSTS:		FEET	SIZE / OD	WEIGHT / GRADE	S/FT			
840 10		CASING, DRIVE / CONDUCTOR	90	20"	included in Location Cost			
840 10		CASING, SURFACE	500	13-3/8"	48# H-40 ST&C	24		12,000
840 15		CASING, PROTECTION/INTERMED	2000	9-5/8"	38# J-55 LT&C	18.5		37,000
860 10		CASING, PROD, PACKER COMPLETION	0500	1" x 5-1/2"	23# L & 17# L-80 LT&C	13.25		6,625
860 15		TUBING	6100	2-7/8"	6.5# J-55	5		30,500
840 20		WELL HEAD TO CASING POINT						
860 20		CHRISTMAS TREE ASSEMBLY - COMPLETION						
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:						\$58,300	\$475,800	\$534,100
TOTAL DRILLING AND COMPLETION COSTS:						\$1,243,900	\$1,914,100	\$3,158,000
LEASE EQUIPMENT COSTS:								
870 20		TANKS, HEATERS, TREATING FACILITIES						
870 22		SEPARATOR & HEATER TREATER						
870 23		COMPRESSOR & DEHYDRATOR						
870 53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe	\$	10.00	50,000
870 25		PERM IMPROVEMENTS (GATES, FENCES, ETC)						
870 13		RODS	5800	3/4", 7/8" & 1"	Grade D	\$	4.50	26,100
870 15		SUBSURFACE PRODUCTION EQUIPMENT						
870 10		PUMPING (SURFACE) UNIT & EQUIP						
870 11		PUMP BASE & TIE DOWNS						
870 14		MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT						
870 17		INSTALLATION COSTS						
870 70		SUPERVISION						
		OTHER						
TOTAL LEASE EQUIPMENT COSTS:						\$0	\$323,500	\$323,500
LEASEHOLD COSTS:								
810 35		TITLE FEES						
TOTAL LEASEHOLD COSTS:						\$0	\$0	\$0
TOTAL WELL COST:						\$1,243,900	\$1,914,100	\$3,158,000
TOTAL DRY HOLE COST:						\$1,243,900	\$1,914,100	\$3,158,000

DIVISION OF INTEREST:

Burnett Oil Company (BOC) 0.000000
 Javaline Partners 0.151812
 Zarro Partners Ltd 0.040000
 And Oil Ltd. & And Energy Group Ltd 0.108348
 Yates Petroleum Corp 0.031385
 EMC Oil & Gas Ltd. 0.0012546
 Cranz Creek Sheller Trust 0.0012546

*And Oil, Ltd. 0.1050104
 *And Energy Group, Ltd 0.0033334

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE: CHARLES E. JAGEL R. PRESIDENT

DATE: 9-17-15 9/17/2015

APPROVED:

COMPANY:

NAME:

TITLE:

DATE:

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 9/17/2015 LEASE: Nosler 12 Fed WELL # DB 4H AFE #:
OPERATOR: Burnett Oil Co., Inc. LOCATION: SL: Unit A, 600' FNL, 200' FEL, Sec 11, T17S, R31E PROPERTY #:
COUNTY/STATE: Eddy County, NM BHL: Unit B, 970' FNL, 1870' FEL, Sec 12, T17S, R31E FED LEASE #:
PROSPECT/FIELD: FREN (Glor. Yaso) TD: MD: 9,100' TVD: 9,400' FORMATION: Paddock
RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock
Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:						DRILL	COMPL.	TOTAL
5830.10	5850.06	LOCATION & ROADWAY (RAT HOLE, ETC)				77,000	10,500	87,500
5830.15		LOCATION & ROADWAY RESTORATION				10,000		10,000
5830.23	5850.23	RIG MOVE-RIG UP, RIG DOWN				2,500	4,500	7,000
5830.20	5850.21	CONTRACT RATE-FTG/TURNKEY						0
5830.21	5850.21	CONTRACT RATE/DAYWORK	17	DAYS @	\$12,500	212,500	0	212,500
	5850.20	COMPLETION, WORKOVER UNIT		DAYS @	\$3,200		7,600	7,600
5830.26	5850.26	BITS AND STABILIZERS				40,100	2,200	42,300
5830.22	5850.22	FUEL, LUBRICANTS, WATER				101,500		101,500
5830.60	5850.60	TRUCKING AND TRANSPORTATION (Water)				11,700	21,000	32,700
5830.30	5850.30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL				75,000		75,000
5830.50	5850.50	PRIMARY CEMENTING (incl. Equip.)			No KO plug	35,400	50,000	85,400
5830.50	5850.50	SQUEEZE CEMENTING						0
5830.44		CORING AND CORE ANALYSIS						0
5830.46		MUD LOGGING	17	DAYS @	\$1,100	18,700		18,700
5830.42		DRILL STEM TESTING						0
5830.40		OPEN HOLE LOGGING						0
	5850.40	PERFORATING AND CASING HOLE LOGS					6,000	6,000
5830.76	5850.76	CASING CREWS, TONGS, HANDLING TOOLS				32,700	11,300	44,000
5830.24	5850.24	SURFACE EQUIPMENT RENTALS				60,000	104,000	164,000
5830.29	5850.29	DOWNHOLE EQUIPMENT RENTALS				2,600	56,200	58,800
5830.76	5850.76	MISCELLANEOUS LABOR				10,000	3,000	13,000
	5850.10	ACIDIZING						0
	5850.15	FRACTURING					854,000	854,000
	5850.65	WELL TESTING (FLOWBACK, BHP, ETC)						0
	5850.78	CONTRACT LABOR						0
5830.37		DIRECTIONAL DRILLING				151,100		151,100
5830.27	5850.27	FISHING RENTAL AND SERVICES						0
5830.71	5850.71	SUPERVISION	17	DAYS @	\$1,600	27,200	40,000	67,200
5830.72	5850.72	OPERATING OVERHEAD				7,300		7,300
5830.80	5850.80	OTHER / CONTINGENCIES	Drill	30.00%	Completion	12.00%	107,000	378,000
5830.55		PLUGGING EXPENSE				8,000		8,000
5830.84	5850.84	INSURANCE				4,200		4,200
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$1,165,600	\$1,438,300	2,603,900
TANGIBLE COSTS:								
840.10		CASING, DRIVE / CONDUCTOR	90	FEET	20"	included in Location Cost	0	0
840.10		CASING, SURFACE	500		13-3/8"	489 H-40 ST&C	24	12,000
840.15		CASING, PROTECTION/INTERMED	2000		9-5/8"	369 J-55 LT&C	18.5	37,000
860.10		CASING, PROD. PACKER COMPLETION	8500		7" x 5-1/2"	234 L & 17# L-80 LT&C	13.25	194,500
860.15		TUBING	8100		2-7/8"	8.5# J-55	5	36,500
840.20		WELL HEAD TO CASING POINT					7,300	7,300
860.20		CHRISTMAS TREE ASSEMBLY - COMPLETION					10,000	10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:						\$58,200	\$475,000	\$533,200
TOTAL DRILLING AND COMPLETION COSTS:						\$1,223,800	\$1,913,300	\$3,137,100
LEASE EQUIPMENT COSTS:								
870.20		TANKS, HEATERS, TREATING FACILITIES					50,000	50,000
870.22		SEPARATOR & HEATER TREATER					50,000	50,000
870.23		COMPRESSOR & DEHYDRATOR					0	0
870.53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe	\$	10.00	50,000
870.25		PERM IMPROVEMENTS (GATES, FENCES, ETC.)					0	0
870.13		ROADS	5800	3/4", 7/8" & 1"	Grade D	\$	4.50	26,100
870.15		SUBSURFACE PRODUCTION EQUIPMENT					1,600	4,800
870.10		PUMPING (SURFACE) UNIT & EQUIP					112,600	112,600
870.11		PUMP BASE & TIE DOWNS					6,000	6,000
870.14		MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					5,000	5,000
870.17		INSTALLATION COSTS					17,200	17,200
870.70		SUPERVISION						0
		OTHER					2,000	2,000
TOTAL LEASE EQUIPMENT COSTS:						10	\$323,500	\$323,500
LEASEHOLD COSTS:								
810.35		TITLE FEES				0		0
TOTAL LEASEHOLD COSTS:						0	0	0
TOTAL WELL COST:						\$3,458,700		
TOTAL DRY HOLE COST:						\$1,221,900		
TOTAL WELL COST:						\$1,221,900	\$2,738,800	\$3,960,700

DIVISION OF INTEREST:

Burnett Oil Company (88%)	0.8888000
Javelina Partners	0.1511012
Zorro Partners Ltd	0.0400000
And Oil Ltd. & And Energy Group Ltd *	0.1003438
Yates Petroleum Corp	0.0313858
EMC Oil & Gas Ltd	0.0012546
Grant Credit Shelter Trust	0.0012546

*Arg Oil Ltd 0.1050104
*And Energy Group Ltd 0.0033334

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE: 
CHARLES E. NAGEL, PRESIDENT

DATE: 9-17-15 9/17/2015

APPROVED:

COMPANY:

NAME:

TITLE:

DATE:

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 9/17/2015 LEASE: Noster 12 Fed WELL #: EG 6H AFE #
 OPERATOR: Burnett Oil Co., Inc. LOCATION: SL: Unit H, 1800' FNL, 300' FEL, Sec 11, T17S, R31E
 COUNTY/STATE: Eddy County, NM BHL: Unit G, 2280' FNL, 1070' FEL, Sec 12, T17S, R31E
 PROSPECT/FIELD: FREN (Glor. Yesso) TD: MD: 9,100' TVD: 3,400'
 RECOMMENDATION: Drill & complete a 0.73 mile (3,300') horizontal well in the Paddock
 Surface location dictated by Sand Dune Lizard habitat FORMATION: Paddock

INTANGIBLE COSTS:				DRILL			COMPL			TOTAL		
5830 10	5850 08	LOCATION & ROADWAY (RAY HOLE, ETC)			75,000		0,000			75,000		
5830 15		LOCATION & ROADWAY RESTORATION			10,000					10,000		
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN			75,000		4,500			79,500		
5830 20	5850 21	CONTRACT RATE-FTG/TURKEY										
5830 21	5850 21	CONTRACT RATE/DAYWORK	17	DAYS			0			212,500		
	5850 20	COMPLETION, WORKOVER UNIT	25	DAYS								
5830 25	5850 26	BITS AND STABILIZERS			40,000		2,500			42,500		
5830 22	5850 22	FUEL, LUBRICANTS, WATER			101,000		10			101,010		
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)			11,700		21,000			32,700		
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL			10,000					10,000		
5830 50	5850 50	PRIMARY CEMENTING (Ind. Equip)			10,000					10,000		
5830 50	5850 50	SQUEEZE CEMENTING			55,400		23,000			78,400		
5830 44		CORING AND CORE ANALYSIS										
5830 46		MUD LOGGING	17	DAYS								
5830 42		DRILL STEM TESTING			18,400					18,400		
5830 40		OPEN HOLE LOGGING										
	5850 40	PERFORATING AND Cased Hole Logs					6,000			6,000		
5830 76	5850 76	CASING CREWS, TONGS, HANDLING TOOLS			17,200		11,100			28,300		
5830 24	5850 24	SURFACE EQUIPMENT RENTALS			60,300		174,600			234,900		
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS			2,000		54,000			56,000		
5830 76	5850 76	MISCELLANEOUS LABOR			18,600		5,000			23,600		
	5850 10	ACIDIZING										
	5850 15	FRACTURING					254,500			254,500		
	5850 65	WELL TESTING (FLWBCK, SHP, ETC)										
	5850 78	CONTRACT LABOR										
5830 37		DIRECTIONAL DRILLING			151,100					151,100		
5830 27	5850 27	FISHING RENTAL AND SERVICES										
5830 71	5850 71	SUPERVISION	17	DAYS			46,000			46,000		
5830 72	5850 72	OPERATING OVERHEAD			7,300					7,300		
5830 80	5850 80	OTHER / CONTINGENCIES			131,000		107,000			238,000		
5830 55		PLUGGING EXPENSE			8,000					8,000		
5830 84	5850 84	INSURANCE			4,700					4,700		
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:					\$1,165,600		\$1,438,300			\$2,603,900		
TANGIBLE COSTS:												
840 10		CASING, DRIVE / CONDUCTOR	90	FEET								
840 10		CASING, SURFACE	500	FEET								
840 15		CASING, PROTECTION/INTERMED	2000	FEET								
860 10		CASING, PROD, PACKER COMPLETION	9500	FEET								
850 15		TUBING	6100	FEET								
840 20		WELL HEAD TO CASING POINT										
860 20		CHRISTMAS TREE ASSEMBLY - COMPLETION										
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:					\$58,300		\$475,000			\$533,300		
TOTAL DRILLING AND COMPLETION COSTS:					\$1,221,900		\$1,913,300			\$3,135,200		
LEASE EQUIPMENT COSTS:												
870 20		TANKS, HEATERS, TREATING FACILITIES										
870 22		SEPARATOR & HEATER TREATER										
870 23		COMPRESSOR & DEHYDRATOR										
870 53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly								
870 25		PERM IMPROVEMENTS (GATES, FENCES, ETC)										
870 13		ROGS	5000	3/4" 7/8" & 1"								
870 15		SUBSURFACE PRODUCTION EQUIPMENT										
870 10		PUMPING (SURFACE) UNIT & EQUIP										
870 11		PUMP BASE & TIE DOWNS										
870 14		MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT										
870 17		INSTALLATION COSTS										
870 70		SUPERVISION										
		OTHER										
TOTAL LEASE EQUIPMENT COSTS:					\$0		\$323,600			\$323,600		
LEASEHOLD COSTS:												
810 35		TITLE FEES										
TOTAL LEASEHOLD COSTS:					\$0		\$0			\$0		
TOTAL WELL COST:					\$3,458,700							
TOTAL DRY HOLE COST:					\$1,221,900							
TOTAL WELL COST:					\$1,221,900		\$2,236,800			\$3,458,700		

