

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:

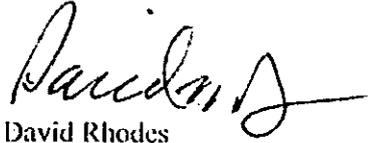
Burnett Oil Co., Inc. hereby proposes the drilling and completion of the Nosler 12 Fed No. DB 4H Well as a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit A, 600' FNL and 200' FEL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico, and 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: Noster 12 Fed WELL #: DB 411 AFE #
 OPERATOR: Burnett Oil Co., Inc. LOCATION: PROPERTY #:
 COUNTY/STATE: Eddy County, NM SL: Unit A, 600' FNL, 200' FEL, Sec 11, T17S, R31E FED LEASE #:
 PROSPECT/FIELD: FREN (Glor. Yaso) BHL: Unit B, 970 FNL, 1870' FEL, Sec 12, T17S, R31E FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock TD: MD: 9,100' TVD: 5,400'
 Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:						DRILL	COMPL.	TOTAL	
5830 10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)				77,500	19,500	97,000	
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/TURNKEY					0	0	
5830 21	5850 21	CONTRACT RATE/DAY/WORK	17	DAYS @	\$12,500	PER DAY	0	212,500	
	5850 20	COMPLETION WORKOVER UNIT	73	DAYS @	\$3,200	PER DAY	0	233,600	
5830 26	5850 26	BITS AND STABILIZERS				90,100	2,500	92,600	
5830 22	5850 22	FUEL, LUBRICANTS, WATER				101,200	0	101,200	
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)				41,300	21,000	62,300	
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL				75,000	0	75,000	
5830 50	5850 50	PRIMARY CEMENTING (incl. Equip.)				13,100	53,000	66,100	
5830 50	5850 50	SQUEEZE CEMENTING					0	0	
5830 44		CORING AND CORE ANALYSIS					0	0	
5830 40		MUD LOGGING	17	DAYS @	\$1,100	PER DAY	15,300	15,300	
5830 42		DRILL BIT/EM TESTING					0	0	
5830 40		OPEN HOLE LOGGING					0	0	
	5850 40	PERFORATING AND CASING HOLE LOGS					6,000	6,000	
5830 76	5850 76	CASING CREWS, TONGS, HANDLING TOOLS				12,100	11,300	23,400	
5830 24	5850 24	SURFACE EQUIPMENT RENTALS				90,100	191,400	181,500	
5830 29	5850 29	DOWMHOLE EQUIPMENT RENTALS				4,000	55,300	59,300	
5830 76	5850 76	MISCELLANEOUS LABOR				18,400	3,600	22,000	
	5850 10	ACIDIZING					0	0	
	5850 15	FRACTURING					254,000	254,000	
	5850 85	WELL TESTING (FLWBCK, BHP, ETC)					0	0	
	5850 78	CONTRACT LABOR					0	0	
5830 37		DIRECTIONAL DRILLING				151,000		151,000	
5830 27	5850 27	FISHING RENTAL AND SERVICES					0	0	
5830 71	5850 71	SUPERVISION	17	DAYS @	\$1,600	PER DAY	27,200	27,200	
5830 72	5850 72	OPERATING OVERHEAD				7,300		7,300	
5830 80	5850 80	OTHER / CONTINGENCIES	10%			191,000	197,500	378,500	
5830 55		PLUGGING EXPENSE				8,000		8,000	
5830 84	5850 84	INSURANCE				4,200		4,200	
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$1,153,600	\$1,438,300	2,602,300	
TANGIBLE COSTS:						FEET	SIZE, °OD	WEIGHT / GRADE	S/FT
840 10		CASING, DRIVE / CONDUCTOR	90	20"				Included in Location Cos	0
040 10		CASING, SURFACE	500	13-3/8"				488 H-40 ST&C	24
840 15		CASING, PROTECTION/INTERMED	2000	9-5/8"				368 J-55 LT&C	18.5
060 10		CASING, PROD. PACKER COMPLETION	9200	7" x 5-1/2"				238 L & 17# L-80 LT&C	13.25
860 15		TUBINGS	6100	2-7/8"				6 5# J-55	5
040 20		WELL HEAD TO CASING POINT						7,300	
860 20		CHRISTMAS TREE ASSEMBLY - COMPLETION						10,000	
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:									\$58,300
TOTAL DRILLING AND COMPLETION COSTS:						\$1,221,900	\$1,875,000	\$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						0	0
870 53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe	5	10.00	50,000	50,000
870 25		PERM. IMPROVEMENTS (GATES, FENCES, ETC.)						0	0
870 13		RODS	5000	3/4", 7/8" & 1"	Grade D	5	4.50	22,500	22,500
870 15		SUBSURFACE PRODUCTION EQUIPMENT						4,000	4,000
870 10		PUMPING (SURFACE) UNIT & EQUIP.						112,000	112,000
870 11		PUMP BASE & TIE DOWNS						8,000	8,000
870 14		MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT						5,000	5,000
870 17		INSTALLATION COSTS						17,200	17,200
870 70		SUPERVISION						0	0
		OTHER						2,000	2,000
TOTAL LEASE EQUIPMENT COSTS:								\$323,500	\$323,500
LEASEHOLD COSTS:									
810 35		TITLE FEES						0	0
TOTAL LEASEHOLD COSTS:								\$0	\$0
TOTAL WELL COST:						\$3,458,700			
TOTAL DRY HOLE COST:						\$1,221,900			

