



Via FedEx

August 31, 2016

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



RE: Nosler 12 Fed LJ No. 7H Well and Nosler 12 Fed MO No. 8H Well
Section 12, T-17-S, R-31-E, Eddy County, New Mexico
Maljamar Prospect

Gentlemen:

Burnett Oil Co., Inc. ("Burnett") hereby proposes the drilling and completion of the Nosler 12 Fed LJ No. 7H Well as a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit L, 2080' FSL and 152' FWL of Section 12, Township 17 South, Range 31 East, Eddy County, New Mexico, and the Nosler 12 Fed MO No. 8H Well, also a single lateral horizontal test of the Glorieta Yeso formation from a surface location in Unit P, 750' FSL and 200' FWL of Section 11, Township 17 South, Range 31 East, Eddy County, New Mexico. The drilling unit for the Nosler 12 Fed LJ No. 7H well will be a 120 acre unit comprised of the N/2 SW/4 and NW/4 SE/4 of Section 12. The drilling unit for the Nosler 12 Fed MO No. 8H well will also be a 120 acre unit comprised of the S/2 SW/4 of Section 12 and the SW/4 SE/4 of Section 12. Please note that at this time the proposed surface location in Section 11 is subject to change as we are working on approvals for such a location with the operators of oil and gas leases in Section 11. The alternate surface location is in Unit M of Section 12 and the well would be drilled with a reverse curve to maximize lateral length in zone, as planned for the Nosler 12 Fed LJ No. 7H well.

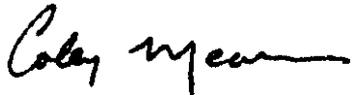
Enclosed are AFE's for the drilling and completion of the captioned wells along with a location plat for each well and a directional survey for the Nosler 12 Fed LJ No. 7H well. Burnett intends to spud the Nosler 12 LJ No. 7H well in late January or early February 2017 and spud the Nosler 12 Fed MO No. 8H within six months of rig release on the LJ 7H well.

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,
BURNETT OIL CO., INC.

A handwritten signature in cursive script, appearing to read "Coley Means".

Coley Means
Land Manager

Enclosures

From: Coley Means <cmeans@burnettoil.com>
 To: jamesbruc <jamesbruc@aol.com>
 Subject: Nosler 7H & 8H Proposal - Ard
 Date: Fri, Oct 21, 2016 10:52 am
 Attachments: Well Proposal Nosler LJ7H and MO8H - Ard _ 8.31.16.pdf (3071K),
 Well Proposal Offer Letter Nosler LJ7H and MO8H - Ard _ 8.31.16.pdf (5602K),
 FedEx - Ard 7H and 8H Proposal and Offer Letter _ 8.31.16.pdf (153K)

COLEY MEANS
 LAND MANAGER

BURNETT OIL Co., INC.
 BURNETT PLAZA – SUITE 1500
 801 CHERRY STREET – UNIT #9
 FORT WORTH, TX 76102-6881
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Attached Message

From: trackingupdates@fedex.com <trackingupdates@fedex.com>
 To: Coley Means <cmeans@burnettoil.com>
 Subject: FedEx Shipment 777126593107 Delivered
 Date: Thu, 1 Sep 2016 15:36:53 +0000

Your package has been delivered

Tracking # 777126593107

Ship date
Wed, 8/31/2016

Coley Means
 Fort Worth, TX 76102
 US

Delivery date
Thu, 9/1/2016 10:34 am



Julian Ard
 Ard Oil, LLC
 222 West 4th Street, Suite 1146
 FORT WORTH, TX 76102
 US



Shipment Facts

Our records indicate that the following package has been delivered:

Tracking number:	<u>777126593107</u>
Status:	Delivered: 09/01/2016 10:34 AM Signed for By: D MOORE
Signed for by:	D MOORE
Delivery location:	FORT WORTH, TX
Delivered to:	Residence
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Pak
Number of pieces:	1
Weight:	2.00 lb
Special handling/Services:	Delivered Weekday