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7011 3500 0000 2040 9105

Postage \$ 1.36
 Certified Fee 3.30
 Return Receipt Fee (Endorsement Required) 2.70
 Restricted Delivery Fee (Endorsement Required) 1.34
 Total Postage & Fees \$ 7.70



Sent to
Yates Petroleum Corporation
 105 S. 4th Street
 Artesia, New Mexico 88210
 City, State, ZIP+4®
 PS Form 3811, February 2004

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.

Article Addressed to:
Yates Petroleum Corporation
 105 S. 4th Street
 Artesia, New Mexico 88210

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
[Signature]
 B. Received by (Printed Name) Date of Delivery
Bna *9/21/16*
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type:
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7011 3500 0000 2040 9105**
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1549

EXHIBIT *C*

OGX Operating, LLC

P.O. Box 2064 • Midland, TX 79702 • (432) 685-1287 • Fax (432) 685-1320 • Fax (432) 686-7109

September 19, 2016

Yates Petroleum Corporation
105 S 4th St.
Artesia, NM 88210

Certified Mail #7011 3500 0000 2040 9105

Attn: Land Dept.

Re: **Red Bluff Lake Prospect**
Well Proposal
Littlefield 34 Fed Com #3H
T-26-S, R-29-E, N.M.P.M.
NE/4 Section 34 and E/2 Section 27
Eddy County, New Mexico

Gentlemen:

OGX Operating, LLC ("OGX") hereby proposes to drill the above referenced horizontal well with a surface hole location of 380' FSL & 2,470' FWL of Section 34 and a bottom hole location of 330' FNL & 1900' FEL of Section 27, all located in T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico. This well will be drilled from a drilling pad approved by the BLM which will be on the same drilling pad as the #1H and necessitate drilling approximately 570 feet Southeast which will be 50 feet FSL and 1900 feet FEL of said Section 34 to the first kick-off point, then drilling North to the first take point, being approximately 330' FSL and 1900' FEL of said Section 34, turning horizontal with an azimuth of 359.24 degrees for a total horizontal distance of approximately 6,680' to test the Wolfcamp formation. The total measured depth is estimated to be 16,680'. The proration unit for this well will be the E/2 of Section 27 and the NE/4 of Section 34, T-26-S, R-29-E, N.M.P.M., Eddy County, New Mexico, containing 441.71 acres of land, more or less.

According to the records of Eddy County, New Mexico, Yates Petroleum Corporation ("Yates") owns a 10.00% leasehold interest in the Lot 12 (21.77 acres) said Section 33 or 2.177 net acres of land, more or less, being the lands contained in that certain USA lease NMNM-47159 dated November 1, 1981, below a depth of 6,350'. Your interest in this well would be 2.177/441.71 or .4492857%.

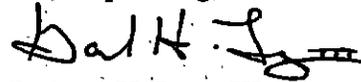
Enclosed for your review is an AFE (in duplicate) showing the estimated drilling and completion costs for the subject well, as well as two plats showing the proposed location and production unit.

OGX invites the participation of Yates in this well. If Yates wishes to participate in the drilling of this well, please execute both copies of the AFE, after which return one copy to the undersigned. Upon receipt of the AFE, OGX will mail you an Operating Agreement for your execution, which will name OGX as the Operator.

In the event Yates does not wish to participate, OGX hereby offers Yates \$2,500.00 per acre for a two (2) year term assignment covering the 30% interest in the 21.77 acre tract (2.177 acres), with Yates delivering a 75% net revenue. The total consideration for the term assignment would equal \$5,442.50. If you have any questions, please contact the undersigned.

Sincerely,

OGX Operating, LLC



Garland H. Lang III
Land Manager

Enclosures

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) 746-1263 Fax: (575) 746-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LITTLEFIELD 34 FEDERAL COM	Well Number 3H
OGRID No.	Operator Name OGX OPERATING, LLC	Elevation 2885'