PREPARED BY: wmg/bas *WMB*

DIVISION OF INTEREST:

Burnett Oil Company (BSB)	0.6980000
Javelina Partners	0.1511612
Zorro Partners Ltd	0.0400000
Ard Oil Ltd. & Ard Energy Group Ltd *	0.1083438
Yates Petroleum Corp	0.0313658
EMC Oil & Gas Ltd	0.0012548
Crantz Credit Shelter Trust	0.0012548

*Ard Oil Ltd 0.1053104
 *Ard Energy Group Ltd 0.0033334

APPROVED BY BURNETT OIL CO., INC.

SIGNATURE: *Charles E. Nagel*
 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: #17/2015 LEASE: No. 12 Fed WELL #: EG 6H AFE #:
 OPERATOR: Burnett Oil Co., Inc. LOCATION: PROPERTY #:
 COUNTY/STATE: Eddy County, NM SL: Unit H, 1600' FNL, 300' FEL, Sec 11, T17S, R31E FED LEASE #:
 PROSPECT/FIELD: FREN (Glor. Yeso) BNL: Unit G, 2290' FNL, 1670' FEL, Sec 12, T17S, R31E FORMATION: Paddeck
 RECOMMENDATION: Drill & complete a 0.73 mile (3,309') horizontal well in the Paddeck TO: MD: 9,100' TVD: 5,400'
 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 16		LOCATION & ROADWAY RESTORATION		10,000		10,000	
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN		4,500		4,500	
5830 20	5850 21	CONTRACT RATE-FTG/TURNKEY	FEET @				
5830 21	5850 21	CONTRACT RATE/DAYWORK	DAYS @	\$12,500	0	212,500	
	5850 20	COMPLETION, WORKOVER UNIT	DAYS @	\$3,700		73,600	
5830 26	5850 26	BITS AND STABILIZERS		40,100		42,600	
5830 22	5850 22	FUEL, LUBRICANTS, WATER		131,100		101,500	
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)		41,500		62,200	
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL		75,500		75,000	
5830 50	5850 50	PRIMARY CEMENTING (incl. Equip)	No KO plug	75,400		85,400	
5830 50	5850 50	SQUEEZE CEMENTING				0	
5830 44		CORING AND CORE ANALYSIS				0	
5830 46		MUD LOGGING	17 DAYS @	\$1,100	PER DAY	15,400	
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		11,200		23,500	
5830 24	5850 24	SURFACE EQUIPMENT RENTALS		60,100		184,900	
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS		2,000		58,900	
5830 76	5850 76	MISCELLANEOUS LABOR		24,500		22,200	
	5850 10	ACIDIZING				0	
	5850 15	FRACTURING				854,000	
	5850 65	WELL TESTING (FLWBCK, BHP, ETC)				0	
	5850 78	CONTRACT LABOR				0	
5830 37		DIRECTIONAL DRILLING		151,150		151,100	
5830 27	5850 27	FISHING RENTAL AND SERVICES				0	
5830 71	5850 71	SUPERVISION	17 DAYS @	\$1,600	PER DAY	67,200	
5830 72	5850 72	OPERATING OVERHEAD		7,500		7,300	
5830 60	5850 60	OTHER / CONTINGENCIES	0.1%	3,000	Completion	370,600	
