Sepbember 17, 2015 well proposals to Ard Oil and Ard Energy

Oil Conservation Division
Case No. 15404 + 15405
Exhibit No. 2



#### Via FedEx

September 17, 2015

Ard Oil, Ltd. and Ard Energy Group, Ltd. 222 West 4<sup>th</sup> Street, Suite PH5 Fort Worth, Texas 76102

RE: Nosler 12 Fed No. DB 4H Well and Nosler 12 Fed No. EG 6H Well Maljamar Prospect; Eddy County, New Mexico

#### Gentlemen:

Burnett Oil Co., Inc. hereby proposes the drilling and completion of the Nosler 12 Fed No. DB 4H Well as a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit A, 600' FNL and 200' FEL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico, and the Nosler 12 Fed No. EG 6H Well, also a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit H, 1800' FNL and 300' FEL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico.

Enclosed are AFE's for the drilling and completion of the captioned wells along with a location plat for the well and related equipment and a wellbore diagram. Burnett plans to spud the Nosler 12 No. DB 4H well within the first half of January 2016 and drill the Nosler 12 Fed No. EG 6H shortly thereafter, likely within six months of completing the DB 4H well. Accordingly, your prompt response to this proposal is greatly appreciated.

If you wish to participate in the drilling and completion of the captioned wells, please so indicate by signing the AFE(s) and returning the same to the undersigned within thirty (30) days of your receipt hereof. You should also include any well data requirements with your election. If you do not wish to participate in the drilling and completion of either or both of the captioned wells, please contact us to discuss alternate arrangements for your interest.

Thank you for your attention to this matter. Please do not hesitate to contact us should you have any questions.

Sincerely.

David Rhodes

Vice President of Land

Enclosures

DATE:	9/17/2015		LEASE: Nosi	er 12 Fed		WELL #	DB 410	AFE #	
OPERATOR:	Sumest Oil C		LOCATION;					PROPERTY 4:	
COUNTY/STATE:	Eddy County, FREN (Glar. )				., Sec 11, T175, R31E			FED LEAGE IF	
PROSPECT/FIELD: RECOMMENDATION:	•	se a 0.75 mile (3,300') horizontal well in the Pad		B, 9/0 FRL, 18/0 FE	L, Sec 12, T17S, R31E	D: MID: 9,100*	TVD: 5,400°	FORMATION:	Paddock
THE OWNER OF THE OWNER.		n dicreted by Sand Dune Lizard habitat	.,,,,,,		"	D. MICE 3, 199	140: 5,400		
sparing global in the lighting comparison in the same state of the	٠, د الله الله الله الله الله الله الله ال	and the second of the second o				•		_ ··· •	-
INTANGIBLE DRILL	COMPL						DRHL	COMPL.	107AL
5830 10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)					77 385	19.500	96,500
5830 15 5830 23	5850 23	LOCATION & ROADWAY RESTORATION RIG MOVE-RIG UP, RIG DOWN			•		10,000	, 500	10,000
5830 20	5850 21	CONTRACT RATE-FTG/TURNKEY		FEET @		PER FOOT	- 0.00	1,500	
5830 21	5850 21 5850 20	CONTRACT RATE/DAYWORK COMPLETION, WORKOVER UNIT	17	DAYS @	\$12,500	PER DAY	\$1,4,500	12.00	212,500
5830 26	5850.28	OITS AND STABILIZERS		DYAR .	\$3 200	PER DAY	631.55	1,500	73.600 42.600
5830 22	5850.22	FUEL, LUBRICANTS, WATER			Marketon . App. 5 (Marketon)	n an an	(0) 500	19	101,500
5830.60 5830.30	5850.60	TRUCKING AND TRANSPORTATION (Water) MUD AND CHEMICALS & COMPLETION FLUI		NSPOSAL	union-		11,200 75,000 15,100	31.30	62,200 75,000
5030 50	5850.50	PRIMARY CEMENTING (Incl Equip )		D plug			15 163	\$1,000	58,400
5830.50 5830.44	5850.50	SQUEEZE CEMENTING CORING AND CORE AMALYSIS		•			] ]	- · · ì	0
5830,40		MUD LOGGING	17	DAYS @	\$1,ico	PER DAY	15,300	1	15,400