DIVISION OF INTEREST:

Burnett Oil Company (BOC) 0.6550000
 Javelina Partners 0.1511612
 Zorro Partners Ltd 0.0400000
 And Oil Ltd. & And Energy Group Ltd 0.1063438
 Yates Petroleum Corp 0.0113858
 BMC Oil & Gas Ltd 0.0612548
 Cranz Credit Shaller Trust 0.0612548

*And Oil Ltd. 0.1050104
 *And Energy Group, Ltd 0.0033334

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE: *Charles E. Nagel*

CHARLES E. NAGEL, PRESIDENT

DATE: 9-17-15 R/17/2015

APPROVED:

COMPANY:

NAME:

TITLE:

DATE:

Phone: 817-332-5108

Fax: 817-332-2438

[illegible]

Coley Means

From: Yesenia Garces
Sent: Friday, September 18, 2015 9:36 AM
To: Coley Means
Subject: FW: FedEx Shipment 774538174356 Delivered

FYI...

From: trackingupdates@fedex.com [<mailto:trackingupdates@fedex.com>]
Sent: Friday, September 18, 2015 9:35 AM
To: Yesenia Garces
Subject: FedEx Shipment 774538174356 Delivered

Your package has been delivered

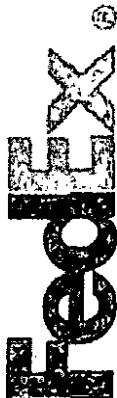
Tracking # 774538174356

Ship date:
Thu, 9/17/15
YESENIA GARCES
BURNETT OIL CO., INC
FORT WORTH, TX 76102
US



Delivered

Delivery date:
Fri, 9/18/15 9:32 am
LAND MANAGER
ARD OIL, LTD & ARD ENERGY
GROUP,LTD
222 WEST 4TH STREET,
SUITE PH5
FORT WORTH, TX 76102
US




Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	<u>774538174356</u>
Status:	Delivered: 09/18/2015 09:32 AM Signed for By: A.REID
Signed for by:	A.REID
Delivery location:	FORT WORTH, TX
Delivered to:	Residence
Service type:	FedEx Priority Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

Residential Delivery

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September 21, 2015 revision of *division of interest* Nosler Fed 12 DB4H

6666

Via FedEx

September 21, 2015

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

RE: Nosler 12 Fed No. DB 4H Well-REVISED AUTHORITY FOR EXPENDITURE
Maljamar Prospect; Eddy County, New Mexico

Gentlemen:

Reference is made to Burnett Oil Co., Inc.'s proposal for the captioned well dated September 17, 2015. Burnett is submitting this revised AFE wherein the interests of the parties in the well has been amended to reflect the current ownership in the proposed spacing unit ('Division of Interest' therein).