5830 55		PLUGGING EXPENSE		6,000		8,000	
5830 64	5850 64	INSURANCE		4,200		4,200	
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:				\$1,183,600	\$1,438,300	2,603,900	
TANGIBLE COSTS:				FEET	SIZE / OD	WEIGHT / GRADE	FEET
840 10		CASING, DRIVE / CONDUCTOR	90	20"	included in Location Cost	0	0
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	434,500
860 15		TUBING	6100	2-7/8"	6.5# J-55	5	30,500
840 20		WELL HEAD TO CASING POINT					7,300
860 20		CHRISTMAS TREE ASSEMBLY - COMPLETION					10,000
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:				156,300		\$475,000	\$631,300
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
870 22		SEPARATOR & HEATER TREATER					50,000
870 23		COMPRESSOR & DEHYDRATOR					0
870 53		FLOW LINE AND INSTALLATION	5000	4" SOR-7, 4710 Poly	Poly Pipe	\$ 10.00	50,000
870 25		PERM IMPROVEMENTS (GATES, FENCES, ETC)					0
870 13		RODS	5800	3/4", 7/8" & 1"	Grade D	\$ 4.50	26,100
870 15		SUBSURFACE PRODUCTION EQUIPMENT					4,600
870 10		PUMPING (SURFACE) UNIT & EQUIP					112,900
870 11		PUMP BASE & TIE DOWNS					6,000
870 14		MISCELLANEOUS VALVES, FITTINGS, SAFETY EQUIPMENT					5,000
870 17		INSTALLATION COSTS					17,200
870 70		SUPERVISION					0
		OTHER					2,000
TOTAL LEASE EQUIPMENT COSTS:				\$0		\$323,500	\$323,500
LEASEHOLD COSTS:							
810 35		TITLE FEES					0
TOTAL LEASEHOLD COSTS:				\$0		\$0	\$0
TOTAL WELL COST:				\$3,456,700		\$1,221,900	\$2,234,800
TOTAL DRY HOLE COST:				\$1,221,900		\$1,221,900	\$1,221,900

PREPARED BY: wmg/bas *Handwritten Signature*

DIVISION OF INTEREST:

Burnett Oil Company (BB)	0 0668000
Javelina Partners	0 1511812
Zorro Partners Ltd	0 0400000
Ard Oil Ltd. & Ard Energy Group Ltd *	0 1083438
Yates Petroleum Corp	0 0313859
EMC Oil & Gas Ltd.	0 0012546
Cranz Credit Shelter Trust	0 0012546

*Ard Oil, Ltd 0 1050104
 *Ard Energy Group, Ltd 0 0033334

APPROVED BY BURNETT OIL CO., INC.
 SIGNATURE: *Handwritten Signature*
 CHARLES E. RAHEL II, 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: **Noater 12 Fed** WELL # : **DB 4H** AFE # :
 OPERATOR: **Burnett Oil Co., Inc.** LOCATION: PROPERTY # :
 COUNTY/STATE: **Eddy County, NM** SL: **Unit A, 600' FNL, 200' FEL, Sec 11, T17S, R31E** FED LEASE # :
 PROSPECT/FIELD: **FREN (Glor. Vase)** 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** TD: **MD: 9,100'** TVD: **9,400'**
 Surface location dictated by Sand Dune Lizard habitat.

