5/14/2014

MSL

PVMAM1413440078

ABOVE THIS LINE FOR DIVISION USE ONLY

### NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



|               |                                 | ADMINISTRATIVE APPLICATION CHECKLIST  |
|---------------|---------------------------------|---|
| ٦             | THIS CHECKLIST IS               | S MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS  |
| Appli         | ication Acrony                  | WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE  'ms:  |
|               | [DHC-Do                         | tandard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] bwnhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] 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] ualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] |
| [1]           | TVPF OF                         | APPLICATION - Check Those Which Apply for [A] - NSL 7106<br>- Lesend Natural CA   |
| [1]           | [A]                             | Location - Spacing Unit - Simultaneous Dedication  NSL NSP SD FUICWKE Federal Com 5H  |
|               | Che<br>[B]                      | Commingling - Storage - Measurement   |
|               | [C]                             | Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  WFX PMX SWD IPI EOR PPR  64450  |
|               | [D]                             | Other: Specify  |
| [2]           | NOTIFICA<br>[A]                 | TION REQUIRED TO: - Check Those Which Apply, or □ Does Not Apply 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  |
| [3]           |                                 | CCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE CATION INDICATED ABOVE.   |
|               | val is <mark>accurate</mark>    | ATION: I hereby certify that the information submitted with this application for administrative and <b>complete</b> to the best of my knowledge. I also understand that <b>no action</b> will be taken on this required information and notifications are submitted to the Division.  |
| Lett<br>Print | No<br>WHER FIRM<br>or Type Name | te: Statement must be completed by aminorividual with managerial and/or supervisory capacity.  St. PlyWatow (MW/4/1 05/08/14  Title Date  |
|               |                                 | e-majl Address  |



15021 Katy Freeway Suite 200 Houston, TX 77094 (281) 644-5900 Fax: (281) 644-5901 777 Main Street Suite 900 Fort Worth, TX 76102 (817) 872-7800 Fax: (817) 872-7898

May 6, 2014

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

Re:

Legend Natural Gas III, LP, NSL Application

Full Choke Federal Com 5H Lot 4, Section 5 T-25S, R-28E Unit C, Section 32 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 Full Choke Federal Com 5H in Eddy County, New Mexico. This application is being sent in regards to the Full Choke Federal Com 5H proposed production interval being approximately 183.0' from the nearest quarter/quarter line in Section 32, T-24-S, R-28-E in the Willow Lake; Bone Spring, North pool (64450).

The affected offset wells to the Full Choke Com 2H, a producing state well and the Full Choke Federal Com 6H, a proposed well 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.

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 17 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.

Sineerely.

Jennifer Elrod Sr. Regulatory Analyst Legend Natural Gas III, LP 777 Main St., Suite 900 Fort Worth, TX 76102 DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 DISTRICT II 811 S. First St., Artesia, NM 88210 Phone. (575) 748-1283 Fax: (575) 748-9720 DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