5830 42		DRILL STEM TESTING						į	0
5830,40	5850.49	OPEN HOLE LOGGING PERFORATING AND CASED HOLE LOGS						9 900	0,000
5830 76	5850.76	CASING CREWS, TONGS, HANDLING TOOL	6			•	12.700	11,300	23,500
5830.24 5830.29	5850 24	SURFACE EQUIPMENT RENTALS  DOWNHOLE EQUIPMENT RENTALS					90 100	194,444	154,900
5830 76	5850.29 5850.78	MISCELLANEOUS LABOR				- •	18 (10)	500 to	\$8,900 22,200
	5850.10	ACIDIZING				•			
	5850.15 5850.65	FRACTURING WELL TESTING (FLWBCK, SHP, ETC)					,	554.600	. E54.800
	5650 78	CONTRACT LABOR				***	i. i	- "	ŏ
5830 37 5830 27	4493.77	DIRECTIONAL DRILLING	named to the h			11111	151,000	}	151,100
\$830.71	\$830,27, \$850,71	FIGHING RENTAL AND SERVICES	17	DAYS @	\$1,600	PER DAY	27,700	02020	67,200
5830.72	5830 72	OPERATING OVERHEAD			-		7 3400	,	7,300
5830,60 5830 55	5850 80	OTHER / CONTINGENCIES PLUGGING EXPENSE	Öra	_ va@	тч Соглено	n + 00%	8,000	167,105	376,600 8,000
5830 84	5850 84	PESUPATICE			_		4 200		4 200
TOTAL DRALLING AND	CONSTITUTO	INTANGIBLE COSTS:		-	_== •		\$1,165,600	\$1,416,300	7,603,500
TANGIBLE COSTS:		CASING, DRIVE / CONDUCTOR	90	<u>\$⊠≅,~00</u> 20°	WEIGHT / GRADE	<u>\$/FT</u>		1.	
040.1		CASING, SURFACE	500	13-3/6	48# H-40 ST&C	24	15 2000	^ ]	12,000
840 1		CASING, PROTECTION/INTERMED	2000	9-5/8	36# J-55 LT&C	18.5	17,000		37,000
060 10 860, 13		CASINO, PROD, PACKER COMPLETION	9500 6:00	7" n 5-1/2" 2-7/8"	23# L & 17# L-86 LT&0 8 54 3-55	13 23		20 500 30 500	434,500 30,500
840 20	<u> </u>	WELL HEAD TO CASING POINT		-			7,300	1.	7,300
TOTAL DRILLING AND		CHRISTMAS TREE ASSEMBLY - COMPLETIO	ON			-	558,300 ·	10,000 \$475,000	10,000 1\$31,309
TOTAL DRILLING AND	<del></del>	·· ·					\$1,721,000	\$1,913,300	\$3,135,200
LEASE EQUIPMENT C		The second secon		-	•		\$14.027.000	. 11,51-22	32,103,150
6/0 20	·	TANKS HEATERS, TREATING FACILITIES				•		12,059	50,000
870 22 870 23		SEPARATOR & HEATER TREATER COMPRESSOR & DEHYDRATOR				-		- Acresia	\$0,0 <u>0</u> 0
870 53		FLOW LINE AND INSTALLATION		SOR-7, 4710 Foly	Poly Pipe	5 - 10 00		* ooo "	50,000
870 Z		PERM IMPROVEMENTS (GATES, FENCES, E	TC.)						
870 13 870,15		RODS SUBSURFACE PRODUCTION EQUIPMENT	\$200	3/4", 7/8" & 1"	Grade D	\$ 450	1	36 100	26,100 4,600
870 10		PUMPING (SURFACE) UNIT & EQUIP						112,6002	112,600
670,11 670,14		PUMP BASE & TIE DOWNS MISCELLANEOUS VALVES, FITTINGS, SAFET	TV EAUPLIENT		•			6,000 5,000	6,000 5,000
870,17		INSTALLATION COSTS	I Edel MONT			<del></del> -	j	17,260	17.200
870.70	'	SUPERVISION						2,000	2,000
TOTAL LEASE EQUIP	ENT COSTS:	OTHER				- [	- 10	\$323,500	\$323,600
LEASEHOLD COSTS:				F			ļ	İ	
810.35		TITLE FEES					0		0
TOTAL LEASEHOLD C	691a:	TOTAL WELL COST:	53,458,700	•	- w		\$1,221,900	\$2,238,600	\$0. \$3,458,700
		~ <del></del>	\$1,721,000	PREPARED BY	umgoza IIIA	· '	* ** *********************************	40,000,000	************
CASE MANAGEME	AND THE	TO THE PARTY OF TH			ATTENDED LANGE OF	STATE OF STATE OF	7. E. 2012.		TO THE STATE OF
DMSKN OF INTEREST:		And the second section of the	7.1						
gumeti Oil Company (BB)		0 6368000							
javelna Partners		0,1511612							
Zorro Partners Ltd		0.0480000							
ard Oil Lid. & Ard Energy G Yales Petroleum Corp	roup Ltd "	0 1083438 0 0313 <del>85</del> 8							
EMC Oil & Gas Ltd		0 0012546							
Cranz Credit Sheller Trust		0 0012548							
-Ard COLIG	0 105810 0 003131					APPROVED-			
And Energy Group Ltd	0 003133	Aug DI				COMPANY:			
APPROVED BY BURNE	TT OIL CO. LY					NAME:			
SIGNATURE:		W. 1. 18/							
	CHARLES E. TAC	EL IR PRECIDENT				TITLE:			
DATE:	4-11	10 017015	<del></del>			DATE:		····	

