



February 6 2017

Via Certified US Mail

Central National Gottesman
3 Manhattanville Road
Purchase NY 10577

Re Well Proposal
Higgins Cahoon 12D #3
NW/4 NW/4 Section 12 18S 26E
Eddy County New Mexico

Gentlemen

Lime Rock Resource II A LP (LRR) proposes to vertically drill and complete the Higgins Cahoon 12D #3 as a 4603 MD/TVD Tubb and Yeso well to be completed in four stages with a slick water frac and produced with an ESP initially Once production has declined the well will be produced with beam lift The pad has been built and it is hoped the well can be drilled before year end Enclosed are LRR s AFE in the 8/8ths amount of \$900,000 and a survey plat indicating the location

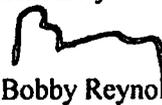
LRR and Central National are co tenets in the NW/4 NW/4 Section 12 above the Morrow According to Lime Rock's Drilling Opinion Central National owns 5 00% WI / 4 375% NRI from the base of the San Andres down to 9 205 below the surface

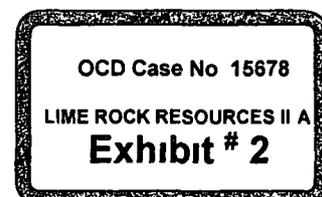
Since no JOA covers these depths you have thirty (30) days within which to respond as a participant in the Higgins Cahoon 12D #3 after which time LRR will pursue compulsory pooling of your interest at a Hearing before the NMOCD and asking for the typical 200% risk penalty to be charged against non participants

Should Central National determine this drilling proposal as something you would not be inclined to participate and rather than compulsory pool Central National s interest, LRR would certainly entertain the opportunity to buy or farm in your position by either Central National conveying its leasehold rights from the base of the San Andres to 9 205 for a cash consideration of \$1000/net acre reserving an overriding royalty of 5% proportionately reduced to its interest, thereby conveying 82 5% net revenue interest or farmout its interest for no cash consideration retaining the same overriding royalty interest until the well has paid out 100% of the costs of drilling completing equipping and operating at which time Central National would have the option of converting its retained override to a 30% back in proportionally reduced

I may be reached at either 713-345-2147 or breyolds@limerockresources.com The Operations Engineer for this area is Eric McClusky and may be reached at 713 360 5714 should you wish to discuss the technical merits of the proposal

Sincerely


Bobby Reynolds, CPL
Landman





February 6 2017

Via Facsimile to 214-866-4981 and Certified US Mail

Nick Weeks
MRC Energy Company
One Lincoln Center
5400 LBJ Freeway Suite 1500
Dallas TX 75240

Re Well Proposal
Higgins Cahoon 12D #3
NW/4 NW/4 Section 12 18S 26E
Eddy County New Mexico

Gentlemen

Lime Rock Resource II A L P (LRR) proposes to vertically drill and complete the Higgins Cahoon 12D #3 as a 4603 MD/TVD Tubb and Yeso well, to be completed in four stages with a slick water frac and produced with an ESP initially Once production has declined the well will be produced with beam lift The pad has been built and it is hoped the well can be drilled before year end Enclosed are LRR s AFE in the 8/8ths amount of \$900 000 and a survey plat indicating the location

LRR and MRC are co tenets in the NW/4 NW/4 Section 12 above the Morrow According to Lime Rock s Drilling Opinion, MRC owns 45 00% WI / 39 375% NRI from the base of the San Andres down to 9 205' below the surface

Since no JOA covers these depths, you have thirty (30) days within which to respond as a participant in the Higgins Cahoon 12D #3 after which time LRR will pursue compulsory pooling of your interest at a Hearing before the NMOCD and asking for the typical 200% risk penalty to be charged against non participants

Should MRC determine this drilling proposal as something you would not be inclined to participate and rather than compulsory pool MRC's interest, LRR would certainly entertain the opportunity to buy or farm in your position by either MRC conveying its leasehold rights from the base of the San Andres to 9 205' for a cash consideration of \$1000/net acre reserving an overriding royalty of 5% proportionately reduced to its interest (1 875% of 8/8ths) thereby conveying 82 5% net revenue interest or farmout its interest for no cash consideration, retaining the same overriding royalty interest until the well has paid out 100% of the costs of drilling, completing, equipping and operating, at which time MRC would have the option of converting its retained override to a 30% back in (11 25% of 8/8ths)

I may be reached at either 713 345 2147 or breyolds@limerockresources.com The Operations Engineer for this area is Eric McClusky and may be reached at 713 360 5714, should you wish to discuss the technical merits of the proposal

Sincerely,

Bobby Reynolds, CPL
Landman

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Nick Weeks
MRC Energy Company
One Lincoln Center
5400 LBJ Freeway Suite 1500
Dallas TX 75240

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Central National Gottesman
3 Manhattanville Road
Purchase, NY 10577

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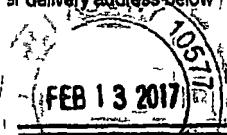
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3 Manhattanville Road
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MRC Energy Company
One Lincoln Center
5400 LBJ Freeway, Suite 1500
Dallas TX 75240

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