



VIA CERTIFIED MAIL-RETURN RECEIPT REQUESTED

November 5, 2015

Legacy Reserves, L.P.
303 W. Wall Street, Suite 1800
Midland, Texas 79701

Attn: Mr. Shad Frazier

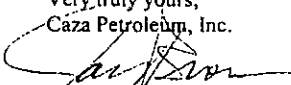
Re: Well Proposal
Igloo 19 State #7H Well
Section 19, T20S-R35E
E. Marathon Road Prospect
Lea County, New Mexico

Gentlemen:

Caza Petroleum, Inc. is the owner of New Mexico State Lease No. VB 1758 covering the E/2 and SW/4 of Section 19, T20S-R35E, Lea County, New Mexico. Our title information indicates that Legacy Resources, L.P. owns an interest in the BLM lease covering the NW/4 of Section 19. Caza hereby proposes to drill a 10,800' TVD, 15,600' MD, 4,188' lateral horizontal 2nd Bone Spring test from a surface location approximately 200' FSL and 750' FWL to a bottom hole location 330' FNL and 750' FWL in Section 19. Caza proposes the well to be on a 160 acre unit comprised of the W/2 of the W/2 of Section 19. Enclosed is Caza's AFE dated November 2, 2015, estimating the dry hole cost to be \$1,974,879 and the completed well cost to be \$5,019,052. Costs will be shared on a proportionate unit acre basis.

If Legacy wishes to participate for its proportionate working interest in such well, please so indicate by signing in the space below and returning to me one executed copy of this letter and an executed AFE. We appreciate your cooperation in this regard and should you have any questions, please do not hesitate to call me at 832-381-3854.

Very truly yours,
Caza Petroleum, Inc.


John E. Brown, CPL
Land Manager

We hereby elect as follows this ___ day of November, 2015:

☐ PARTICIPATE in the drilling and completion of the Igloo 19 State #7H well.

☐ NOT PARTICIPATE in the drilling and completion of the Igloo 19 State #7H well.

Legacy Resources, L.P.

By: _____

Printed Name: _____

Title: _____

Caza Petroleum, Inc. • 10477 Cragg's Hill Road, Suite 200 • The Woodlands, TX 77380 • 762381 363-4442 • Fax 281 363-4454 • CazaPetroleum.com

Oil Conservation Division

Case No. _____

Exhibit No. 2

Caza

CADA

AUTHORITY FOR EXPENDITURE
New Drilling, Recompletion & Re-Entry

APE Number: 32015
APE Date: 11/2/15

Well Name: Igloo 19 State # 7H Lea County, State: Lea, New Mexico
Location: 200' FSL, 750' FWL, Section 19-205-35E Field: Lea-Bone Spring South
SHL: 200' FSL - 750' FWL Horizon: 2nd Bone Spring Sand
BHL: 330' FNL - 350' FWL Projected Depth: 15600' MD/10800' TVD

☒ New Drill ☒ Of Gas
☐ Recompletion ☐ Injector
☐ Re-Entry
☒ Development ☐ Exploratory

Prognosis: Drill, Complete Horizontal 2nd Bone Spg, 200 FSL & 750 FWL, Sec 19, T305, R35E

KDP = 10,280 ft. EOC 11180. TVD 10,800 ft. Measured Depth ± 15,600 ft. Lateral 4288 ft. BHL = 330 FNL & 350 FWL

