Form 3160-5 (February 2005)

CARLSBAD FIELD OFFICE

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB No 1004-0137

Expires March 31, 2007

SFLease Serial No NM-118096

BUREAU OF LAND MANAGEMENT SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an Mindian, Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit of CA/Agreement, Name and/or No SUBMIT IN TRIPLICATE - Other instructions on page 2. 1 Type of Well 8 Well Name and No Oil Well Gas Well Other Red Bat Fee No. 001 2 Name of Operator Legend Natural Gas III Limited Partnership 9 API Well No 30-015-34701 3b. Phone No (include area code) 10 Field and Pool or Exploratory Area 3a Address 410 W Grand Parkway South, Ste 400 MALAGA-MORROW WEST 281-644-5900 Katy, TX, 77494 Location of Well (Footage, Sec., T,R,M, or Survey Description) 11 Country or Parish, State EDDY, NM 660 FSL & 1830 FEL, Sec 8, T24S, R27E 12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Water Shut-Off Acidize Deepen Production (Start/Resume) Notice of Intent Well Integrity Alter Casing Fracture Treat Reclamation Other Change of Operator New Construction Casing Repair Recomplete ✓ Subsequent Report Change Plans ___ Plug and Abandon Temporarily Abandon Convert to Injection Plug Back Water Disposal Final Abandonment Notice 13 Describe Proposed or Completed Operation Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA Required subsequent reports must be filed within 30 days following completion of the involved operations If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection) The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below: Bond Coverage \$25,000 Statewide Surety Bond with U.S. Specialty Insurance Company (Houston, TX) BLM Bond File No.. NMB000525 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Title VP Mark Tantillo Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Title Date Conditions of approval, if any, are attached Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would Office entitle the applicant to conduct operations thereon

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