INTANGIBLE COSTS:							Drill	COMPL	TOTAL
5830.10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)					77,000	10,500	87,500
5830.15		LOCATION & ROADWAY RESTORATION					10,000		10,000
5830.23	8650.23	RIG MOVE-RIG UP, RIG DOWN					77,500	4,500	82,000
5830.20	5850.21	CONTRACT RATE-FTG/TURNKEY							0
5830.21	5850.21	CONTRACT RATE/DAYWORK	17	FEET @	\$12,500	PER FOOT	212,500	0	212,500
5830.26	5850.20	COMPLETION, WORKOVER UNIT		DAYS @	\$3,200	PER DAY		73,600	73,600
5830.22	5850.26	BITS AND STABILIZERS					40,100	2,500	42,600
5830.60	5850.22	FUEL, LUBRICANTS, WATER					101,500	0	101,500
5830.30	5850.60	TRUCKING AND TRANSPORTATION (Water)					41,700	21,000	62,700
5830.50	5850.30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL					70,000	0	70,000
5830.50	5850.50	PRIMARY CEMENTING (incl. Equip.)					18,400	27,000	45,400
5830.10	6650.50	SQUEEZE CEMENTING							0
5830.44		CORING AND CORE ANALYSIS							0
5830.45		MUD LOGGING	17	DAYS @	\$1,100	PER DAY	18,700		18,700
5830.42		DRILL STEM TESTING							0
5830.40		OPEN HOLE LOGGING							0
5830.76	5850.40	PERFORATING AND CASING HOLE LOGS						6,000	6,000
5830.24	5850.76	CASING CREWS, TONGS, HANDLING TOOLS					12,700	11,300	24,000
5830.29	5850.24	SURFACE EQUIPMENT RENTALS					60,000	104,000	164,000
5830.76	5850.29	DOWNHOLE EQUIPMENT RENTALS					2,600	56,300	58,900
5830.76	5850.76	MISCELLANEOUS LABOR					18,000	3,000	21,000
	5850.10	ACIDIZING							0
	5850.15	FRACTURING							0
	5850.65	WELL TESTING (FLWBCK, BHP, ETC)						254,300	254,300
5830.37	5850.78	CONTRACT LABOR							0
5830.27	5830.27	DIRECTIONAL DRILLING					151,100		151,100
5830.71	5850.71	FISHING RENTAL AND SERVICES					37,200	49,000	86,200
5830.72	5830.72	SUPERVISION	17	DAYS @	\$1,600	PER DAY	27,200		27,200
5830.80	5850.72	OPERATING OVERHEAD					7,300		7,300
5830.65	5850.80	OTHER / CONTINGENCIES					131,000	107,000	238,000
5830.84	5850.65	PLUGGING EXPENSE					0,000		0,000
	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	SFT		
840.10		CASING, DRIVE / CONDUCTOR	50	20"	included in Location Cost	0			0
840.10		CASING, SURFACE	500	13-3/8"	489 H-40 ST&C	24	12,000		12,000
840.15		CASING, PROTECTION/INTERMED	2000	9-5/8"	36# J-55 LT&C	18.5	17,000		37,000
860.10		CASING, PROD. PACKER COMPLETION	8500	7" x 5-1/2"	234 L & 17# L-80 LT&C	13.25		134,500	434,500
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
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:							\$56,300	\$475,000	\$531,300
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						0	0
870.53		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.)						0	0
870.13		RODS	5800	3/4", 7/8" & 1"	Grade D	\$ 4.50		26,100	26,100
870.15		SUBSURFACE PRODUCTION EQUIPMENT						4,800	4,800
870.10		PUMPING (SURFACE) UNIT & EQUIP						112,000	112,000
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		
							\$1,221,900	\$2,236,800	\$3,458,700

