

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
October 13, 2009

<p>SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)</p>		<p>WELL API NO. 30015355580000</p>
<p>1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Legend Natural Gas III, Limited Partnership</p>		<p>6. State Oil & Gas Lease No. VA-2740-1 State of New Mexico</p>
<p>3. Address of Operator 410 West Grand Parkway South Suite 400 Katy, Tx 77949</p>		<p>7. Lease Name or Unit Agreement Name Kimber State #1</p>
<p>4. Well Location Unit Letter C: 660 feet from the North line and 1980 feet from the West line Section 7 Township 25S Range 28E NMPM County Eddy</p>		<p>8. Well Number 1 AUG 19 2010</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3044' (GR) 3067' (KB)</p>		<p>9. OGRID Number 258894</p>
<p>10. Pool name or Wildcat Salt Draw, Morrow West Gas</p>		<p>10. Pool name or Wildcat Salt Draw, Morrow West Gas</p>

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AUG 19 2010
NMOCD ARTESIA

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>DOWNHOLE COMMINGLE <input type="checkbox"/></p>		<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p>	
<p>OTHER: <input type="checkbox"/></p>		<p>OTHER: <input type="checkbox"/></p>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well's production rate has historically been erratic due to possible salt plugging and/or liquid loading. At times the well has responded to KCL treatments for suspected salt build up. The well was treated for salt with 7% KCL in January and February (2010) with little result. In February (2010), slickline work indicated restriction in tubing in the vicinity of the perforations. In May 2010 a workover was performed to clean the obstruction and to set the well up on artificial lift (plunger lift). The well is now producing approximately 250 mcfd (100mcfd prior to workover).

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Paul Lachin TITLE ASSET MANAGER DATE 8/10/10

Type or print name PAUL LACHIN E-mail address: plachin@lng2.com PHONE: 281-644-5900

For State Use Only

Donald Gray

Compliance Officer-A

8-19-10

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