DATE:	9/17/2015	LEASE.	Nosler 12 Fed		WELL #	EG 6H	AFE #:	
OPERATOR:	Burnett Cil Co., Inc.	LOCATION:					PROPERTY #	
COUNTY/STATE:	Eddy County, NM		Unit H, 1600' FNL, 300' FE				FED LEASE#:	
PROSPECT/FIELD:	FREN (Glor. Yeso)		Unit G, 2290' FNL, 1670' F		. up. 6 4601	Time & and	FORMATION: I	Paddeck
RECOMMENDATION:	Drill & complete a 0.75 mile (3,309)			10	: MD: 9,100*	TVD: 5,400'		
	Surface location dictated by Sand Dune	TAYARG NABILIZE			•		-	
WYANGIBLE		•				1 ,		•
DRILL 5830 10	5850 08 LOCATION & ROAS	DWAY (RAT HOLE, ETC)		A		DRILL	COMPL.	707AL 
5830 15		WAY RESTORATION			ada na ha yan	10,000	7.54	10,000
5830 23	5850 23 RIG MOVE-RIG UP	RIG DOWN		· ·		10,000	4,500	79,500
5830 20	5850 21 CONTRACT RATE		. FEET @		PER FOOT			
5830 21	5850 21 CONTRACT RATE/ 5650 20 COMPLETION, WO			\$12,500 \$3,700	PER DAY	333,500	ភូស	212,500 73,600
5830 26	5850 26 BITS AND STABILIT					40,100	2,521	42 500
5830.22	5850.22 FUEL, LUBRICANT			, . <del></del>		121,:00		101,500
5830 60	5850 60 TRUCKING AND TR	RANSPORTATION (Water)				41,260	21.000	A2,200
5830 30 5830 50	5850 30 MUD AND CHEMIC 5850 50 PRIMARY CEMENT	ALS & COMPLETION FLUIDS & CUTTI	NO KO plug	•		15.80	75000	75,000 88,400
5830 50	5850 50 SQUEEZE CEMENT		to to buy			~ ~~~	1 7 3 3 3	0
5830 44	CORING AND COR	E ANALYSIS		·	51.57		1	
5830 48 5830 42	MUD LOGGING DRILL STEM TESTI	17	DAYS @	\$1,100	PER DAY	15,4E2	ļ	15,400
5630.40	OPENHOLE LOGG				• •		- 1	
	5850 40 PERFORATING AN	D CASED HOLE LOGS	•				5,300	6,000
5830 76		ONGS, HANDLING TOOLS			-	60 189 17 350		23,500
5830 24 5830 29	5850 24 SURFACE EQUIPM 5850 29 DOWNHOLE EQUIPM					3 849	754,6ad 36,590	184,900 58,900
5830 76	5850 76 MISCELLANEOUS I			EMES AND A SHEETHER A		:1,500	<u> </u>	22,200
	5850,10 ACIDIZING		or the and translation of the T			i ' ' i	911	
	5850 15 FRACTURING		· · · · · · · · · · · · · · · · · · ·		-	. !	25.4.000	854,600
	5850 65 WELL TESTING (FL 5850 78 CONTRACT LABOR	WBCK, BHP, ETC)		new Assistance and Assistance	•	!	- 4	º
5830 37	DIRECTIONAL DRIL					:51,100	-	151,100
5830 27	5830 27 FISHING RENTAL A						.]`	
5830 71	5850 71 GUPERVISION 5830 72 OPERATING OVER	17	DAYS @	\$1,600	PER DAY	.1# 308 7 350	小道科	67,200
5830 72 5830 60	5830 72 OPERATING OVER 5850 80 OTHER / CONTING		en er	K. Completion	沙球座	193 (89)	2112200	7,300 378,660
5630 55	PLUGGING EXPEN			o company		6,000	40.44.61	8,000
5830 84	5850 84 INSURANCE	needs a subject			.,!	1.00		4,200
	COMPLETION INTANGIBLE COSTS:					\$1,165,600	\$1,438,300	2,603,900
TANGELE COSTS: 840.10	CASING, ORIVE / CA	ONDUCTOR PO	<u> \$17E_*OD</u> 20*	WEIGHT / GRADE	S/ET	}.		
840 10			13-3/8	48# H-40 ST&C	24	12,000	· [-	12,000
840 15	CASING PROTECT	IONINTERMED 2000	9-5/8"	380 J-55 LT&C	18.5	12,000		37,000
860.10		CKER COMPLETION 0500	/* x 5·1/2*	234 L & 174 L-80 LTAG			114,251	434,500
840 20		SING POINT	2-7/8-	8 5± J-55	. 5 .	("Kn	732.5	30,500 7,300
860 20		ASSEMBLY - COMPLETION			ì	*/*	10,000	10,000
TOTAL DRILLING AND	COMPLETION TANGIBLE COSTS:					\$56,300	\$475,000	\$531,300
TOTAL DRILLING AND	COMPLETION COSTS:					\$1,221,000	\$1,913,300	\$3,135,200
LEASE EQUIPMENT CO								
870 20		TREATING FACILITIES				ļ	\$0.000 \$0.000	50,000
670 22 670 23							27,934	50,000
870 53	FLOW LINE AND IN	STALLATION 5000	4" SOR-7, 4710 Poly	Poly Pipe	\$ 10.00		. Table	50,000
870 25	PERM IMPROVEME	NTS (GATES, FENCES, ETC.)				ľ		0
870,13 870,15	RODS	DUCTION EQUIPMENT	3/4", 7/8" & 1"	Grade D	.,\$_ 450	ł	25,100 1233	26,100 4,600
870 10	PUMPING (SURFAC						112,600	112,600
870 Š I	PUMP BASE & TIE C	NOWNS	*		• •		6,000	6,000
870.14 870.17	MISCELLANEOUS V	ALVES, FITTINGS, SAFETY EQUIPME	т ти			·  •	5,000	5,000 17,200
870 70	SUPERVISION	<del>"</del> "		•		ļ-	11.219	0.00
	OTHER						2,000	2,000
TOTAL LEASE EQUIPM	EAT COSTS:	•				\$0	\$323,500	\$323,500
LEASEHOLD COSTS:							i	
TOTAL LEASEHOLD CO	TITLE FEES	dynamical entertainment of the con-		**	-	ā	so	,
		77AL WELL COST: \$3.456,700	gal A. 17441-10-77-4			51,721,000	\$0,230,000	\$3,458,700
		DRY HOLE COST: \$1,221,000	PREPARED BY	wms/bas ///w/	'		***************************************	
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		ALL CHARGE TO A SECURITION OF THE SECURITIES OF THE SECURITION OF	E-47 E D E 1-145 1 146-				- And Control of the Control	72-371
DIVISION OF INTEREST								
Burnett Oil Company (BBI)	0 8668000							
Javešne Pertnera	0 1511612							
Zorro Partners Ltd Ard Oil Ltd. & Ard Enorgy Gr	0 0400000 roup Ltd * 0 1083438							
Yates Petroleum Corp	O 031385 <del>8</del>							
EMC Oil & Gas Ltd. Cranz Cradk Shakar Trust	0 0012546 0 0012546							
*Ard OI, List	0 1050104 0 0033334				APPROVED-			
*Ard Energy Group, Ltd	3.11 //	11			COMPANY.			
APPROVED BY BURNET	TORCO., N/C/ //	<i>[[</i>						
SIGNATURE:	(62111 k)	K-			NAME:			
	CHARLES E. MAGEL H. PRESIDENT				TITUE:		··	·
DATE:	9-17-15917/2015				DATE:			
interest								

