

Cimarex Energy Co.  
600 N. Marientfeld  
Suite 600  
Midland, TX 79701  
MAIN 432.571.7800



April 3, 2014

Partnership Properties  
P.O. Box 2250  
Denver, CO 80201

Re: **Proposal to Drill  
Hayduke 34 Federal Com 3H  
SE/4 of Section 34, Township 25 South, Range 26 East & E/2E/2 of Section 3,  
Township 26 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico**

To Whom it May Concern,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

Enclosed, in duplicate, is (i) our detailed AFE reflecting estimated costs associated with this proposal, and; (ii) our proposed form of Operating Agreement to govern operations of the Hayduke 34 Federal Com 3H well. If you intend to participate, please approve and return one (1) original of the enclosed AFE and one (1) original of the signature page to the Operating Agreement, along with the contact information to receive your well data, to the undersigned within thirty (30) days of receipt of this proposal. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance to Cimarex prior to commencement of drilling operations; otherwise, you will be covered by insurance procured by Cimarex and will be responsible for your share of the cost.

Please call the undersigned with any questions or comments.

Respectfully,

Kelly Reese, RPL  
432.620.1966

Oil Conservation Division  
Case No. 15140  
Exhibit No. 3

**ELECTION TO PARTICIPATE  
Hayduke 34 Federal Com 3H**

\_\_\_\_\_ Partnership Properties Co. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

\_\_\_\_\_ Partnership Properties Co. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

\_\_\_\_\_ Partnership Properties Co. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Partnership Properties Co. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Partnership Properties Co.  
P.O. Box 2250  
Denver, CO 80201

2. Article Number  
(Transfer from service label)

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature <b>X</b>		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name)	C. Date of Delivery	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		
3. Service Type <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery		
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes		

91 7108 2133 3433 1609 2423

PS Form 3811, July 2013

Domestic Return Receipt

E-CERTIFIED  
PRDP LEAFRE  
PRDP Account #: 35644897  
Serial #: 3207254  
APR 04 2014 1:08P

Package ID: 91 7108 2133 3433 1609 2423  
Postage ZIP Code: 80201

Partnership Properties Co.  
P.O. Box 2250  
Denver, CO 80201

Returned  
undeliverable  
4/22/14

Cimarex Energy Co.  
600 N. Marientfeld  
Suite 800  
Midland, TX 79701  
MAIN 432.571.7800



April 23, 2014

Freeport-McMoran Oil and Gas LLC.  
Attn: Alan Baum  
717 Texas Avenue, Suite 2100  
Houston, Texas 77002

Re: Proposal to Drill  
Hayduke 34 Federal Com 3H  
SE/4 of Section 34, Township 25 South, Range 26 East & E/2 of Section 3, Township  
26 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico

Dear Mr. Baum,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

It should be understood that compliance with topography or cultural or environmental concerns, among others, might require modification of Cimarex's intended procedure. Cimarex will advise you of any such modifications.

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Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL  
432.620.1966

**ELECTION TO PARTICIPATE  
Hayduke 34 Federal Com 3H**

\_\_\_\_\_ Freeport-McMoran Oil and Gas LLC. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

\_\_\_\_\_ Freeport-McMoran Oil and Gas LLC. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2014.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is **TO** participate in the proposed Hayduke 34 Federal Com 3H, then:

\_\_\_\_\_ Freeport-McMoran Oil and Gas LLC. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Freeport-McMoran Oil and Gas LLC. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

Cimarex Energy Co.  
600 N. Marientfeld  
Suite 600  
Midland, TX 79701  
MAIN 432.571.7800



March 26, 2014

Legacy Reserves Operating, LP  
Attn: Fred Schantz  
303 W. Wall St. #1400  
Midland, Texas 79701

Re: Proposal to Drill  
Hayduke 34 Federal Com 3H  
SE/4 of Section 34, Township 25 South, Range 26 East & E/2E/2 of Section 3,  
Township 26 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico

Dear Mr. Schantz,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

The intended surface hole location for the well is 1380' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

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Please call the undersigned with any questions or comments.