As before, if you wish to participate in the drilling and completion of the captioned well(s), please so indicate by signing the AFE(s) and returning the same to the undersigned within thirty (30) days of your receipt hereof. You should also include any well data requirements with your election. If you do not wish to participate in the drilling and completion of either or both of the captioned wells, please contact us to discuss alternate arrangements for your interest.

Thank you for your attention to this matter. Please do not hesitate to contact us should you have any questions.

Sincerely,



David Rhodes
Vice President of Land

Enclosure

BURNETT OIL CO., INC.
AUTHORITY FOR EXPENDITURE - COST ESTIMATE

DATE: 9/17/2015 LEASE: No. 12 Fed WELL # DB 411 AFE # 2430
 OPERATOR: Burnett Oil Co., Inc. LOCATION: PROPERTY #: GJK002H
 COUNTY/STATE: Eddy County, NM SL: Unit A, 600' FNL, 200' FEL, Sec 11, T17S, R31E FED LEASE #: NMLC629415B
 PROSPECT/FIELD: FREN (Glor. Yaso) BHL: Unit B, 970 FNL, 1670' FEL, Sec 12, T17S, R31E FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock 1D, MD: 9,100' TVD: 5,400'

INTANGIBLE COSTS:								
DRILL	COMPL					DRILL	COMPL	TOTAL
5830.10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)				17,000	19,500	36,500
5830.13		LOCATION & ROADWAY RESTORATION				10,000		10,000
5830.23	5850.23	RIG MOVE-RIG UP, RIG DOWN				75,000	4,500	79,500
5830.20	5850.21	CONTRACT RATE-FTG/TURNKEY						0
5830.21	5850.21	CONTRACT RATE/DAYWORK	17	FEET	\$12,500	212,500	0	212,500
5830.21	5850.20	COMPLETION WORKOVER UNIT	20	DAYS	\$3,200		64,000	73,500
5830.26	5850.20	BITS AND STABILIZERS				40,100	2,600	42,600
5830.27	5850.22	FUEL, LUBRICANTS, WATER				101,500		101,500
5830.60	5850.60	TRUCKING AND TRANSPORTATION (Water)				41,200	21,000	62,200
5830.30	5850.30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL				15,000	0	15,000
5830.50	5850.50	PRIMARY CEMENTING (incl. Equip.)				55,400	53,000	108,400
5830.50	5850.50	SQUEEZE CEMENTING						0
5830.44		CORING AND CORE ANALYSIS						0
5830.46		MUD LOGGING	17	DAYS	\$1,100	15,400		15,400
5830.42		DRILL STEM TESTING						0
5830.46		OPEN HOLE LOGGING						0
5830.76	5850.76	PERFORATING AND CASING HOLE LOGS					6,000	6,000
5830.74	5850.76	CASING CREWS, TONGS, HANDLING TOOLS				12,200	11,300	23,500
5830.24	5850.24	SURFACE EQUIPMENT RENTALS				80,300	104,800	185,100
5830.29	5850.29	DOWNHOLE EQUIPMENT RENTALS				7,000	58,300	65,300
5830.76	5850.76	MISCELLANEOUS LABOR				16,600	7,600	24,200
5830.10	5850.10	ACIDIZING					0	0
5830.15	5850.15	FRACTURING					854,800	854,800
5830.65	5850.65	WELL TESTING (FLWBCK, BHP, ETC)					0	0
5830.78	5850.78	CONTRACT LABOR					0	0
5830.37	5830.37	DIRECTIONAL DRILLING				151,100		151,100
5830.27	5830.27	FISHING RENTAL AND SERVICES						0
5830.71	5850.71	SUPERVISION	17	DAYS	\$1,600	27,200	40,000	67,200
5830.72	5830.72	OPERATING OVERHEAD				7,300		7,300
5830.60	5850.60	OTHER / CONTINGENCIES	Del:	20.00%	Completion:	191,000	197,000	378,000
5830.55		PLUGGING EXPENSE				6,000		6,000
5830.84	5850.84	INSURANCE				1,200		1,200
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$1,165,600	\$1,438,300	2,603,900
TANGIBLE COSTS:								
		FEET	SIZE	WEIGHT / GRADE	\$/FT			
840.10	CASING, DRIVE / CONDUCTOR	93	20"	Included in Location Cost	0			0
840.10	CASING, SURFACE	300	13-3/8"	48# H-40 ST&C	24	12,000		12,000
840.15	CASING, PROTECTION/INTERMED	2000	9-5/8"	26# J-55 LT&C	18.5	37,000		37,000
860.10	CASING, PROD. PACKER COMPLETION	8500	7" x 5-1/2"	23# L & 17# L-40 LT&C	13.25		434,500	434,500
880.15	TUBING	8100	2-7/8"	6 5# J-55	5		30,500	30,500
840.20	WELL HEAD TO CASING POINT					7,300		7,300
860.20	CHRISTMAS TREE ASSEMBLY - COMPLETION					10,000		10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:						\$58,300	\$479,000	\$537,300
TOTAL DRILLING AND COMPLETION COSTS:						\$1,223,900	\$1,917,300	\$3,141,200
LEASE EQUIPMENT COSTS:								
870.20	TANKS, HEATERS, TREATING FACILITIES					50,000		50,000
870.22	SEPARATOR & HEATER TREATER					50,000		50,000
870.23	COMPRESSOR & DEHYDRATOR					0		0
870.33	FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe	\$ 10.00	50,000		50,000
870.25	PERM. IMPROVEMENTS (GATES, FENCES, ETC.)	5600	3/4" 7/8" & 1"	Grade D	\$ 4.50	25,100		25,100
870.15	SUBSURFACE PRODUCTION EQUIPMENT					4,900		4,900
870.10	PUMPING (SURFACE) UNIT & EQUIP					112,000		112,000
870.11	PUMP BASE & TIE DOWNS					6,000		6,000
870.15	MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					5,000		5,000
870.17	INSTALLATION COSTS					17,200		17,200
870.70	SUPERVISION							0
870.70	OTHER						2,000	2,000
TOTAL LEASE EQUIPMENT COSTS:						\$0	\$323,300	\$323,300
LEASEHOLD COSTS:								
810.35	TITLE FEES					0		0
TOTAL LEASEHOLD COSTS:						\$0	\$0	\$0
TOTAL WELL COST:						\$3,458,700		
TOTAL DRY HOLE COST:						\$1,221,200		
TOTAL COST:						\$4,679,900		
PREPARED BY: wmg/bas								