DATE:	9/17/2015		LEASE:	Noster 12 Fed	WELL #	. DB4H	AFE #:	
OPERATOR:	Burnett Of Co		LOCATION				PROPERTY #:	
COUNTY/GTATE: PROSPECT/FIELD;	Eddy County, N FREN (Glos. Yes			Unk A, 600' FNL, 200' FEL, Sec 11,			FED LEASE #:	On data to
RECOMMENDATION:		s o 0.75 mile (3,300') horizontal wen in the Padd		Unit B. 970 FNL, 1670' FEL, Sec 12	L 1179, R31E TD: MD: 9,100	TVD: 5.400	FORMATION:	Paddock
ALCOHOLD BUT ICH		dictated by Sand Dune Lizard habitat	-		(D. MD. 9, 100	140. 3,400		
INTANGIBLE	C0978:	-			-		-	2
DRILL	COMPL				-	סומת נ	COMPL.	TOTAL
5830.10	5850.08	LOCATION & ROADWAY (RAT HOLE, ETC)		-	-	77,000	12,900	98,500
5830,15 5830,23	5850,23	RIG MOVE-RIG UP, RIG DOWN				10,000	4,500	10,000 70,500
5830 20	5850 21	CONTRACT RATE-FTG/TURNKEY		FEET 🙍	PER FOOT	1	2,	
5830 21	5850.21 5850.20	COMPLETION, WORKOVER UNIT	. 17		\$12,500 PER DAY \$3,200 PER DAY	212 BA	7,000	212,500 73,600
5830 26	5850 26	BITS AND STABILIZERS			7,000	40 (00		42,600
5830.22 5830.80	5850 22 5850 80	FUEL, LUBRICANTS, WATER TRUCKING AND TRANSPORTATION (Water)		* 1	127 AN PART WHAT A PART A	101 500	<u></u>	101,500
5630 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUID	S & CUTTI	NGS DISPOSAL	Anno Angelo	15,000	2: 000	62,200 75,000
5030.50	5650 50	PRIMARY CEMENTING (Incl. Equip.)		No KO ping		13,400	50,000	€8,400
5830.50 5830.44	5850.50	SQUEEZE CEMENTING CORING AND CORE ANALYSIS			الم المنتوب وا		}	0
5830 45		MUD LOGGING	17	DAYS @	\$1,100 PER DAY	15,400	• •	15,400
5830 42 5830 40		DRILL STEM TESTING OPEN HOLE LOGGING				<b>!</b> -{	[	0
	5850 40	PERFORATING AND CASED HOLE LOGS		- Philip Common Assau		1	£ 0£0	6,020
5830 76 5830 24	5850.76 5850.24	CASING CREWS, TONGS, HANDLING TOOLS SURFACE EQUIPMENT RENTALS		a an employment where the second		12,100 60,000	104 400	23,500
5830 29	5850.29	DOWNHOLE EQUIPMENT RENTALS			•	2.600	16 300	164,900 58,900
5830 76	5850 76	MISCELLANEOUS LABOR			*	16,050	1001	22,200
	5850 10 5850.15	ACIDIZING FRACTURING		-	*** **	1	\$24.300	854,800
	5850 85	WELL YESTING (FLWBCK, BHP, ETC)		-		1 1	4	
5830 37	5850 78	CONTRACT LABOR DIRECTIONAL DRILLING		the serve steam or re-		" to i, 100	- [	151,100
5630 27	5830,27	FISHING RENTAL AND SERVICES			<b></b>			0
5830 71 5830 72	5850 71 5830.72	SUPERVISION OPERATING OVERHEAD	17	DAYS @	\$1,600 PER DAY	57,200	45,000	67,200
5830.72	5850 80	OTHER / CONTINGENCIES	Dr.	30,004	Completion 10 30%	7,300	107,000	7,300 378,600
5830 55		PLUGGING EXPENSE		wan a v	##	8,000		8,000
5838 B4	5850 84 COMPLETION IN	INSURANCE			•	11,165,600	\$1,430,300	4,200 2,603,900
TANGIBLE COSTS:	-72 17 - 17 - 14 s. 1.		FEET	SIZE TOD WE	GHT / GRADE S/FT	31,100,00,0	2,,3,3,000	
840.10		CASING, DRIVE / CONDUCTOR	90	20° enclude	ed in Location Cas 0		[,	0
840.10 840.15		CASING, SURFACE CASING, PROTECTIONINTERMED	2000		# H-40 ST&C 24	12,200	ŀ	- 12,000 37,000
BS0.10	,	CASING, PROD. PACKER COMPLETION	9500	7" x 5-1/2" 23# L	4 17# L-80 LT&C 13 25		434.500	434,500
850,15 640 20		TUBING WELL HEAD TO CASING POINT	6100	2-7/8-	6,54 J-55 5		39,363	30,500 _7,300
860 20		CHRISTMAS TREE ASSEMBLY - COMPLETION	1			7,130	10,000	10,000
TOTAL DRILLING AND						\$56,300	\$475,000	\$631,300
TOTAL DRILLING AND	43.5.4	OSTS:				51,221,900	\$1,935,300	\$3,135,200
LEASE EQUIPMENT CO		TANKS, HEATERS, TREATING FACILITIES	-		* * ** **		-é 000	50,000
870 22		SEPARATOR & HEATER TREATER	-			1	10.00	50,000
870 23 870 53		FLOW LINE AND INSTALLATION	5000	4" SDR-7, 4710 Poly	Poly Pipe \$ 10.90	]	ا مم مر	50,000
870 25	_ '	PERM IMPROVEMENTS (GATES, FENCES, ET	C)	- 55/7/, 47 10 Full		)	30,000	. 30,000
670 13		RODS	5800	3/4", 7/5" & 1"	Grada D \$ 4.50	[ ]	20,100	26,100
- 870 15 870 10		SUBSURFACE PRODUCTION EQUIPMENT PUMPING (SURFACE) UNIT & EQUIP				·	112,600	112,600
870,11		PUMP BASE & TIE DOWNS		· ·	15 15 15 15 15 15 15 15 15 15 15 15 15 1	! '	6,000	6,000
870,14 870,17		MISCELLANEOUS VALVES, FITTINGS, SAFETY INSTALLATION COSTS	EQUIPME	<u>NI</u>	1 150 - 4	ļ ļ	5,000 17,300	5,000 17,200
870,70		SUPERVISION		distants to reflect the control of t	41 - 34-14 7	] ]		٥
TOTAL LEASE EQUIPM		OTHER		to the manufacture of		30	2,000	2,000 \$323,800
LEASEHOLD COSTS:			-		"	7.		
810 35		TITLE FEES						
TOTAL LEASEHOLD CO	)3 5;	TOTAL WELL COST: 32	3,458,700			30	\$2,236,800	\$0 \$3,458,700
			1.221.500	PREPARED BY: WINGS	5 114C	\$1,721,900		
			( C. (2)				30 74 F 370 L	12.53.63
DIVISION OF INTEREST:								
Burnett Oil Company (BBI)		0 6688003						
Jewina Pertrem		0 1511012						
Zorro Partners Ltd	mun I Inf 1	0 0400000						
And Oil Lid & Ard Energy Or Yates Petroleum Corp	nath Car.	0,1063438 0:0313858						
EMC OI & Gus Lid Cranz Credit Shelter Trust		0 0012546 0 0012546						
	_	V 90 12340						
'Ard Oil Lid 'Ard Energy Group List	0 (050164 0 0033334	<i>1</i> ·			APPROVED-			
	211	12 A /			COMPANY,			
APPROVED BY BURNET	المرازات المان	( //./-			NAME:			
6(GNATURE:	HARLES E MAGE	LIL PRESENT			TITLE:			
	12-17-	الم سي						
DATE: _	_7-1_/_/	( ) 9/17/2015			DATE:	. <del></del>		