Surface Location

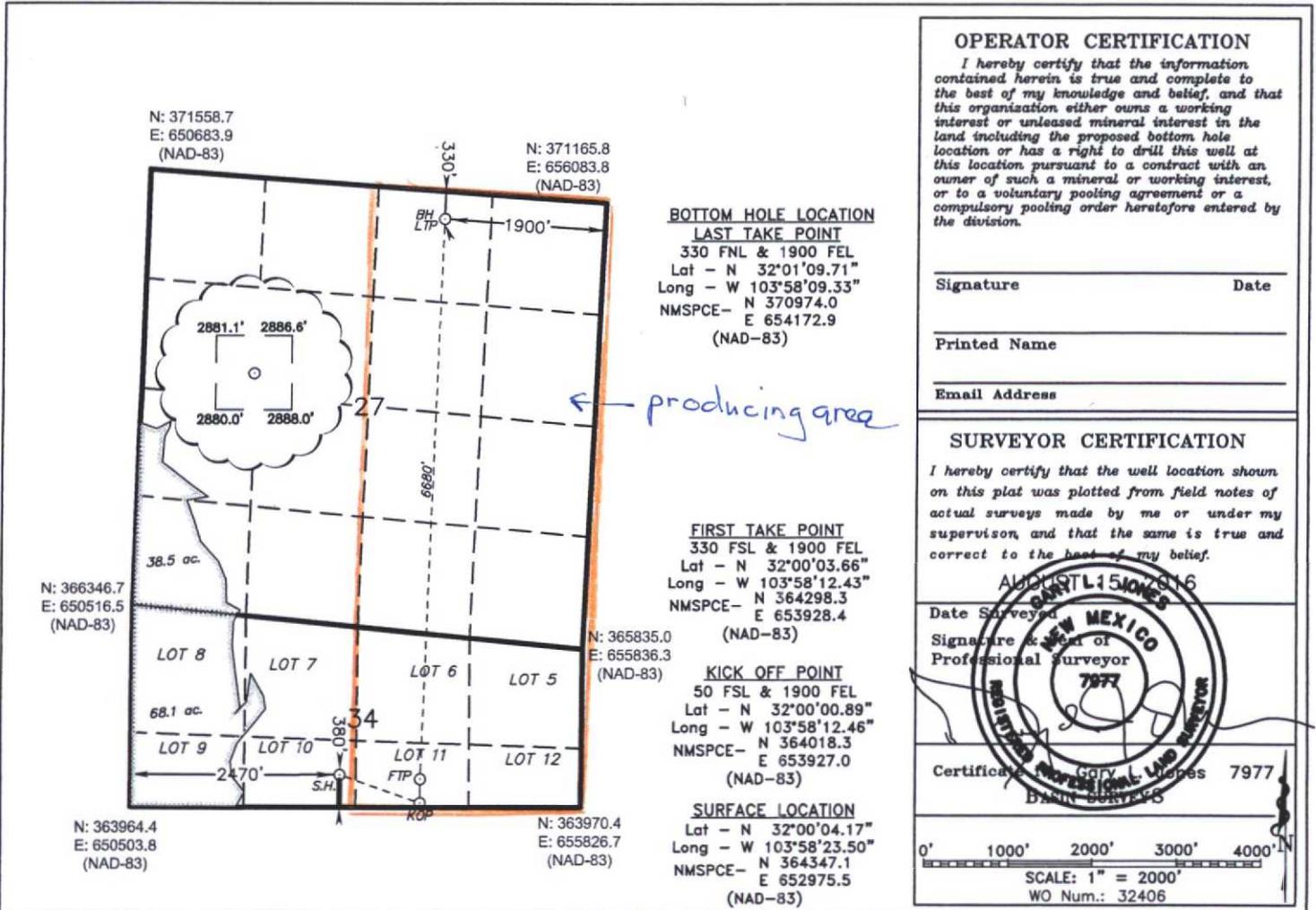
UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South Line	FEET from the	East/West LINE	County
LOT 10	34	26 S	29 E		380	SOUTH	2470	WEST	EDDY

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
B	27	26 S	29 E		330	NORTH	1900	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
441.71			

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



SDS PETROLEUM CONSULTANTS OIL AND GAS DRILL & COMPLETE PROJECT TEMPLATE

Project Information

Project Number	Project Name	PRF Number	PRF Name
1	Littelfield 34 Federal Com #3H		
Date Submitted	Est Spud Date		
	TBD		

Budget Information

Investment Category	Reserve Category	Reserve Association	Peep GUID (optional)	Peep Case Name (optional)

Budget Description

Description of Work (This Info will be Printed on Partner Ballots)

DRILL AND COMPLETE - 16,680' MD 10,000' TVD horizontal Wolfcamp A with 6,796' lateral. Located near Red Bluff Lake in Eddy Co., NM

Team Comments (optional)

Land Information

Co Number	Company Name (Operator)	Prospect Number	Prospect Name
	OGX Operating, LLC		Wolfcamp A 6,680' lateral
Operated	Field	Field Group	Region (Project Area)
	Wildcat-Wolfcamp		
Country	County	State	API#
USA	Eddy	NM	
Working Interest Info	Pre-Spud		
OGX WIP	OGX	<input checked="" type="checkbox"/>	
100.00000000%	100.00000000%		