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

W MEXIC

Certificate Rember. Gary Scient 12641

Certificate Rember. Gary Science 3239

ACK REMBERSHALL STATES WO: 14.11.0463

| 1000 Rio Brazos Road,<br>Phone: (\$05) 334-6178<br>DISTRICT: IV | Fax. (505) 334-6                    | 5170                                    |                        | Santa 3      | Fe, New Me                             | xico 87505                             |   |                 | □AMI  | ENDED REPORT      |  |
|---|-------------------------------------|---|------------------------|--------------|--|--|---|-----------------|---|-------------------|--|
| 220 S. St. Francis Dr.,<br>Phone: (505) 476-3460                | Santa Fe, NM 8'<br>Fax: (505) 476-3 |   | LOCA                   | TION A       | ND ACREA                               | AGE DEDICA                             | ATION   | PI A'           | Т   |                   |  |
| Δ   | Pl Number                           | *************************************** |                        | Pool Code    | THE MEREI                              | TOL DLDICA                             |   | ol Name         |   |                   |  |
| <i>3</i> 0-013  | )                                   |   |                        | 450          | $ \mathcal{W} $                        | illow lake                             | Bon   |                 | on'na   |                   |  |
| Property (  | Code                                |   | 1                      | TULL C       | Property Nam                           | ERAL COM                               | <del>, , , , , , , , , , , , , , , , , , , </del> | -/-             | / We  | ll Number<br>5H   |  |
| OGRID   | No.                                 |   |                        | CDD C        | Operator Nam                           |  |   |                 |   | Elevation         |  |
| 25889   | 4                                   |   | L                      | EGENE        | EGEND NATURAL GAS III, LP              |  |   | 1               | 3036'   |                   |  |
|   |                                     |   |                        |              | Surface Locati                         | ion                                    |   |                 |   |                   |  |
| UL or lot No.   | Section                             | Township                                | Range                  | Lot Idn      | Feet from the                          | North/South line                       | Feet from   | the             | East/West line  | County            |  |
| 4   | 5                                   | 25-S                                    | 28-E                   |              | 290                                    | NORTH                                  | 103   | )               | WEST  | EDDY              |  |
|   |                                     |   |                        | Bottom Hol   | e Location If Diffe                    | erent From Surface                     |   |                 |   |                   |  |
| UL or lot No.   | Section                             | Township                                | Range                  | Lot Idn      | Feet from the                          | North/South line                       | Feet from   | the             | East/West line  | County            |  |
| С   | 32                                  | 24-S                                    | 28-E                   |              | 330                                    | NORTH                                  | 151   | )               | WEST  | EDDY              |  |
| Dedicated Acres   | Joint or                            | r Infill Co                             | onsolidation Co        | ode Ord      | er No.                                 |  |   |                 |   |                   |  |
| 160   |                                     |   |                        |              |  |  |   |                 |   |                   |  |
| NO ALLOWABLE W  | VILL BE ASSIG                       | NED TO THIS CO                          | MPLETION UN            | TIL ALL INTE | RESTS HAVE BEEN (                      | CONSOLIDATED OR A                      | NON-STANDA  | RD UNI          | T HAS BEEN APPROVE  | D BY THE DIVISION |  |
| 1510' B.H.  | B S ("\S'C                          | 10                                      |                        |              | SCALE: 1"=                             | 2000*                                  | $\neg$ $\vdash$                                   | ODED            | ATOR CERTIFI  | CATION            |  |
| 1509.8' L.T.P   |                                     | 13/                                     |                        | GEODETIC     | COORDINATES                            | GEODETIC COORDINATI                    |   |                 | tify that the information be                                |                   |  |
| 183'-   | 9                                   | <b>1</b> 27                             | ļ                      |              | ) 83 NME<br>HOLE LOCATION              | NAD 27 NME<br>BOTTOM HOLE LOCATE       | o. co   | aplete to       | the best of my knowledge                                    | and belief, and   |  |
|   | Z] A                                | 1                                       |                        | Y=4          | 29408.3 N                              | Y=429350.1 N                           | un  | lessed mi       | anization either owns a we<br>neral interest in the land in | cluding the       |  |
|   | AREA                                | 3                                       | '<br>I                 |              | 09398.5 E<br>12.180330 N               | X=568215.0 E<br>LAT.=32.180208 N       |   |                 | stiom hole location or has a location pursuant to a cont    |                   |  |
| PROPOSED-<br>WELL PATH  | RODUCING                            |   |                        | LONG.=1      | 104.113342° W                          | LONG.=104.112849°                      | ₩ of  | such min        | eral or working interest, or                                | to a voluntary    |  |
| WELL PAIR   | ODOC                                |   | 1                      |              | TAKE POINT                             | LAST TAKE POINT                        |   |                 | ement of a compulsory po<br>atered by the division.         | ooling order      |  |
|   | 100                                 |   | <u> </u>               |              | 29337.1 N<br>09398.5 E                 | Y=429278.9 N<br>X=568214.9 E           | 11()  | ///////         |   | 1 1               |  |
|   |                                     | 1                                       |                        |              | 32.180134° N<br>104.113342° W          | LAT.=32.180013' N<br>LONG.=104.112850' |   | $\mathbf{W}[V]$ | M   | Indanul           |  |
|   |                                     | GRID AZ.=0<br>HORIZ. DIS                |                        | LUNG. 27     | 104.113342 H                           | 104.112850                             | "     /si   | nature          |   | Date              |  |
|   | 330 333                             | 1                                       | i                      |              | CORNER COORDIN                         |  |   | 1               | nuilon El   |                   |  |
| -   G   | 1                                   | 1                                       | <del> </del>           | 1 4          | - Y=424320.4 N,                        | X=566717.4 E                           |   | inted Na        | MUTUR UI  | eog               |  |
| 10  |                                     | 1.8                                     | 1                      |              | 3 - Y=429680.3 N,<br>3 - Y=429678.4 N, |  | "   | ì.l.            | 101000 11   | <b></b>           |  |
| 1498.6' F.T.P   | 55.                                 | N N                                     | SEC 25                 |              | ) - Y=424329.4 N,<br>- Y=422980.8 N.   |  | =   | mail Ad         | melingz. a  | //N               |  |
| A   | G B I                               | 01                                      | SEC. 32<br>T24S        | · ]          | - Y=422978.4 N.                        | X=568036.8 E                           |   | Jan Ad          | idless /  |                   |  |
| -1030'0   | GRID AZ                             | .=36*52'11"                             | T25S                   |              | ; - Y=424324.9 N,                      | X=308047.4 E                           |   | SHEV            | EYOR CERTIFIC   | CATION            |  |
| SEE DETAIL &  | HORIZ. [                            | DIST.=783.4'                            | SEC. 5                 |              | NAD 8.<br>N - Y=424378.4 N,            |  | 1 1   |                 | tify that the well location is                              |                   |  |
| SEE DETAIL (V   | ļ                                   | 1                                       |                        | į .          | 3 - Y=429738.4 N,                      | X=609214.7 E                           | l w   | s plotted       | from field notes of actual :                                | surveys made by   |  |
| LOT 4   | F LOT 3 !                           | LOT 2                                   | LOT 1_                 |              | C - Y=429736.6 N,<br>D - Y=424387.5 N, |  |   |                 | my supervision, and that to the best of my belief.          | the same is true  |  |
|   | l                                   | 1                                       | 1                      | E            | - Y=423038.8 N,<br>- Y=423036.4 N,     | X=610533.2 E                           |   |                 | MARCH 4, 20   | 14                |  |
|   |                                     |   |                        |              | G - Y=424382.9 N,                      |  | Da  | te of Su        | rvey  | 17                |  |
|   |                                     |   | 1                      | GEODETI      | C COORDINATES                          | GEODETIC COORDINA                      | TES Sig   | gnature d       | E Scarol Professional                                       | Surveyor:         |  |
|   |                                     |   |                        | NAI          | D 83 NME<br>FACE LOCATION              | NAD 27 NME<br>SURFACE LOCATION         |   | يتج             | SET GUETOS  | On Way            |  |
|   |                                     | 3040.2                                  | <u>TAIL</u><br>3034.6' | Y=4          | 24092.0 N                              | Y=424033.9 N                           | .   | <i>#</i> (      | WE TO   | 1. 1              |  |
|   | ,                                   | , | 2037.0                 | X=6          | 508927.9 E                             | X=567744.3 E                           |   | =               | : 3/ \0   | . %               |  |