Respectfully,

A handwritten signature in cursive script that reads "Kelly Reese".

Kelly Reese, RPL  
432.620.1966

**ELECTION TO PARTICIPATE  
Hayduke 34 Federal Com 3H**

\_\_\_\_\_ Legacy Reserves Operating, LP elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

\_\_\_\_\_ Legacy Reserves Operating, LP elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Hayduke 34 Federal Com 3H, then:

\_\_\_\_\_ Legacy Reserves Operating, LP elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ Legacy Reserves Operating, LP elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Legacy Reserves Operating, LP  
Attn: Fred Schantz  
303 W. Wall St. #1400  
Midland, Texas 79701

2. Article Number  
(Transfer from service label)

91 7108 2133 3939 1609 2027

PS Form 3811, July 2013

Domestic Return Receipt

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

Judy Guelker

☐ Agent☐ Addressee

## B. Received by (Printed Name)

Judy Guelker

## C. Date of Delivery

3-28

## D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

## 3. Service Type

☐ Certified Mail®☐ Priority Mail Express™☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

## 4. Restricted Delivery? (Extra Fee)

☐ Yes

## SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

## 1. Article Addressed to:

Freeport-McMoran Oil and Gas  
Attn: Alan Baum  
717 Texas Avenue, Suite 2100  
Houston, Texas 77002

2. Article Number  
(Transfer from service label)

91 7108 2133 3939 1609 2669

PS Form 3811, July 2013

Domestic Return Receipt

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

Alan Baum

☐ Agent☐ Addressee

## B. Received by (Printed Name)

Alan Baum

## C. Date of Delivery

4-25

## D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

## 3. Service Type

☐ Certified Mail®☐ Priority Mail Express™☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ Collect on Delivery

## 4. Restricted Delivery? (Extra Fee)

☐ Yes



Cimarex Energy Co.  
600 N. Marientfeld  
Suite 600  
Midland, TX 79701  
MAIN 432.571.7800



March 26, 2014

EOG Resources, Inc.  
Attn: Matthew Phillips  
5509 Champions Drive  
Midland, Texas

**Re: Proposal to Drill  
Hayduke 34 Federal Com 3H  
SE/4 of Section 34, Township 25 South, Range 26 East & E/2 of Section 3, Township  
26 South, Range 26 East, N.M.P.M.  
Eddy County, New Mexico**

Dear Mr. Phillips,

Cimarex Energy Co. hereby proposes to drill the Hayduke 34 Federal Com 3H at a legal location in Section 34, Township 25 South, Range 26 East, Eddy County, New Mexico.

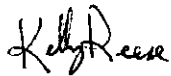
The intended surface hole location for the well is 1880' FSL and 200' FEL of Section 34, Township 25 South, Range 26 East, and the intended bottom hole location is 660' FSL and 760' FEL of Section 3, Township 26 South, Range 26 East. The well is proposed to be drilled vertically to a depth of approximately 9,633' and laterally in a southerly direction within the Wolfcamp formation to the referenced bottom hole location. Total measured depth of the well is proposed to be approximately 15,845' feet from surface to terminus.

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Please call the undersigned with any questions or comments.

Respectfully,

  
Kelly Reese, RPL  
432.620.1966

**ELECTION TO PARTICIPATE  
Hayduke 34 Federal Com 3H**

\_\_\_\_\_ EOG Resources, Inc. elects **TO** participate in the proposed Hayduke 34 Federal Com 3H.

\_\_\_\_\_ EOG Resources, Inc. elects **NOT** to participate in the proposed Hayduke 34 Federal Com 3H.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

If your election above is TO participate in the proposed Hayduke 34 Federal Com 3H, then:

\_\_\_\_\_ EOG Resources, Inc. elects **TO** be covered by well control insurance procured by Cimarex Energy Co.

\_\_\_\_\_ EOG Resources, Inc. elects **NOT** to be covered by well control insurance procured by Cimarex Energy Co. and agrees to provide Cimarex Energy Co. with a certificate of insurance prior to commencement of drilling operations or be deemed to have elected to be covered by well control insurance procured by Cimarex Energy Co.