DATE:	¥17/2015		LEASE:	Hoster 12 Fed		WELL#:	EG 6H	AFE#:	
OPERATOR:	Burnett QII C	o., Inc.	LOCATION:					PROPERTY #	
COUNTY/STATE:	Eddy County,	NM .	9L: 1	Unit H, 1800' FNL, 300' FE	L, Sec 11, T175, R31E			FEO LEASE #	
PROSPECT/FIELD:	FREN (Glor. )	'es a}	BHL: 1	Unit G, 2280' FNL, 1670' F	EL. Sec 12, T178, R31E			FORMATION:	Paddock
RECOMMENDATION:	Drill & comple	to a 0.75 mHz (3,300') horizontal well in the Pac				: MD: 9,100'	TVO: 5,400"		
		dictated by Sand Dune Lizard habitat							
1	3	. 000100 47 000 0 1700 0 1200 0 100 100			**				
INTANGIBLE	COSTS:	••				1			
DRILL	COMPL						DRALL	COMPL	TOTAL
5830 10	5850 08	LOCATION & ROADWAY (RAT HOLE, ETC)			_		77,900	<b>19,5</b> 50	98,500
5830.15		LOCATION & ROADWAY RESTURATION					10,000		10,000
5830 23	5850 23	RIG MOVE-RIG UP, RIG DOWN					- 2 (CD)	4.500	79,500
5830 20	5850 21	CONTRACT RATE-FTG/TURNKEY		FEET @		PER FOOT			,. <u></u> 0
5830 21	5850 21	CONTRACT RATE/DAYWORK	17	DAYS @	\$12,500	PER DAY	J12.500	٩	212,500
100 personal residence / 200 - 200 of 100	5850,20	COMPLETION, WORKOVER UNIT		DAYS @	\$3,200	PER DAY	*** ****	25	73,600
5830 26	5850 26	BITS AND STABILIZERS					40,800	់ <u>ទីខ្</u> ម័ត្នទី	42,600
5830 22	5950.22	FUEL LUBRICANTS, WATER					101 320	6	101,530
5830 60	5850.60	TRUCKING AND TRANSPORTATION (Water)			+		11,796	21,000	_62,200
5830 30	5850 30	MUD AND CHEMICALS & COMPLETION FLUI					(0.000)	~ ~~~°	75,000
5630.50	5850.50	PRIMARY CEMENTING (Incl. Equip ) SQUEEZE CEMENTING		Ho KO bind			35.400		69,400
5830.50 5830.44	5850.50	CORING AND CORE ANALYSIS		-		-	i		
5830 46		MUD LOGGING	. 17	DAYS @	\$1,100	PER DAY			15,400
5830 42		ORILL STEM TESTING					1F: TV		
5830 40	*	OPEN HOLE LOGGING							
****	5550 40	PERFORATING AND CASED HOLE LOGS	•			•	1	9,000	6,000
5630 76	5650 70	CASING CREWS, TONGS, HANDLING TOOLS	• ′		,		ार होत्रा .	11,11.8	23,500
2830 24	5050 24	SURFACE EQUIPMENT RENTALS		•			80,000	164.663	164,900
1930 29	5850 20	DOWNHOLE EQUIPMENT RENTALS	,,	,	, ,		2,500	54 950	58,900
5830.76	5850 76	MISCELLANEOUS LABOR					19,600	7 H/M	72,200
	5650,10	ACIDIZING				,	1	ار	Ņ
<u>-</u>	5850 15	FRACTURING				1	1	254 CEQ	654 800
	5850 45	WELL TESTING (FLWBCK, BHP, ETC)					ļ	13	0
	5850 78	CONTRACT LABOR		•					
5930 37	****	DIRECTIONAL DRILLING				1	151 100		151,100
_5830 27	5830 27	FISHING RENTAL AND SERVICES	17	DAYS @	\$1,600	PER DAY	7775	40 070	67,200
5830 71	5850 71	SUPERVISION	<del></del>		31,000	PEN LAN	77 230	443.672)	
5830 72	5830.72 5850 80	OFERATING OVERHEAD OTHER / CONTINGENCIES	Pwitt	27- <b>dest</b>	Complete		63 : Opto	10.52000	7,300 376,600
5830 80 5830 55	3820 GU	PLUGGING EXPENSE	, Driff	30.00	s Completion	, <u>2 (0).</u> 2	8,000	serieva	5,000
5830.64	5850 64	INSURANCE					4 700		4,260
TOTAL DRULLING AND				* ***			\$1,165,600	\$1,438,360	2,603,900
		PROGRAMMENT AND	ř.com	SIZE TOD	WEIGHT / GRADE	SUFT			* 15
TANGIBLE COSTS: 840 10		CASING, DRIVE / CONDUCTOR	<u>F667</u>	20°	included in Location Co		1	j	0
840 10		CASING, SURFACE		13-3/8	484 H-40 ST&C	24	13,000		12,000
840.19		CASING, PROTECTION/INTERMED	2000	9-5/8*	364 J-55 LT&C	18 5	\$7,000	i	37,000
860 10		CASING, PROD, PACKER COMPLETION	9300	7-15-1/2	23# L & 17# L-80 LT&C			124,500	434,500
880,15		TUBING	G100	2-7/5	6 Sat J-55	5	•	97.0	30,500
840 20		WELL HEAD TO CASING POINT	4,04	14		- ` i	1 300		7,300
660.20		CHRISTMAS TREE ASSEMBLY - COMPLETIO	N			•	"	10,000	10,000
TOTAL DRILLING AND	COMPLETION	ANGIBLE COSTS:				- 1	\$59,300	\$475,090	\$531,300
TOTAL DRILLING AND						i	\$1,221,900	\$1,913,300	\$3,135,200
						- 1	7,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,000	**********
LEASE EQUIPMENT CO							<b>;</b>		50,000
670 20		TANKS, HEATERS, TREATING FACILITIES	·			1		(2,03a) (2,03a)	50,000
670 22		SEPARATOR & HEATER TREATER COMPRESSOR & DEHYDRATOR	•	•		i	ŀ	52,E32	30,000
870 23 870 53		FLOW LINE AND INSTALLATION	<del></del> 5000	4" SCR-7, 4710 Poly	Poly Pipe	\$ 1000		វរ្ម័យ	50,000
870.25		PERM IMPROVEMENTS (GATES, FENCES, E		1 001111, 41 (0 1 04)		- ' ''''	1		0
870.13		RODS	5800	3/4", 7/0" & 1"	Grace D	S 450	1	55 199	26,100
870 15		SUBSURFACE PRODUCTION EQUIPMENT		,		- 7		4 600	4,500
870 10		PUMPING (SURFACE) UNIT & EQUIP				'	1	132,600	112,600
870 11		PUMP BASE & TIE DOWNS					1_	6.000	6,000
870,14		MISCELLANEOUS VALVES, FITTINGS, SAFET	Y EQUIPMEN	π				5,000	5,000
870,17		INSTALLATION COSTS				Í	1.	17,200	17,200
870.70	· ·	SUPERVISION							
		OTHER				!	121	2,000	2,000
TOTAL LEASE EQUIPM	ENT COSTS:					!	20	\$323,500	1,323,508
LEASEHOLD COSTS:							ļ	1	-
810 35		TITLE FEES				-	Q.	1	
TOTAL LEASEHOLD CO	181S:						<b>\$0</b> .].	****	\$0
		TOTAL WELL COST:	53,455,700		/	Į.	\$1,221,900	\$2,236,800	\$3,458,700
		TOTAL DRY HOLE COST:	51,221,900	PREPAREO BY	winglose AMA				
	ing reministra						<b>不再好來和。因为</b>		
o o many and a second	Control on the	STATISTICAL PROPERTY OF A 1874 SECTION OF STATES	4 mg/4 /25 11 mg 2.	THE CALCULATION SHIP.	Service and the service of a service of	- 12 - 12 - 12 - 12 - 12 - 13 - 13 - 13	C. C. A. The Call has Activities	2 - A - A - A - A - A - A - A - A - A -	4 7 #C/C# \$2441 3
DIVISION OF INTEREST									
Burnett Gil Company (881)		0 6656000							
Javelina Partnera		0 1511B12							
Javetne Pertnera Zorro Pertnera UU		0 6400000							
And Oil Lid, & And Energy Gr	sup Lid *	0 1983438							
Yetes Petroleum Corp		0 0313858							
EMC Oil & Gas Ltd		0,0012548							
Crenz Grodit Shelter Trust		0.0012548							
	0 1050104					APPROVED-			
"Ard Off, Ltd. "Ard Energy Group, Ud	0 00333334	<i>^ '</i>							
	1.					COMPANY:			
APPROVED BY BURNET	T OIL CO! Air	16 111				-			
	111	17 1/26				NAME: _	<del> </del>		
SIGNATURE:	<u> </u>	SEL OF STREET				TITLE:			
	LINNICAS E. //A	IEL II PRESIDENT				•			
DATE:	4-17	- /5 8/17/2015				DATE.			
						- · · -			