X=608927.9 E LAT.=32.165718" N

LONG.=104.114898° W

FIRST TAKE POINT Y=424718.6 N

X=609397.9 E

LAT.=32.167438" N LONG.=104.113375" W

X=567744.3 E LAT.=32.165597 N

LONG.=104.114405' W

FIRST TAKE POINT Y=424660.5 N X=568214.3 E

LAT.=32.167317 N LONG.=104.112882 W

600

3034.2

,009

3031.3

Form 3160-3 (March 2012)

(Continued on page 2)

## UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No. 1004-0137 Expires October 31, 2014

7 If Unit or CA Agreement, Name and No.

\*(Instructions on page 2)

6. If Indian, Allotee or Tribe Name

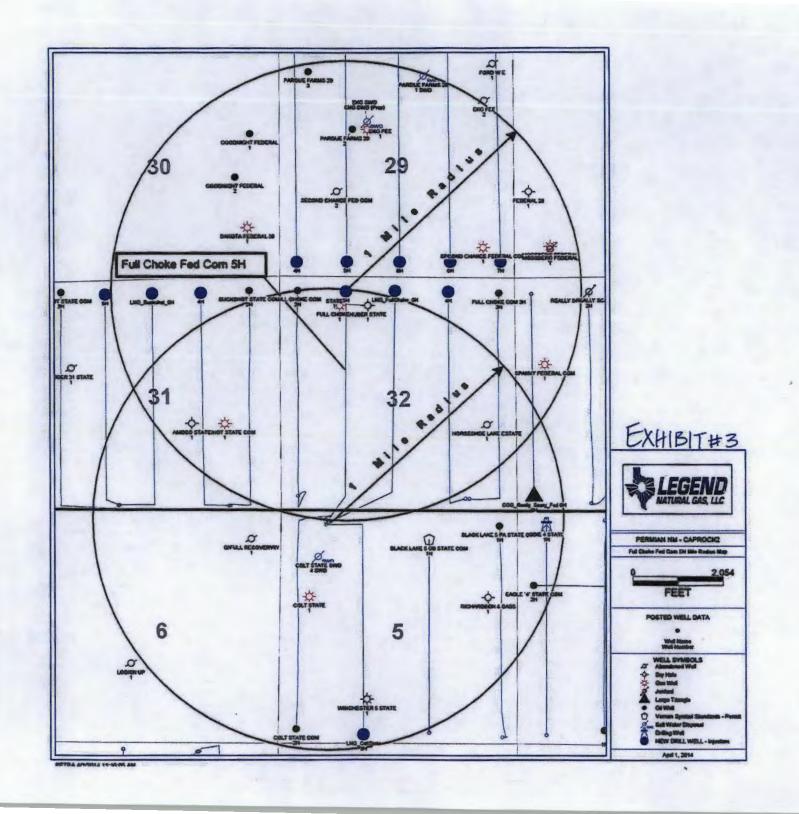
5. Lease Serial No.

