

4/18/2014 DATE IN	SUSPENSE	MAm ENGINEER	4/21/2014 LOGGED IN	NSP TYPE	PMAM141224646 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



4/22/14 A ID: 26

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other: Specify \_\_\_\_\_

- NSL 7104  
NSP 1991  
- Legend Natural Gas  
III, LLC  
258894  
well  
- Panduc 29  
Federal com #84

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners  
[B] ☒ Offset Operators, Leaseholders or Surface Owner  
[C] ☐ Application is One Which Requires Published Legal Notice  
[D] ☒ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,  
[F] ☐ Waivers are Attached

Pool  
- Willow Lake,  
Bone Spring  
64450

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

JENNIFER ELROD  
Print or Type Name

Signature

SR. Regulatory Analyst  
Title

4/15/14  
Date

jelrodclng2.com  
e-mail Address

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

# WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-	Pool Code W4450	Pool Name Willow Lake; Bone Spring
Property Code	Property Name PARDUE 29 FEDERAL COM	Well Number 8H
OOBID No. 258894	Operator Name LEGEND NATURAL GAS III, LP	Elevation 3034'

Surface Location									
U/L or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	29	24-S	28-E		45	NORTH	1640	EAST	EDDY

Bottom Hole Location If Different From Surface									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	29	24-S	28-E		331.2	SOUTH	2619.8	EAST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**GEODETIC COORDINATES**  
 NAD 27 NME  
 SURFACE LOCATION  
 Y=434977.6 N  
 X=570325.6 E  
 LAT.=32.195666° N  
 LONG.=104.105989° W

**FIRST TAKE POINT**  
 Y=434684.5 N  
 X=569385.6 E  
 LAT.=32.194866° N  
 LONG.=104.109029° W

**CORNER COORDINATES TABLE**  
 NAD 27

Point	Y (N)	X (E)
A	435027.6	569332.2
B	435020.9	570648.6
C	429657.4	570684.8
D	429678.4	569357.8

**GEODETIC COORDINATES**  
 NAD 83 NME  
 SURFACE LOCATION  
 Y=435035.9 N  
 X=611509.1 E  
 LAT.=32.195787° N  
 LONG.=104.106481° W

**FIRST TAKE POINT**  
 Y=434742.8 N  
 X=610569.1 E  
 LAT.=32.194987° N  
 LONG.=104.109522° W

**PRODUCING AREA**  
 GRID AZ.=179°56'59"  
 HORIZ. DIST.=4676.1'

**PROJECT AREA**  
 GRID AZ.=252°40'50"  
 HORIZ. DIST.=984.9'

**DETAIL**  
 3038.1' 3039.3'  
 3029.1' 3025.4'  
 600' 600'

**GEODETIC COORDINATES**  
 NAD 27 NME  
 LAST TAKE POINT  
 Y=430009.5 N  
 X=569389.6 E  
 LAT.=32.182014° N  
 LONG.=104.109048° W

**BOTTOM HOLE LOCATION**  
 Y=430063.4 N  
 X=569389.6 E  
 LAT.=32.182162° N  
 LONG.=104.109048° W

**GEODETIC COORDINATES**  
 NAD 83 NME  
 LAST TAKE POINT  
 Y=430067.7 N  
 X=610573.2 E  
 LAT.=32.182136° N  
 LONG.=104.109541° W

**BOTTOM HOLE LOCATION**  
 Y=430121.6 N  
 X=610573.1 E  
 LAT.=32.182284° N  
 LONG.=104.109540° W

**OPERATOR CERTIFICATION**  
 I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the Division.

*Signature* \_\_\_\_\_ Date 02/25/2014  
*Printed Name* \_\_\_\_\_  
*E-mail Address* jetrod@lng2.com

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

**JANUARY 6, 2014**

Date of Survey \_\_\_\_\_  
 Signature of Professional Surveyor: \_\_\_\_\_

**GARY E. LIDSON**  
 NEW MEXICO  
 12641  
 REGISTERED PROFESSIONAL SURVEYOR

*Signature* \_\_\_\_\_ Date 02/25/14  
 Certificate Number \_\_\_\_\_  
 ACK DATE 3/24/14 JWSC W.O. 14 13 0266



15021 Katy Freeway  
Suite 200  
Houston, TX 77094  
(281) 644-5900  
Fax: (281) 644-5901

RECEIVED OGD  
2014 APR 10 AM 10:26

777 Main Street  
Suite 900  
Fort Worth, TX 76102  
(817) 872-7800  
Fax: (817) 872-7898

April 7, 2014

**New Mexico Oil Conservation Division**  
**1220 S. St. Francis Dr.**  
**Santa Fe, New Mexico 87505**

Re: Legend Natural Gas III, LP, NSL and NSP Application  
Pardue 29 Federal Com 8H  
Unit B, Section 29 T-24S, R-28E  
Eddy County, New Mexico