DIVISION OF INTEREST:
 Burnett Oil Company (000) 00000000
 Jostina Partners 01311642
 Jostina Partners L.P. 01000000
 Jostina L.P. & Jostina Group, L.P. 00722242
 Jostina Petroleum Corp. 00611358
 Jostina Oil & Gas Ltd. 00001254
 Jostina Credit Under Trust 00001254
 Jostina Operating, L.P. 00001254
 Jostina L.P. 00001254
 Jostina Group Ltd. 00001254

APPROVED BY BURNETT OIL CO., INC. 
 SIGNATURE: CHARLES E. NAGEL, PRESIDENT
 DATE: 02/12/2015

APPROVED: _____
 COMPANY: _____
 NAME: _____
 TITLE: _____
 DATE: _____

Coley Means

From: trackingupdates@fedex.com
Sent: Tuesday, September 22, 2015 11:46 AM
To: Coley Means
Subject: FedEx Shipment 774559595011 Delivered

Your package has been delivered

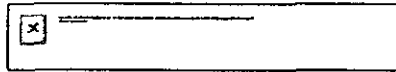
Tracking # 774559595011

Ship date:
Mon, 9/21/15

Coley Means
Fort Worth, TX 76102
US

Delivery date:
Tue, 9/22/15 11:44 am

Mr. Julian Ard
Ard Oil Ltd. / Ard Energy Group
Ltd
222 West 4th Street Suite PH5
FORT WORTH, TX 76102
US



Delivered

Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number: 774559595011

Status: Delivered: 09/22/2015 11:44 AM
Signed for By: J.BRABSON

Signed for by: J.BRABSON

Delivery location: FORT WORTH, TX

Delivered to: Residence


Service type: FedEx Standard Overnight

Packaging type: FedEx Envelope

Number of pieces: 1

Weight: 0.50 lb.

Special handling/Services: Deliver Weekday
Residential Delivery

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Thank you for your business.