NM-102909

## **BUREAU OF LAND MANAGEMENT** APPLICATION FOR PERMIT TO DRILL OR REENTER

REENTER

la. Type of work: DRILL 8. Lease Name and Well No. 1b. Type of Well: Oil Well Gas Well Other FULL CHOKE FEDERAL COM 5H ✓ Single Zone | Multiple Zone 2. Name of Operator LEGEND NATURAL GAS HI, LP 9. API Well No. 30-015-3a. Address 777 MAIN ST., STE. 900 3b. Phone No. (include area cock) 10. Field and Pool, or Exploratory 817-872-7822 FORT WORTH, TX 76102 Willow Lake: Bone Spring (64450) 4. Location of Well (Report location clearly and in accordance with any State requirements.\*) 11. Sec., T. R. M. or Blk. and Survey or Area **SECTION 5 T-25S R-28E** At surface 290 FNL & 1030 FWL **SECTION 32 T-24S R-28E** At proposed prod. zone BH-330 FNL & 1510 FWL 12. County or Parish 13. State 14. Distance in miles and direction from nearest town or post office\* APPROX 8.44MILES WEST/SOUTHWEST OF MALAGA, NM **EDDY** NM 15. Distance from proposed\* 290 FNL 16. No. of acres in lease 160 Acres 17. Spacing Unit dedicated to this well location to nearest 160 property or lease line, ft. (Also to nearest drig, unit line, if any) 18. Distance from proposed location to nearest well, drilling, completed, SUB-SURFACE applied for, on this lease, ft. HULL SURFACE 19. Proposed Depth 20. BLM/BIA Bond No. on file NMB000525 12949'MD: 8000'TVD lozi'lvent 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 22. Approximate date work will start\* 23. Estimated duration 2 MONTHS 3036'GR 05/01/2014 24. Attachments 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. 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). 2. A Drilling Plan. 3. A Surface Use Plan (if the location is on National Forest System Lands, the Operator certification SUPO must be filed with the appropriate Porest Service Office). Such other site specific information and/or plans as may be required by the Signah Name (Printed Typed) Date JENNIFER MOSLEY ELROD 03/25/2014 Title SR REGULATORY ANALYST Approved by (Signature) Name (Printed Typed) Date Title Office 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.





7013 3020 0001 9648 0394



Pardue Limited Company 124 M. Canyon Street Carlswad, N.M. 28220

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7013 3020 0001 9648 0400



Mew Mexico State Land Oggice
P.O. Box 1148

Santa Fe, MM 87504-1148

| 0040 | U.S. Postal Service <sub>1M</sub> CERTIFIED MAIL <sub>1M</sub> RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.come |           |                  |  |  |
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| Siresi Api Nai PO Box 1148  City State, 219-4  Santa to MM & 7504-1148 |   |  |                   |  |



7013 3020 0001 9648 0387



ByM-Carlstad Field Office 1020 East Greene Street Carlstad, MM 88220-10292

| 1387  | CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.coma |       |   |  |  |  |
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| H H I | OFF   | IGIAL | , USE                                     |  |  |  |
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| 7013  | Single In - Carlabad Field Office<br>or PO BOX NO. 420 East Theire Street   |       |   |  |  |  |
|       | City State, ZIP-4  AUGUSTAC  PS Form 3800, August 20  | Mm 88 | 220- (292<br>See Reverse for Instructions |  |  |  |

| 47    | CERTIFIED MAIL  (Domestic Mail Only; No Insurance Coverage Provided)   |                           |                  |  |
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| E D 3 | For delivery information of the second of th | ation visit our website   | at www.usps.coms |  |
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| 7013  | Street Apt No. 1<br>or PO Box No. 420  | irlsbad Free<br>Cast Aree | - NU 1           |  |
| , -   | City State, ZIP44  | M71 88                    | 3220-6292        |  |

#### McMillan, Michael, EMNRD

From:

Jennifer Elrod <jelrod@lng2.com>

Sent:

Wednesday, June 11, 2014 9:56 AM

To:

McMillan, Michael, EMNRD

Subject:

RE: Full Choke Federal Com 5H

Yes sir. There was a lot of copying and pasting when getting these applications together, and I am afraid it looks like I missed a few things.

Thank you, Jennifer

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]

Sent: Wednesday, June 11, 2014 10:54 AM

To: Jennifer Elrod

Subject: Full Choke Federal Com 5H

Ms. Elrod:

I want to double check that you are applying for this NSL because you want recover additional oil and gas reserves underlying the middle two quarter sections of Section 32, not Section 17 as stated in your letter. I will process this application as soon as I get a response from 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