Attn: Mr. Michael McMillan:

Pursuant to Division Rule 19.15.15.13, Legend Natural Gas III, LP respectfully requests administrative approval of a non-standard location (NSL) for the Pardue 29 Federal Com 8H in Eddy County, New Mexico. This application is being sent in regards to the Pardue 29 Federal Com 8H proposed production interval being 51.8' at the first take point and 33.4' at the last take point from the East quarter/quarter line in Section 29, T-24-S, R-28-E in the Willow Lake; Bone Spring pool (64450).

The affected offset wells to the Pardue 29 Federal Com 8H are the Pardue 29 Federal Com 5H and the Pardue Federal Com 6H, all proposed APD's with the Bureau of Land Management. Notification has been send via certified mail to the offset mineral owners as well as working interest owners. Copies of the certified mail receipts are attached. We are also requesting a Non-Standard Spacing unit as we are requesting to dedicate 320 acres to the Pardue 29 Federal Com 8H.

Approval of this application will allow Legend Natural Gas to recover additional oil and gas reserves from the Willow Lake; Bone Spring pool underlying the middle two quarter sections of Section 29 that may otherwise not be recovered by the other proposed wells, thereby preventing waste and will not violate correlative rights.

If you have any questions please contact I at (817)872-7822 or Mr. John McCauley at (281)644-5972.

Sincerely,

Jennifer Elrod  
Sr. Regulatory Analyst  
Legend Natural Gas III, LP  
777 Main St., Suite 900  
Fort Worth, TX 76102

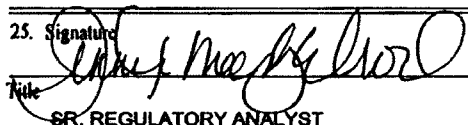
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

FORM APPROVED  
OMB No. 1004-0117  
Expires October 31, 2014

<b>5. Lease Serial No.</b> NM92757 & NM110829	
<b>6. If Indian, Allottee or Tribe Name</b> 	
<b>7. If Unit or CA Agreement, Name and No.</b> 	
<b>8. Lease Name and Well No.</b> PARDUE 29 FEDERAL COM 6H	
<b>9. API Well No.</b> 30-015-	
<b>1a. Type of work:</b> <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER	<b>10. Field and Pool, or Exploratory</b> Willow Lake; Bone Spring (64450)
<b>1b. Type of Well:</b> <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone	<b>11. Sec., T. R. M. or Blk. and Survey or Area</b> SECTION 29, T-24S, R-28E
<b>2. Name of Operator</b> LEGEND NATURAL GAS III, LP	
<b>3a. Address</b> 777 MAIN ST., STE. 900 FORT WORTH, TX 76102	<b>3b. Phone No. (include area code)</b> 817-872-7822
<b>4. Location of Well (Report location clearly and in accordance with any State requirements.)</b> At surface 45 FNL AND 1640 FEL At proposed prod. zone BH-331.2FSL AND 2619.8 FEL	
<b>14. Distance in miles and direction from nearest town or post office*</b> APPROX 4.13 MILES SOUTH/SOUTHWEST OF MALAGA, NM	
<b>15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)</b> 45 FNL	<b>16. No. of acres in lease</b> 1081.18 NM92757 5600 NM110829
<b>17. Spacing Unit dedicated to this well</b> 320 ACRES	
<b>18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.</b> Surf.-30'; Sub-surf. Second chance Prod #1 400' (vert) Pardue 29 Fed Com 7H-1130' (Horiz)	<b>19. Proposed Depth</b> 12771'MD; 7890'TVD
<b>20. BLM/BLA Bond No. on file</b> NMB000525	
<b>21. Elevations (Show whether DF, KDB, RT, GL, etc.)</b> 3034'GR	<b>22. Approximate date work will start*</b> 04/01/2014
<b>23. Estimated duration</b> 2 MONTHS	
<b>24. Attachments</b>	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor.<br>2. A Drilling Plan.<br>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).<br>5. Operator certification<br>6. Such other site specific information and/or plans as may be required by the BLM. |
|---|---|

<b>25. Signature</b>  <b>Title</b> SR. REGULATORY ANALYST	<b>Name (Printed Typed)</b> JENNIFER MOSLEY ELROD	<b>Date</b> 02/06/2014
<b>Approved by (Signature)</b> 	<b>Name (Printed Typed)</b> 	<b>Date</b> 
<b>Title</b> 	<b>Office</b> 	