### Burnett Oil Co., Inc. 801 Cherry Street- Unit #9 Fort Worth, Texas 76102-6881

Phone: 817-332-5108 Fort Worth, Texas Fax: 817-332-2438

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Operator;	Burnett Cal Co.,	ne.									Ī	Τ		Brig Centractor					1				
ocation:	St: Unit A, Sect	11, F17\$, R31E,	BHL: Unit B.	Sec	12.	11/	'S, i	ÜÜ	Ę_	$\Box$	<u> </u> _	_	Г	Ĺ	Ţ				Rg No.:				
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From:

Yesenia Garces

Sent:

Friday, September 18, 2015 9:36 AM

To:

Coley Means

Subject:

FW: FedEx Shipment 774538174356 Delivered

FY!...

From: trackingupdates@fedex.com [mailto:trackingupdates@fedex.com]

Sent: Friday, September 18, 2015 9:35 AM

To: Yesenia Garces

Subject: FedEx Shipment 774538174356 Delivered

## Your package has been delivered

Tracking # 774538174356

Ship date:

Thu, 9/17/15

**YESENIA GARCES** 

BURNETT OIL CO., INC FORT WORTH, TX 76102

HS



Delivered

Delivery date:

Fri, 9/18/15 9:32 am

LAND MANAGER

ARD OIL, LTD & ARD ENERGY

GROUP,LTD

222 WEST 4TH STREET,

SUITE PH5

FORT WORTH, TX 76102

US



## Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:

774538174356

Status:

Delivered: 09/18/2015 09:32

AM Signed for By: A.REID

Signed for by:

A.REID

Delivery location:

FORT WORTH, TX

Delivered to:

Residence

Service type:

FedEx Priority Overnight

Packaging type:

FedEx Envelope

Number of pieces:

1

Weight:

0.50 lb.

Special handling/Services:

Deliver Weekday

#### Residential Delivery

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All weights are estimated,

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September 21, 2015 revision of division of interest Nosler Fed 12 DB4H



#### Via FedEx

September 21, 2015

Ard Oil, Ltd. and Ard Energy Group, Ltd. 222 West 4<sup>th</sup> Street, Suite PH5 Fort Worth, Texas 76102

RE:

Nosler 12 Fed No. DB 4H Well-REVISED AUTHORITY FOR EXPENDITURE

Maljamar Prospect; Eddy County, New Mexico

#### Gentlemen:

Reference is made to Burnett Oil Co., Inc.'s proposal for the captioned well dated Sepbember 17, 2015. Burnett is submitting this revised AFE wherein the interests of the parties in the well has been amended to reflect the current ownership in the proposed spacing unit ('Division of Interest' therein).