Surface Location Data				Bottom Hole Location Data			
Legal Description				Legal Description			
380' FSL & 2470' FWL Sec 34 T26S-R29E				330' FNL & 1900' FEL Sec 27 T26S-R29E			
Surface Coordinates		Surface Footage from Unit/Lease Lines		Bottom Hole Coordinates		Btm Hole Footage from Unit/Lease Lines	
Latitude	Longitude	Direction	Direction	Latitude	Longitude	Direction	Direction
364347.1	652975.5	Ft Distance	Ft Distance	370974	654172.9	Distance (ft)	Distance (ft)

Well Info:

Primary Reservoir	WOLFCAMP A	Depths:					
Completion Type	Plug and Perf	Total MD	Total TVD	PBTMD	PBTVD	KB Elev	Ground Elev
Product Type		16,680	10,000	16,495	10,000		

Rig Names and Rates			Breakdown of Well in Days					
BCP - Rig Name	BCP - Rig Rates	Operational Phases	BCP Days	BCP Evaluation	ACP Suspend	ACP Evaluation	Complete Days	Total Days
ACP - Rig Name	ACP - Rig Rates	Surface I	2					2
	14,000	Intermediate I	3					3
Completion - Rig Name		Intermediate II	11					11
Completion - Rig Rates		Drig Liner I						0
Rounding (Sub details)		Drig Liner II						0
Rounding (Totals Only)		Drig Tieback I						0
Spread Rates:	Total \$	\$/Day	Prod Hole		5			16
DH Intangible Only	z	#VALUE!	Prod Liner I					0
DH Tangible Only	285,750	10,583	Prod Liner II					0
TOTAL	285,750	10,583	Prod Tieback I					0
			Prod Tieback II					0
			Comp Rig Days					0
			Totals	27	0	5	0	32
			Evaluation Allocation Percentage					

Team Members	Name	Confirm	AFE Structure Cost Estimate Summary			
Land		<input type="checkbox"/>	AFE Number	AFE Description	Gross \$	Net \$
Reservoir		<input type="checkbox"/>				
Geologist		<input type="checkbox"/>				
Geophysicist		<input type="checkbox"/>		Before Casing Point	\$2,292,565	\$2,292,565
Drilling Engineer		<input checked="" type="checkbox"/>		After Casing Point	\$635,633	\$635,633
Prod/Ops Engineer		<input type="checkbox"/>		Complete	\$2,808,782	\$2,808,782
Drilling Superintendent	Jacky Brown	<input type="checkbox"/>		Site Equip	\$600,000	\$600,000
Other		<input type="checkbox"/>		Well Tie In	\$0	\$0
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				
Other		<input type="checkbox"/>				
Date:	9/19/2016	Version	1.0	Total D&C	\$6,336,980	\$6,336,980

AUTHORIZATION FOR EXPENDITURE



Littelfield 34 Federal Com #3H		COST CTR NUM	AFE NUMBER
Eddy			AFE DATE
SURFACE LOCATION: 380' FSL & 2470' FWL Sec 34 T26S-R29E / BOTTOM HOLE LOCATION: 330' FNL & 1900' FEL Sec 27 T26S-R29E			