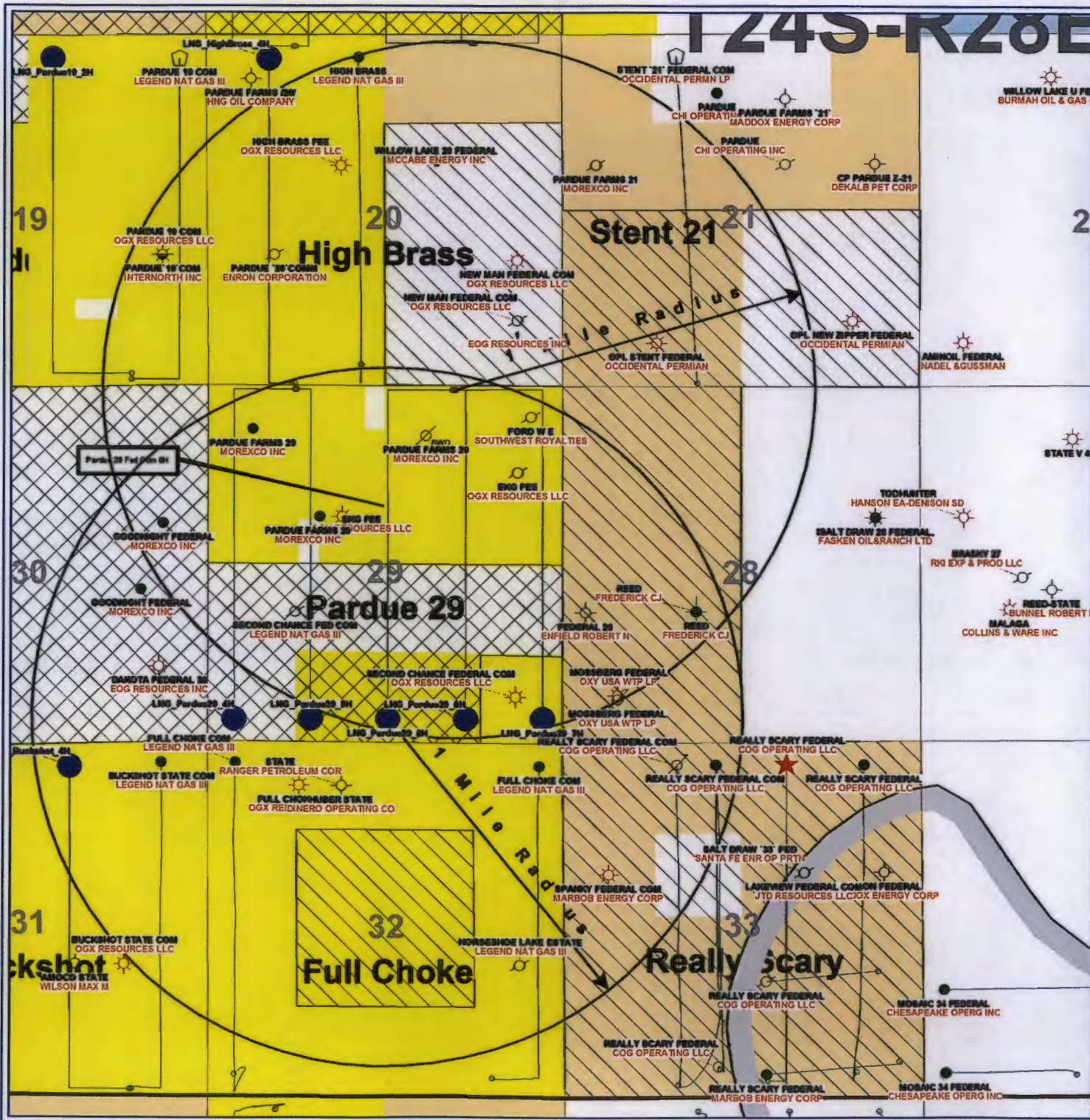
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)





Pardue 29 Fed Com 6H

0 2.129  
FEET

POSTED WELL DATA

Well Label  
Operator

WELL SYMBOLS

- Abandoned Well
- Dry Hole, With Show of Gas
- Dry Hole, With Show of Oil
- Gas Well
- Junked
- Oil Well
- Vernon Symbol Standards - Permit
- Salt Water Disposal
- Star
- Suspended Oil Well
- NEW DRILL WELL - Injectors