DIVISION OF INTEREST:

Burnett Oil Company (BOC)	0.668900
Javelina Partners	0.151812
Zoro Partners Ltd	0.040000
Art Oil Ltd. & Art Energy Group Ltd *	0.106343
Yates Petroleum Corp	0.031856
EMC Oil & Gas Ltd	0.001254
Grant Credit Shelter Trust	0.001254

*Art Oil Ltd 0.105014
 *Art Energy Group Ltd 0.003334

APPROVED BY BURNETT OIL CO., INC.
 SIGNATURE: Charles E. Nagel, Jr.
 CHARLES E. NAGEL, 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: Noalar 12 Fed WELL #: EG 611 AFE #:
 OPERATOR: Burnett Oil Co., Inc. LOCATION: PROSPECT/PROPERTY #:
 COUNTY/STATE: Eddy County, NM 9L: Unit H, 1900' FNL, 300' FEL, Sec 11, T17S, R31E FED LEASE #:
 PROSPECT/FIELD: FREN (Glor. Yes) BHL: Unit G, 2290' FNL, 1870' FEL, Sec 12, T17S, R31E FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.75 mile (3,300') horizontal well in the Paddock TO: MD: 9,100' TVD: 3,400'
 Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:				DRILL	COMPL	TOTAL			
5830 10	5850 08	LOCATION & ROADWAY (RAY HOLE, ETC)		77,000	0	95,500			
5830 15		LOCATION & ROADWAY RESTORATION		10,000		10,000			
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN		25,000	4,500	29,500			
5830 20	5850 21	CONTRACT RATE-FTG/TURKEY	FEET @			0			
5830 21	5850 21	CONTRACT RATE/DAYWORK	DAYS @	112,500	0	212,500			
5830 21	5850 20	COMPLETION, WORKOVER UNIT	DAYS @			73,800			
5830 28	5850 28	BITS AND STABILIZERS		40,000	0	42,600			
5830 22	5850 22	FUEL, LUBRICANTS, WATER		101,500	0	101,500			
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)		11,200	21,000	62,200			
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL		15,000	0	75,000			
5830 50	5850 50	PRIMARY CEMENTING (Inc. Equip.)	No KO plug	32,400	0	88,400			
5830 50	5850 50	SQUEEZE CEMENTING			0	0			
5830 44		CORING AND CORE ANALYSIS			0	0			
5830 46		MUD LOGGING	17 DAYS @	\$1,100 PER DAY	78,400	15,400			
5830 42		DRILL STEM TESTING			0	0			
5830 40		OPEN HOLE LOGGING			0	0			
5830 76	5850 40	PERFORATING AND CASING HOLE LOGS			0	6,000			
5830 76	5850 70	CASING CREWS, TONGS, HANDLING TOOLS		17,200	11,300	23,500			
5830 24	5850 24	SURFACE EQUIPMENT RENTALS		80,000	174,000	164,000			
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS		2,000	54,000	58,000			
5830 76	5850 76	MISCELLANEOUS LABOR		19,000	3,000	22,200			
5830 15	5850 10	ACIDIZING			0	0			
5830 15	5850 15	FRACTURING			0	654,800			
5830 45	5850 45	WELL TESTING (FLWBCK, BHP, ETC)			0	0			
5830 78	5850 78	CONTRACT LABOR			0	0			
5830 37		DIRECTIONAL DRILLING		151,100		151,100			
5830 27	5850 27	FISHING RENTAL AND SERVICES	17 DAYS @	\$1,600 PER DAY		0			
5830 71	5850 71	SUPERVISION		77,200	40,000	87,200			
5830 72	5850 72	OPERATING OVERHEAD		7,300		7,300			
5830 80	5850 80	OTHER / CONTINGENCIES	Drill Completion	111,000	107,000	376,600			
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	\$/FT		
840 10		CASING, DRIVE / CONDUCTOR	90	20"	Included in Location Cos	0		0	
840 10		CASING, SURFACE	500	13-3/8"	48# H-40 ST&C	24	12,000	12,000	
840 15		CASING, PROTECTION/INTERMED	2000	9-5/8"	36# J-55 LT&C	18 6	37,000	37,000	
860 10		CASING, PROD, PACKER COMPLETION	9500	7" x 5-1/2"	23# L & 17# L-80 LT&C	13 25	34,500	434,500	
880 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	
TOTAL DRILLING AND COMPLETION TANGIBLE COSTS:							\$58,300	\$478,090	\$531,390
TOTAL DRILLING AND COMPLETION COSTS:				\$1,221,900			\$1,913,390	\$3,135,290	
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" SCR-7, 4710 Poly	Poly Pipe	5	10 00	50,000	
870 25		PERM IMPROVEMENTS (GATES, FENCES, ETC)					0	0	
870 13		RODS	5800	3/4", 7/8" & 1"	Grade D	5	4 50	26,100	
870 15		SUBSURFACE PRODUCTION EQUIPMENT					4,600	4,600	
870 10		PUMPING (SURFACE) UNIT & EQUIP					112,600	112,600	
870 11		PUMP BASE & TIC 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	0	
		OTHER					2,000	2,000	
TOTAL LEASE EQUIPMENT COSTS:							\$0	\$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					
				\$1,221,900	\$2,236,800	\$3,458,700			