Shipment Receipt

Address Information

Ship to:

Mr. Julian Ard
Ard Oil Ltd. / Ard Energy
Group Ltd

222 West 4th Street
Suite PH5
FORT WORTH, TX
76102
US
8173126592

Ship from:

Coley Means

801 Cherry St - Unit #9
Burnett Plaza, Ste 1500
Fort Worth, TX
76102
US
8173325108

Shipment Information:

Tracking no.: 774559595011

Ship date: 09/21/2015

Estimated shipping charges: 20.30

Package Information

Pricing option: FedEx Standard Rate

Service type: Standard Overnight

Package type: FedEx Envelope

Number of packages: 1

Total weight: 0.25 LBS

Declared Value: 0.00 USD

Special Services:

Pickup/Drop-off: Drop off package at FedEx location

Billing Information:

Bill transportation to: coleysfedx-455

Your reference:

P.O. no.:

Invoice no.:

Department no.:

Thank you for shipping online with FedEx ShipManager at fedex.com.

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Coley Means

From: David Rhodes
Sent: Monday, August 17, 2015 8:08 AM
To: Coley Means
Subject: FW: Puckett

FYI

DAVID S. RHODES
VICE PRESIDENT – LAND

BURNETT OIL CO., INC.
BURNETT PLAZA – SUITE 1500
801 CHERRY STREET – UNIT #9
FORT WORTH, TX 76102-6881
OFFICE: (817) 583-8681
FAX: (817) 332-7832
DSRHODES@BURNETTOIL.COM

-----Original Message-----

From: Julian Ard [<mailto:julianard@sbcglobal.net>]
Sent: Friday, August 14, 2015 11:39 AM
To: David Rhodes
Cc: Jo Marie Graf; Julian Ard
Subject: Puckett

David,
Thank you for yesterday's email.
Your questions require more time of me than we have today.
I'll be out of town most of next week; however, I'll get back next week in hopes we can schedule a meeting.
Thank you!
Julian

Julian Ard
Sent from my iPhone
817-291-1199

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Coley Means

From: Houston Kauffman <houstonk@mac.com>
Sent: Thursday, September 03, 2015 6:50 PM
To: Coley Means
Cc: David Rhodes
Subject: Re: Nosler #3

Thanks again for you time the other day. I spoke with Julian late this morning about our phone call. I still think a JOA with an ORI in lieu of non-consent for new drilling/conversion of verticals to horizontals is a good way to go for him that might work for y'all too. I do think I'm getting across to him that the worst thing for him is to get compulsory pooled, unless he wants to participate.

Almost on cue, David Evans from Concho sent Julian an email late yesterday or early this morning. He was mainly inquiring about a couple of areas other than Puckett, but I'd say he was at least sniffing around about Puckett. So much for my impression I conveyed to you that they had moved on to other things.

Holler if you have any questions.

Houston Kauffman
817-312-6592 cell

> On Aug 27, 2015, at 5:25 PM, Coley Means <cmeans@burnettoil.com> wrote:

>

> Houston,

>

> The disclaimer at the outset is, as you note – our drilling plans are conditioned upon all of the uncertainty around price, cost, etc. So the discussion surrounding plans is very general.

>

> Generally, we would want some voluntary commitment with the Ard interest. We would like to see Ard enter into a JOA covering all of the lands and depths released by COG. In the alternative, we would consider a term assignment (or perhaps outright assignment) of the Ard interest therein. This could include a reserved ORI and would need to be on reasonable terms. Absent a voluntary commitment along these lines, it will be necessary to compulsory pool the Ard interest as drilling goes along. We do not have any compulsory pooling plans / process in place today with respect to the Ard interest, and any further compulsory pooling would depend on what Mr. Ard wants to do with his interest

>

> As far as the Nosler #3 is concerned, that well and proration unit was expressly reassigned to Ard and would be subject to the current JOA. We do not have any current plans to kick out of the existing wellbore of the Nosler 3 to add a lateral, but the well will be TA'ed so as to allow this at some point in the future.

>

> A very brief overview of Burnett's drilling plans at Maljamar are as follows: we believe there are approximately 20 one mile HZ locations in the north three sections on the prospect (assuming current 160 acre spacing) including both Paddock and Blinebury wells. We have three APD's pending for HZ wells and subject to the disclaimer, would hope to drill those in the next couple years (part of the initial tranche of de-risking). A full development would be more robust, but the timing and pace thereof is too speculative to comment on today other than to say that is the ultimate plan. Currently, estimated completed well cost for similarly situated wells (Blinebury or Paddock) in the area is approximately \$4.0MM.

>