As before, if you wish to participate in the drilling and completion of the captioned well(s), please so indicate by signing the AFE(s) and returning the same to the undersigned within thirty (30) days of your receipt hereof. You should also include any well data requirements with your election. If you do not wish to participate in the drilling and completion of either or both of the captioned wells, please contact us to discuss alternate arrangements for your interest.

Thank you for your attention to this matter. Please do not hesitate to contact us should you have any questions.

Sincerely.

David Rhodes

Vice President of Land

Enclosure

WELL# DB 4H

APE #: 2436

LEASE: Nosler 12 Fed

DATE:

OPERATOR:

W17/2015

Burnett Oll Co., inc.

LOCATION PROPERTY#: GJK662H COUNTY/STATE: Eddy County, NM SL: Unit A, 600' FNL, 200' FEL, Sec 11, T175, RJ1E FED LEASE # NULCO29415B PROSPECT/FIELD FREN (Glor, Yaso) BHL: Unit B, 970 FNL, 1670' FEL, Sec 12, T175, R31E FORMATION: Paddock Drill & complete a 6.75 mile [3,300] horizontal well in the Paddock RECOMMENDATION TD: MD: 9,100 TVD: 5.400 Surface Incation distrated by Sand Dane Lirard habitat INTANGIBLE COSTS: CRULL COME LOCATION & ROADWAY (RAT HOLE, ETC) 5830,10 19,5-30 5850 DB 96,600 10,000 77 000 EOCATION & ROADWAY RESTORATION RIG MOVE RIG UP, RIG DOWN CONTRACT RATE-FTQ/TURNESY 5830,15 10,000 5850 23 5830.23 4 500 7 N 250 79,500 5830 20 5850.21 5850.21 FEET 🏚 PER FOOT CONTRACT RATE/DAYWORK 5830 21 Ď DAYE & \$12,500 PER DAY 717.500 212,500 COMPLETION, WORKOVER UNIT DAYS & PER DAY 73,500 5830 26 5550 26 BITS AND STABILIZERS 40,100 2.100 42 600 FUEL LUBRICANTS, WATER 5830 72 5453,22 101,500 101.500 TRUCKING AND TRANSPORTATION (WHIS)
NUD AND CHEMICALS & COMPLETION FLUIDS & CUTTINGS DISPOSAL 41,200 15,000 62,200 75,000 5630 50 5853 50 21 000 5830 30 5350.30 PRIMARY CEVENTING (Inc. Equip ) 5830 50 5853.60 6B 400 No KO plug 25 400 53,000 5850 50 5830 50 SQUEEZE CEMENTING CORING AND CORE ANALYSIS DAYS 2 15 400 15,400 50.10 46 17 \$1,100 PER DAY DAUL STEM PESTING 5830.40 OPEN HOLE LOGGING PERFORATING AND CASED HOLE LOGS 5650,40 6000 6 000 5830,76 5850 76 CASING CREWS, TONGS, HANDLING TOOLS SURFACE EQUIPMENT RENTALS ;? 220 11,300 66,**30**0 104 100 164 900 58 900 5835 24 5050.24 DOWNHOLE EQUIPMENT RENTALS 1,600 5830,76 5850.78 MISCELLANEOUS LABOR 6 600 72,200 ACIDIZING FRACTURING (FLWBCK BHP. ETC) 2850 15 854 800 . ... 5650 65 SE50.76 CONTRACT LABOR 5833 37 DIRECTIONAL DRILLING 151,100 151,100 5830 27 5830.7 I 5830 27 5850,71 FISHING RENTAL AND SERVICES 87,200 40,000 17 DAYS 1 21.600 PER DAY 77 2tk 5830,72 \$830 72 OPERATING OVERHEAD OTHER / CONTINGENCIES 7.300 7,300 378,600 171,000 5630 60 5850.60 Dot: - Week Compation 16 600 U7 000 PLUGGING EXPENSE 8,000 4,700 ۵,000 5850,84 INSURANCE 5830 84 .... BTECO BIBLIANT IN INCITAL DIVA DIVALENCE CONTROL LATET \$1,165,50<u>0</u> 2,603,900 FEET TANGIBLE COSTS: WERSHT / GRADE ¥FI G SIZE 'QO ... CASING, ORIVE / CONDUCTOR 90 20" uried in Lucation 45# Hi40 ST&C CASING, SURFACE 840 10 12,000 500 24 12 (40 CASING PROTECTION/INTERMED 2000 9-5:5 364 J-55 LT& 37,000 434 500 CASING, PROD, PACKER COMPLETION 230 L \$ 170 L-60 LT&C 660.10 7" + 5-172 9500 13 25 TURING 30 500 7 300 880 15 5 30,500 WELL HEAD TO CASING POINT ÃÃO 20 300 CHRISTMAS TREE ASSEMBLY COMPLETION 10,000 TO TAL DRILLING AND COMPLETION TANGISLE COSTS: \$531,330 158,300 1475,000 TOTAL GRILLING AND COMPLETION COSTS: 13,135,200 LEASE EQUIPMENT COSTS: TANKS, HEATERS, TREATING FACILITIES 50 XXX 50,000 870 20 SEPARATOR & HEATER TREATER
COMPRESSOR & DEHYDRATOR
FLOW LINE AND INSTALLATION 50,000 870 22 870 23 870 53 10 000 Poly Pipe 50,000 5000 4" SDR-7, 4739 Poty 19,00 PERM, IMPROVEMENTS (GATES, FENCES, ETC.) 870 25 5800 3/41, 7/81 & 11 76 00 28,100 870.13 ROOS Grade O 4 50 ROOD