	Code	Drilling Intangibles	Code	Completion Intangibles	Total Cost
Permits/ Well Signs	1-01	7,385	3-03	0	7,385
Damages/ Right of Way	1-02	10,550	3-02	0	10,550
Locations and Roads	1-04	89,875	3-71	15,825	105,500
Pits and Liners	1-05	0	3-74	0	0
Drilling Dry Work	1-06	407,245	3-39	41,892	448,944
Completion Lining		0	3-38	21,100	21,100
Bits	1-10	59,608	3-08	4,220	63,828
Mobilization/Demobilization	1-11	183,525		0	183,525
Drill Stem Test	1-12	0		0	0
Coring	1-13	0		0	0
Mud Logging	1-14	24,917		0	24,917
Open Hole Surveys/ Gyro	1-15	6,858		0	6,858
Water	1-16	14,582	3-72	137,272	151,854
Fuel	1-17	136,230	3-48	13,848	150,178
Mud & Chemicals	1-18	73,850	3-71	2,638	76,488
Tubular Inspection	1-18	5,275	3-48	4,220	9,495
Float Equipment	1-01	4,220	3-41	8,440	12,660
Casing Crew	1-21	14,243	3-73	9,495	23,738
Welding	1-22	8,836	3-77	0	8,836
Cement Surface	1-23	12,091		0	12,091
Directional Drilling Pkg. GRAMMAD, WD, POM	1-24	183,782		0	183,782
Drilling Supervision (Engineer)	1-25	83,057		0	83,057
Geologist	1-26	11,605		0	11,605
Insurance	1-27	7,900	3-47	0	7,900
Drilling Consultant	1-28	39,097		0	39,097
Completions Consultant		0	3-42	26,821	26,821
Miscellaneous	1-29	6,000		0	6,000
Plugging and Abandon	1-31	0		0	0
Survey and Stake Location	1-32	5,275		0	5,275
Cement Intermediate	1-33	19,493		0	19,493
Cement Production		0	3-37	77,519	77,519
Wireline & Coiled Tubing Services	1-38	6,330	3-45	258,475	264,805
Open Hole Logs	1-34	0	3-43	0	0
Fishing Services	1-39	0		0	0
Forklift	1-39	0	3-46	0	0
Whipstock	1-43	0		0	0
Closed Loop Solids Control Equipment	1-45	0	3-47	0	0
Nipples Up & SOP Test	1-55	10,550	3-48	0	10,550
Contract Service and Equipment	1-56	50,183	3-71	5,138	55,322
Telecom	1-57	11,561	3-09	3,094	14,654
Stimulation	1-66	0	3-49	1,516,709	1,516,709
Bore Log, Perforating		0	3-42	0	0
Onsite Housing	1-42	28,274		0	28,274
Trucking	1-70	51,665	3-43	32,072	83,737
Closed Loop Head-off/Disposal	1-48	94,710	3-14	30,518	125,228
Remedial Subsurface Drilling Equipment	1-20	3,165		0	3,165
Other Spec Equip & Services	1-46	0	3-40	56,178	56,178
Surface Equipment	1-47	0		0	0
Cementing and mud cleaning	1-49	14,451		0	14,451
Pickup & Laydown, Roustabout Labor, Welder	1-60	7,385	3-48	0	7,385
Title & Abstracts, Drilling Title Opinion	1-35	0		0	0
Contingency 5%	1-40	82,929	3-30	114,324	197,253
TOTAL INTANGIBLES		1,741,500		2,378,763	4,120,263

	Code	Drilling Tangibles	Code	Tangibles	Total Cost
Wellhead	1-36	9,335	4-03	4,887	14,222
Conductor	2-32	5,824		0	5,824
Casing 13-3/8", 54.5#, J-55, BTC - 1904, 19ft @23.7m	2-33	51,629		0	51,629
9-5/8", 40#, J-55, LTC - 5825#, @25.3m	2-34	155,478		0	155,478
7", 20#, P-110, BTC - ON @15.2m				0	0
5-1/2", 20#, P-110, BTC - 4700#, @12.35m			4-54	235,845	235,845
Tubing 2-7/8", 8.8#, L-80, EUE BRD - 10900#, @3.35m			4-58	37,816	37,816
Liner Hanger & Horizontal Completion System, Packers			4-55	28,485	28,485
Flowline, Valves, Fittings			4-41	28,375	28,375
Motors/Control/Storage Facilities/Electrical Equipment			4-43	122,380	122,380
Separation Equipment			4-49	28,540	28,540
Miscellaneous Tangible Equipment			4-45	23,210	23,210
Pumping Equipment			4-41	94,950	94,950
Compressors/Dehydrators			4-47	28,540	28,540
Contingency 5%	1-40	11,113	4-70	31,841	42,953
TOTAL TANGIBLES		233,379		664,470	897,849
TOTAL WELL COST		1,974,879		3,043,233	5,018,112

Prepared By: Tony B. Sam

Date: 11/2/2015

Company Approval: _____

Date: _____

Joint Owner Interest:

Amount:

Joint Owner:

Joint Owner Approval: _____

By execution of this AFE, the above signee is agreeing to be covered by the Operator's well control insurance and agreeing to the limits within and carrier of such insurance, neither of which is guaranteed as sufficient by Operator. In order to decline coverage by Operator's well control insurance, you must sign below and provide a Certificate of Insurance with waiver of subrogation prior to spud date and agree to hold Operator harmless for any loss to your interest not covered by your insurance or as otherwise set forth in Exhibit D of the Joint Operating Agreement.

Agree to decline coverage, provide proof, and hold harmless:

By: _____

Date: _____