Drill and Complete Cost Plan Summary

Cost Element Description	BCP	ACP	Complete	Site Equip	Well Tie In	Element	Totals
Employee Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract Labor						\$0	\$0
Dyed Liquid Fuels (Texas Only)	\$0	\$0	\$0	\$0			\$0
Liquid Fuels - Other	\$68,040	13125	\$0	\$0			\$81,165
Electricity & Utilities	\$0		\$15,750	\$0			\$15,750
Disposal - Saltwater & Other Fluids	\$0		\$0				\$0
Fluids - Water	\$20,000		\$0				\$20,000
Fluids - Lube & Hydraulic Oil						\$0	\$0
Permitting, Surveying & Title Services	\$26,250		\$0	\$0		\$0	\$26,250
Right Of Way						\$0	\$0
Roads & Location Recovery	\$0		\$0				\$0
Road & Site Preparation Materials & Supplies	\$0			\$0		\$0	\$0
Road & Site Preparation Services	\$91,875	\$0	\$0	\$0		\$0	\$91,875
Damages & Remediation	\$0	\$0		\$0		\$0	\$0
Measurement Equipment				\$0			\$0
Communication Services - Other	\$7,350	\$1,050	\$2,625	\$0			\$11,025
Enviro - Community Consultations							\$0
Enviro - Compliance & Fines						\$0	\$0
Enviro - Services	\$14,753	\$2,100	\$2,100				\$18,953
Logging, Perf & W/L Services (CH Only)	\$0	\$0	\$119,175				\$119,175
Materials & Supplies	\$11,375	\$5,688	\$5,688	\$0		\$0	\$22,750
Pulling & Swabbing Services			\$0				\$0
Snubbing & Coil Tubing Services			\$126,000				\$126,000
Vehicles - Usage	\$0	\$0	\$0	\$0		\$0	\$0
Trucking & Hauling	\$35,175	\$44,625	\$21,000	\$0		\$0	\$100,800
Welding services			\$12,500				\$12,500
Other Roustabout Services	\$0	\$0	\$0				\$0
Inspection Services	\$0	\$21,000	\$0	\$0		\$0	\$21,000
Consultants - Technical & Professional Fees	\$141,960	\$19,688	\$33,863	\$0		\$0	\$195,510
Stimulation Services			\$2,164,575				\$2,164,575
Casing & Tubular Services	\$26,250	\$18,375	\$10,500				\$55,125
Cementing Services	\$39,813	\$63,000	\$0				\$102,813
Daywork Costs	\$396,900	\$73,500	\$0				\$470,400
Turnkey Drilling Costs	\$0	\$0	\$0				\$0
Directional Services	\$240,923	\$0					\$240,923
Drill Bits	\$82,469	\$0	\$0				\$82,469
Drilling and Completion Fluids & Services	\$318,045	\$18,113	\$0				\$336,158
Fishing Services	\$0	\$0	\$0				\$0
Footage Costs	\$0	\$0					\$0
Mob & Demobilization	\$152,040	\$152,040	\$0				\$304,080
Open Hole Evaluation	\$77,910	\$0					\$77,910
Well Testing Services			\$115,500				\$115,500
Equipment Services - Surface Rentals	\$121,331	\$15,063	\$16,223	\$0		\$0	\$152,616
Equipment Services - Downhole Rentals	\$47,408	\$21,875	\$0				\$69,283
Construction Services						\$0	\$0
Land						\$0	\$0
Other Services	\$61,950	\$15,015	\$24,675	\$0		\$0	\$101,640
Electrical, Instrumentation & Control Services						\$0	\$0
Safety Services						\$0	\$0
Casualty & Property Insurance	\$25,000	\$0	\$26,250				\$51,250
Overhead	\$0	\$0	\$0	\$0		\$0	\$0
Leasehold Rentals							\$0
Other Leasehold Costs							\$0
TOTAL INTANGIBLE ITEMS	2,006,815	484,255	2,696,423	0	0	0	5,187,493
Dehydration Equipment				\$0		\$0	\$0
Heaters & Heat Exchange Equipment				\$0		\$0	\$0
Separator Equipment				\$0		\$0	\$0
Treater & Free Water Knockout Equipment				\$0		\$0	\$0
Storage Vessels & Tanks				\$600,000			\$600,000
Pumps - Surface				\$0			\$0
Valves						\$0	\$0
Artificial Lift Equipment			\$36,750				\$36,750
Casing - Conductor & Drive Pipe	\$4,550						\$4,550
Sucker Rods			\$17,063				\$17,063
Oil Country Tubular Goods Tubing			\$30,678				\$30,678
Wellhead Equipment	\$15,925	\$0	\$10,806				\$26,731
Surface Casing	\$14,719						\$14,719
Intermediate Casing	\$250,556						\$250,556
Intermediate Casing II	\$0		\$0				\$0
Production Casing		\$173,253	\$0				\$173,253
Production Liner							\$0
Equipment Other			\$17,063	\$0		\$0	\$17,063
Corrosion Protection Equip				\$0		\$0	\$0
Pipe, Fitting, Flanges & Couplings				\$0		\$0	\$0
Comm devices and accessories - SCADA				\$0		\$0	\$0
Electrical, Instrumentation & Control Equip				\$0		\$0	\$0
Measurement Equipment				\$0		\$0	\$0
Engines & Motors				\$0		\$0	\$0
TOTAL TANGIBLE ITEMS	285,750	173,253	112,360	600,000	0	0	1,171,362
TANGIBLE SPLIT %	12	26	4	100	0	0	18
AFE TOTAL	2,292,565	657,508	2,808,782	600,000	0	0	6,358,855

Cost Element Description	BCP	ACP	Complete	Site Equip	Well Tie In	Element	Totals
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Costs on this form are estimates only. Working Interest Owners should not consider these estimates as establishing any limit on the monies which will be required to perform the proposed operation.