SUBSURFACE PRODUCTION EQUIPMENT
PUMPING (SURFACE) UNIT & EQUIP
PUMP BASE & TIE DOWNS 870.15 112,600 a70.10 112 100 6,000 6,000 870 11 MISCELLANEOUS VALVES, SITTINGS, SAFETY EQUIPMENT 5,000 5,000 17 2D0 17 700 670.70 SUPERMSION 2,000 2,003 GTHER TOTAL LEASE EOUIPMENT COSTS: 50 \$123,500 CALL FORTY COME LOS LEASEHOLD COSTS: 610.35 TITLE FEES TOTAL LEASEHOLD COSTS TOTAL WELL COST: \$3,458,700 \$1,221,900 \$2,235,800 \$3,430,700 TOTAL DRY HOLE COST: 51,221,930 PREPARED BY wmo/bas DIVISION OF INTEREST: 11 ec/40 + + 17 Burner (1) Company (901) n 151562 Casa form Statement ((LU+Y4+) A COLPARATION LAN and tental & Authority Connection. Two-Paralam Cap 00/12/29 uñ313-54 uñ012546 PMC Oak build Cose Crolis Socker Trust 011112540 CHE Operating \$15" APPROVED-Para Fromgs George List 11-712-227 COMPANY. APPROVED BY BURNETT OIL CO. INC NAME BIGNATURE CHARLES E. MAGEL M. PRESIDENT TITLE DATE CATE W21/2015

From:

trackingupdates@fedex.com

Sent:

Tuesday, September 22, 2015 11:46 AM

To:

Coley Means

Subject:

FedEx Shipment 774559595011 Delivered



## Your package has been delivered

Tracking # 774559595011

Ship date:

Mon, 9/21/15

Coley Means

Fort Worth, TX 76102

US

Delivery date:

Tue, 9/22/15 11:44 am

Mr. Julian Ard

Ard Oil Ltd. / Ard Energy Group

222 West 4th Street Suite PH5

FORT WORTH, TX 76102

US

**Shipment Facts** 

Our records indicate that the following package has been delivered.

Tracking number:

774559595011

Status:

Delivered: 09/22/2015 11:44

Delivered

AM Signed for By: J.BRABSON

Signed for by:

J.BRABSON

**Delivery location:** 

FORT WORTH, TX

Delivered to:

Residence

Service type:

FedEx Standard Overnight

Packaging type:

FedEx Envelope

Number of pieces:

Weight:

0.50 lb.

Special handling/Services:

Deliver Weekday

Residential Delivery

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#### **Address Information**

Ship to: Mr. Julian Ard Ship from: Coley Means

Ard Oil Ltd. / Ard Energy

Group Ltd

222 West 4th Street

Suite PH5

FORT WORTH, TX

76102 US

8173126592

801 Cherry St - Unit #9

Burnett Plaza, Ste 1500

Fort Worth, TX

76102 US

8173325108

## **Shipment Information:**

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Ship date: 09/21/2015

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From:

**David Rhodes** 

Sent:

Monday, August 17, 2015 8:08 AM

To:

Coley Means

Subject:

FW: Puckett

ĖΥΙ

DAVID S. RHODES VICE PRESIDENT -- LAND

BURNETT OIL CO., INC. BURNETT PLAZA – SUITE 1500 801 CHERRY STREET – UNIT #9 FORT WORTH, TX 76102-6881 OFFICE: (817) 583-8681

FAX: (817) 332-7832

**DSRHODES@BURNETTOIL.COM** 

----Original Message-----

From: Julian Ard [mailto:julianard@sbcglobal.net]

Sent: Friday, August 14, 2015 11:39 AM

To: David Rhodes

Cc: Jo Marie Graf; Julian Ard

Subject: Puckett

David,

Thank you for yesterday's email.

Your questions require more time of me than we have today.

I'll be out of town most of next week; however, I'll get back next week in hopes we can schedule a meeting.

Thank you!

Julian

Julian Ard

Sent from my iPhone

817-291-1199

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From:

Houston Kauffman < houstonk@mac.com>

Sent:

Thursday, September 03, 2015 6:50 PM

To:

Coley Means

Cc: Subject: David Rhodes Re: Nosler #3

Thanks again for you time the other day. I spoke with Julian late this morning about our phone call. I still think a JOA with an ORI in lieu of non-consent for new drilling/conversion of verticals to horizontals is a good way to go for him that might work for y'all too. I do think I'm getting across to him that the worst thing for him is to get compulsory pooled, unless he wants to participate.

Almost on cue, David Evans from Concho sent Julian an email late yesterday or early this morning. He was mainly inquiring about a couple of areas other than Puckett, but I'd say he was at least sniffing around about Puckett. So much for my impression I conveyed to you that they had moved on to other things.

Holler if you have any questions.

Houston Kauffman 817-312-6592 cell

- > On Aug 27, 2015, at 5:25 PM, Coley Means <cmeans@burnettoil.com> wrote:
- > Houston.
- > The disclaimer at the outset is, as you note our drilling plans are conditioned upon all of the uncertainty around price, cost, etc. So the discussion surrounding plans is very general.
- > Generally, we would want some voluntary commitment with the Ard interest. We would like to see Ard enter into a JOA covering all of the lands and depths released by COG. In the alternative, we would consider a term assignment (or perhaps outright assignment) of the Ard interest therein. This could include a reserved ORI and would need to be on reasonable terms. Absent a voluntary commitment along these lines, it will be necessary to compulsory pool the Ard interest as drilling goes along. We do not have any compulsory pooling plans / process in place today with respect to the Ard interest, and any further compulsory pooling would depend on what Mr. Ard wants to do with his interest
- > As far as the Nosler #3 is concerned, that well and proration unit was expressly reassigned to Ard and would be subject to the current JOA. We do not have any current plans to kick out of the existing wellbore of the Nosler 3 to add a lateral, but the well will be TA'ed so as to allow this at some point in the future.
- > A very brief overview of Burnett's drilling plans at Maljamar are as follows: we believe there are approximately 20 one mile HZ locations in the north three sections on the prospect (assuming current 160 acre spacing) including both Paddock and Blinebury wells. We have three APD's pending for HZ wells and subject to the disclaimer, would hope to drill those in the next couple years (part of the initial tranche of de-risking). A full development would be more robust, but the timing and pace thereof is too speculative to comment on today other than to say that is the ultimate plan. Currently, estimated completed well cost for similarly situated wells (Blinebury or Paddock) in the area is approximately \$4.0MM.

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