PREPARED BY: wmg/das *Wmg*

DIVISION OF INTEREST:

Burnett Oil Company (BOC)	0 6886000
Jewell Partners	0 1511812
Zorro Partners LLC	0 0400000
And Oil Ltd. & And Energy Group Ltd *	0 10834 38
Yates Petroleum Corp	0 0315858
EMG Oil & Gas Ltd	0,0012548
Creutz 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. Nagel*
 CHARLES E. NAGEL, PRESIDENT
 DATE: 9-17-15 9/17/2015

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

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

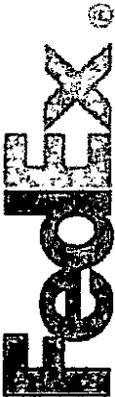
Tracking # 774538174356

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: Nostr 12 Fed WELL # DB 411 AFE #: 2430
 OPERATOR: Burnett Oil Co., Inc. LOCATION: PROPERTY #: GJK002H
 COUNTY/STATE: Eddy County, NM 8L: Unit A, 600' FNL, 200' FEL, Sec 11, T17S, R31E FED LEASE #: NMLC029415B
 PROSPECT/FIELD: FREN (Glor. Yaso) BHL: Unit B, 970 FNL, 1670' FEL, Sec 12, T17S, R31E FORMATION: Paddock
 RECOMMENDATION: Drill & complete a 0.73 mile (3,300') horizontal well in the Paddock 1D, MD: 9,100' TVD: 5,400'
 Surface location dictated by Sand Dune Lizard habitat