By: JMG

February 27, 2014

th, YX 76102



7013 2250 0001 5366 1141

Charles R. & Deborah A. Wiggins  
P.O. Box 10862  
Midland, Texas 79702

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Richard H. Coats  
P.O. Box 2412  
Midland, TX 79702

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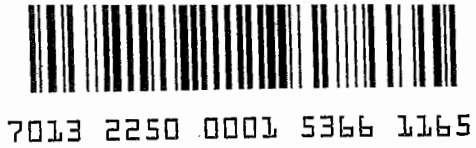
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Street, Apt. No.,  
or PO Box No. P.O. Box 2412  
City, State, ZIP+4 Midland TX 79702

9511 9965 1000 0522 E102

1, 3x 76102



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0001673600 APR 15 2014  
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Frank M. Agar Jr.  
2006 Gulf Avenue  
Midland, Texas 79705

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Pardue Limited Company  
126 North Canyon Street  
Carlsbad, NM 88220

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City, State, ZIP+4 Carlsbad, NM 88220

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420 East Greene Street  
Carlsbad, NM 88220-4292

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Occidental Oil & Gas Corporation  
5 Greenway Plaza, Suite 110  
Houston, Texas 77046

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City, State, ZIP+4	Houston, TX 77046

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EOH Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702-2267

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Street, Apt. No.  
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City, State, ZIP+4 Midland, TX 79702-2267

## **McMillan, Michael, EMNRD**

---

**From:** John McCauley <JMcCauley@lng2.com>  
**Sent:** Monday, May 05, 2014 10:42 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** 'jamesbruc@aol.com'  
**Subject:** Non-Standard 320 acre Unit  
**Attachments:** Pardue 29 Fed Com 8H\_Revised C102\_proposed perfs.pdf

Michael,

Per your request, and in follow up to Doug Parkhurst's email regarding the spacing of 5 wells in one (1) section, below is my summary and justification for the proposed non-standard 320 acre unit for Legend Natural Gas III, LP's Pardue 29 Fed Com 8H:

Currently, with a 5 well spacing program in a given Section, there will one well dedicated to each 160 acre N/S proration unit for a total of four (4) standard proration units/wells. However, we plan to drill an additional well (being the 5<sup>th</sup> well in the section) almost directly down the middle of the section line that has a proposed proration unit of 320 acres. Due to leasehold ownership not being common across the center 320 acres (E/W) of the Section, we feel that forming the 320 acre unit is only fair to the mineral/royalty owners in the sense that the mineral owners in the E/2W/2 and the W/2E/2 will share royalties from the production of the 5<sup>th</sup> (middle) well. Since the wellbore will be so close to the middle qtr/qtr line, there is question of fairness (from a royalty perspective) if one dedicates the production/well to a particular 160 acre unit. In the case of 5 wells per section, each owner in a given 160 acre proration unit will have one (1) well dedicated to their proration unit. As stated above, when adding in a 5<sup>th</sup> well in middle of the Section, we feel that it is only fair that production be shared amongst the owners in the E/2W/2 and the W/2E/2. With that being said, there will not be any lands left behind as everything in the section will be dedicated to a spacing unit.

In all, forming the 320 acre unit was proposed to the OCD in an attempt to be fair to the mineral owners in regard to payment of royalties.

I hope this helps justify our proposal with an attempt to get the non-standard 320 acre unit approved administratively. If you have any questions or concerns, please call or email.

Thanks,

**John McCauley**  
**Landman**  
**Legend Natural Gas, LLC**  
**15021 Katy Freeway, Suite 200**  
**Houston, Texas 77094**  
**281-644-5972 (Off)**  
**281-644-5998 (Fax)**



**McMillan, Michael, EMNRD**

---

**From:** John McCauley <JMcCauley@lng2.com>  
**Sent:** Tuesday, June 10, 2014 2:17 PM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Jennifer Elrod  
**Subject:** Re: Pardue 29 Federal 6H notification

Michael,

Yes, I did also notify the effected parties in the E/2E/2 and W/2W/2 of Section 29, T-24S, R-28E, Eddy County, New Mexico.

Thanks,

John McCauley

Sent from my iPhone

On Jun 10, 2014, at 2:03 PM, "McMillan, Michael, EMNRD" <[Michael.McMillan@state.nm.us](mailto:Michael.McMillan@state.nm.us)> wrote:

John:

Did you notify the affected parties in the E/2 E/2, and the W/2 W/2 of Section 29 24S28E, Eddy County, New Mexico for the NSP application?

Thank You

**Michael A. McMillan**

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462