Yates Petroleum Corporation _____

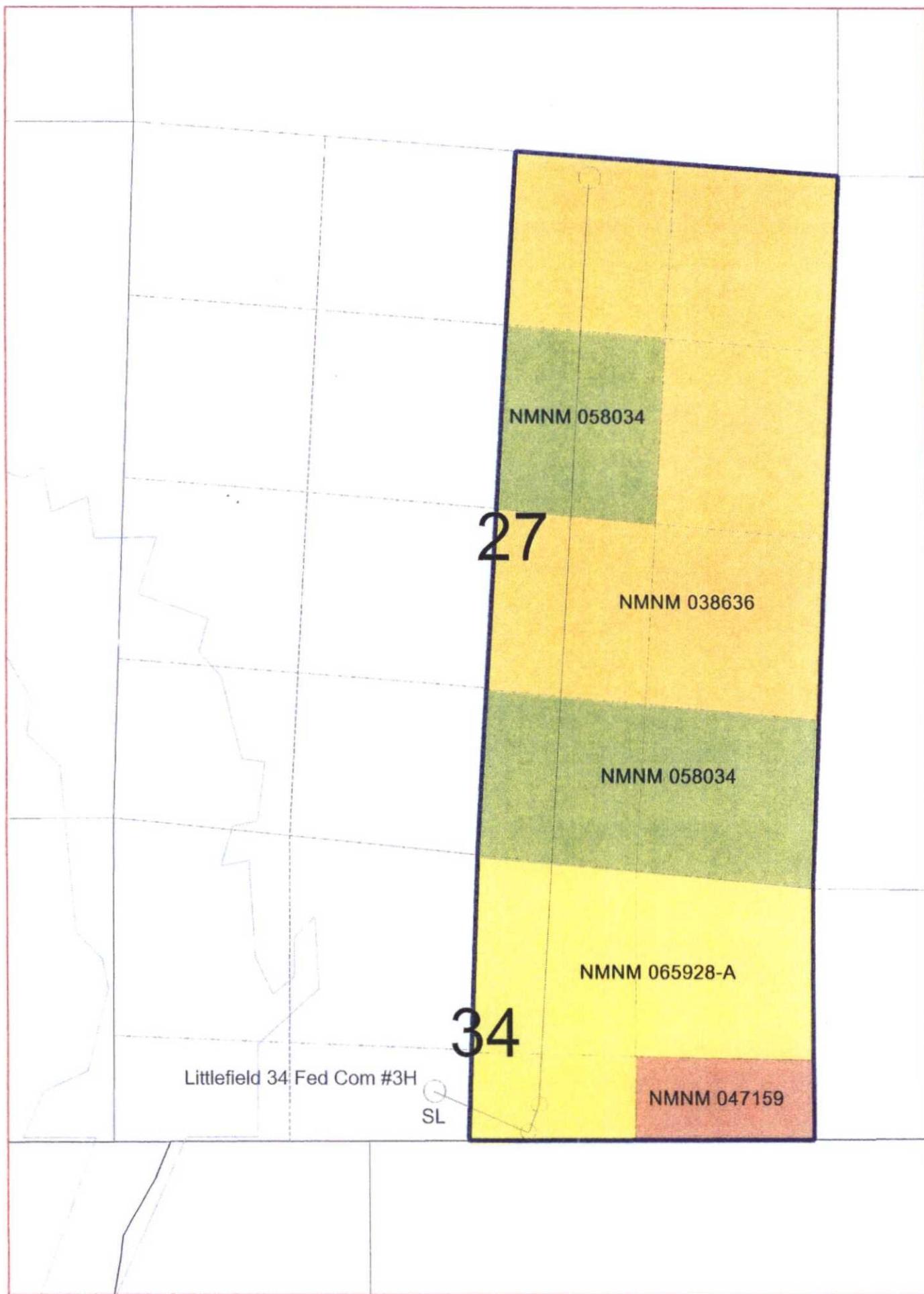
BY: _____

Printed Name: _____

Title: _____

Date: _____

WI% 0.44929% _____



Littlefield 34 Fed Com #3H

SL

-  OGX Leasehold
-  OXY Leasehold
-  Khody L&M Leasehold
-  EOG 70% OXY 30%

Project Area 

OGX OPERATING LLC	
Red Bluff Prospect	
State Line Area	
Eddy County, New Mexico	
Loving & Reeves Counties, Texas	
WEH	Red Bluff OGX vs OXY
3/28/15	