INTANGIBLE COSTS:						DRILL	COMPL.	TOTAL	
5830 10	5850 08	LOCATION & ROADWAY (RAT HOLE, ETC.)				77,000	19,500	96,500	
5830 18		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-FTO/TURKEY		FEET @	PER FOOT			0	
5830 21	5850 21	CONTRACT RATE/DAYWORK	17	DAYS @	\$12,500 PER DAY	212,500	0	212,500	
	5850 20	COMPLETION WORKOVER UNIT		DAYS @	\$3,200 PER DAY		73,600	73,600	
5830 26	5850 28	BITS AND STABILIZERS				40,100	2,500	42,600	
5830 22	5850 22	FUEL, LUBRICANTS, WATER				101,500	0	101,500	
5830 60	5850 60	TRUCKING AND TRANSPORTATION (Water)				41,200	31,000	72,200	
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL				15,000	0	15,000	
5830 50	5850 50	PRIMARY CEMENTING (incl. Equip.)		No MD plug		25,400	51,900	77,300	
5830 50	5850 50	SQUEEZE CEMENTING						0	
5830 44		CORING AND CORE ANALYSIS						0	
5830 46		MUD LOGGING	17	DAYS @	\$1,100 PER DAY	18,700		18,700	
5830 42		DRILL STEM TESTING						0	
5830 40		OPEN HOLE LOGGING						0	
	5850 40	PERFORATING AND CASED HOLE LOGS					6,000	6,000	
5830 76	5850 76	CASING CREWS, TONGS, HANDLING TOOLS				12,200	11,300	23,500	
5830 24	5850 24	SURFACE EQUIPMENT RENTALS				60,300	104,800	165,100	
5830 29	5850 29	DOWNHOLE EQUIPMENT RENTALS				2,500	58,300	60,800	
5830 76	5850 76	MISCELLANEOUS LABOR				16,600	3,600	20,200	
	5850 10	ACIDIZING					0	0	
	5850 15	FRACTURING					854,300	854,300	
	5850 65	WELL TESTING (FLWBCK, BHP, ETC.)					0	0	
	5850 78	CONTRACT LABOR					0	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 PER DAY	27,200	40,000	67,200	
5830 72	5850 72	OPERATING OVERHEAD				7,300		7,300	
5830 60	5850 60	OTHER / CONTINGENCIES	Drill	50%	Completion	15.00%	197,000	378,600	
5830 59		PLUGGING EXPENSE					8,000	8,000	
5830 84	5850 84	INSURANCE				1,200		1,200	
TOTAL DRILLING AND COMPLETION INTANGIBLE COSTS:						\$1,162,600	\$1,433,300	2,603,900	
TANGIBLE COSTS:						FEET	SIZE	WEIGHT / GRADE	WT
840 10		CASING, DRIVE / CONDUCTOR	90	20"	included in Location Cost	0			0
840 10		CASING, SURFACE	500	13-3/8"	48# H-40 ST&C	12,000		12,000	
840 15		CASING, PROTECTION/INTERMED	2000	9-5/8"	36# J-55 LT&C	37,000		37,000	
860 10		CASING, PROD. PACKER COMPLETION	3500	7" x 4-1/2"	23# L & 17# L-80 LT&C	13,25		434,500	
860 15		TUBING	8100	2-7/8"	9-2# J-55	5		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	\$475,000	\$533,300	
TOTAL DRILLING AND COMPLETION COSTS:						\$1,221,000	\$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				0		0	
870 53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4730 Poly	Poly Pipe	5	10.00	50,000	
870 25		PERM. IMPROVEMENTS (GATES, FENCES, ETC.)				0		0	
870 13		ROOS	5800	3/4" 7/8" & 1"	Grade D	5	4.50	26,100	
870 15		SUBSURFACE PRODUCTION EQUIPMENT				4,600		4,600	
870 10		PUMPING (SURFACE) UNIT & EQUIP				112,000		112,000	
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 20		SUPERVISION						0	
		OTHER					2,000	2,000	
TOTAL LEASE EQUIPMENT COSTS:						\$0	\$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:						\$1,221,000			
						\$1,221,000	\$2,236,800	\$3,458,700	

PREPARED BY wmg/bas *Wmg*

DIVISION OF INTEREST:

Burnett Oil Company (100%)	0.000000
Zachry Partners	0.151662
Zachry Partners Ltd	0.000000
and United & Associates Group Ltd	0.072292
Truist Petroleum Corp	0.631350
EMC Oil & Gas Ltd	0.001254
Crane Credit Shelter Trust	0.001254
Crane Operating LLC	0.001254
*And Ind Ltd	0.000000
*And Energy Group Ltd	0.001227

APPROVED BY BURNETT OIL CO., INC. *Charles E. Nagel*
 SIGNATURE: CHARLES E. NAGEL, M. PRESIDENT
 DATE: 9/21/2015
 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



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.:

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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.

>