



January 21, 2011

Via Certified Mail

Zorro Partners
616 Texas Street
Fort Worth, Texas 76102

Re: **New Well Proposal**
Puckett Federal 13 #61
430' FSL & 430' FWL of Section 13, Unit M
T17S, R31E, Eddy County, New Mexico

Gentlemen:

COG Operating LLC ("COG") proposes to drill the above-captioned well at the above-captioned location, or a legal location within Location Unit Letter M, to a depth of approximately 7000 feet to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$1,654,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

Stuart A. Dirks

Stuart A. Dirks, CPL *rdw*
Senior Landman

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Consolidated Case No 's 14649 & 14650 Exhibit No 2
Submitted by
COG OPERATING, LLC
Hearing Date May 26, 2011

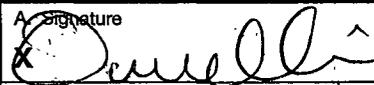
SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Zorro Partners
616 Texas Street
Fort Worth, TX 76102

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Address

B. Received by (Printed Name) C. Date of Delivery
Olivia Med **JAN 24 2011**

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
- Certified Mail Express Mail
 - Registered Return Receipt for Merchandise
 - Insured Mail C.O.D.



January 21, 2011

Via Certified Mail

Javelina Partners
616 Texas Street
Fort Worth, Texas 76102

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Stuart A. Dirks, CPL
Senior Landman

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<p>1. Article Addressed to:</p> <p style="text-align: center;">Javelina Partners 616 Texas Street Fort Worth, TX 76102-4696</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Tracking Number (Trace)</p>	<p style="text-align: center;">91 7108 2133 3939 1394 3063</p>



January 21, 2011

Via Certified Mail

Burnett Oil Company
Burnett Plaza, Unit 9
801 Cherry Street, Suite 1500
Fort Worth, Texas 76102

Re: **New Well Proposal**
Puckett Federal 13 #61
430' FSL & 430' FWL of Section 13, Unit M
T17S, R31E, Eddy County, New Mexico

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1. Article Addressed to: Burnett Oil Company 801 Cherry Street, Unit 9 Burnett Plaza, Suite 1500 Fort Worth, TX 76102	B. Received by (Printed Name) <i>M Burger</i>	C. Date of Delivery 1-24-11
2. Article Number (Transfer from serv.	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
17.61 91 7108 2133 3939 1362 9264		



January 21, 2011

Via Certified Mail

Ard Oil Ltd.
222 West 4th Street, PH5
Fort Worth, Texas 76102

Re: **New Well Proposal**
Puckett Federal 13 #61
430' FSL & 430' FWL of Section 13, Unit M
T17S, R31E, Eddy County, New Mexico

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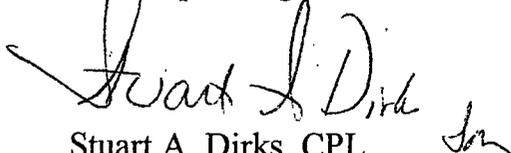
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Senior Landman

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<p>1. Article Addressed to:</p> <p style="text-align: center;">Ard Oil Ltd. 222 W. 4th St. PH5 Ft. Worth, TX 76102</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>1361 91 7108 2133 3939 1285 1932</p>



January 21, 2011

Via Certified Mail

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222 West 4th St., PH5
Fort Worth, Texas 76102

Re: **New Well Proposal**
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1. Article Addressed to:

Ard Energy Group Ltd.
222 W. 4th St. PH5
Ft. Worth, TX 76102

2. Article Number
(Transfer from service label)

13-61
91 7108 2133 3939 1394 3384

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
X *[Signature]* Addressee

B. Received by (Printed Name) C. Date of Delivery
MAY 03 4:44

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Domestic Return Receipt

10299-02-M-11



January 21, 2011

Via Certified Mail

Ard Oil Ltd.
222 West 4th Street, PH5
Fort Worth, Texas 76102

Re: **New Well Proposal**
Puckett Federal 24 #61
330' FSL & 330' FWL of Section 24, Unit M
T17S, R31E, Eddy County, New Mexico

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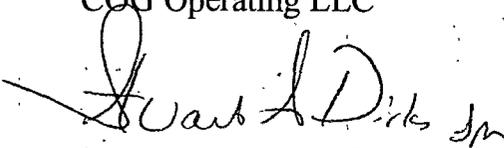
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1. Article Addressed to:

Ard Oil Ltd.
222 W. 4th St. PH5
Ft. Worth, TX 76102

2. Article Number

(Transfer from service label)

91 7108 2133 3939 1394 3445

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

B. Received by (Printed Name)

C. Date of Delivery

- Agent
- Addressee

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

24.61



January 21, 2011

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222 West 4th St., PH5
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222 W. 4th St. PH5
Ft. Worth, TX 76102

2. Article Number
(Transfer from service label)

24-61

91 7108 2133 3938 4303 9256

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X 

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

3. Service Type

Certified Mail Express Mail

Registered Return Receipt for Merchandise

Insured Mail C.O.D.

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Yes



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Fort Worth, TX 76102

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

M Berger

- Agent
- Addressee

B. Received by (Printed Name)

M Berger

C. Date of Delivery

1-24-11

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

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- Insured Mail
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24.61
91 7108 2133 3939 1362 9097



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Zorro Partners
616 Texas Street
Fort Worth, TX 76102

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature ^A
 Quedda Agent
 Address

B. Received by (Printed Name) *OLIVERA* C. Date of Delivery

D. Is delivery address different from sender? Yes
If YES, enter delivery address below: *JAN 21 2011* No

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 Certified Mail Express Mail
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 Insured Mail C.O.D.

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24-61

91 7108 2133 3939 1285 1796



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**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Puckett Federal 24 #61
LOCATION: T17S - R31E - Section 24
FOOTAGE: 330 FSL 330 FWL

PROSPECT NAME: East Fren
COUNTY & STATE: EDDY COUNTY, NM
OBJECTIVE: Ver. Blinebry Paddock (4 Fracs) 7000'

INTANGIBLE COSTS		BCP		ACP		TOTAL
Title/Curative/Permit	201	22,000				22,000
Insurance	202	3,800	302			3,800
Damages/Right of Way	203		303			0
Survey/Stake Location	204	2,500	304			2,500
Location/Pits/Road Expense	205	40,000	305	5,000		45,000
Drilling / Completion Overhead	206	2,500	306	2,000		4,500
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract	209	132,000	309			132,000
Directional Drilling Services	210		310			0
Fuel & Power	211	28,000	311	1,000		29,000
Water	212	22,000	312	25,000		47,000
Bits	213	29,000	313	500		29,500
Mud & Chemicals	214	17,000	314			17,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	15,500				15,500
Cement Intermediate #1	218	18,500				18,500
Cement Intermediate #2						0
Cement Production			319	31,000		31,000
Cement Squeeze	220		320			0
Float Equipment & Centralizers	221	2,500	321	2,000		4,500
Casing Crews & Equipment	222	8,000	322	9,000		17,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	1,000	324			1,000
Contract Labor	225	3,000	325	15,000		18,000
Company Supervision	226		326			0
Contract Supervision	227	14,000	327	5,000		19,000
Testing Casing/Tubing	228	3,000	328	3,000		6,000
Mud Logging Unit	229	6,300	329			6,300
Logging	230	19,000	330			19,000
Perforating/Wireline Services	231		331	28,500		28,500
Stimulation/Treating (4 fracs)			332	385,000		385,000
Completion Unit			333	22,000		22,000
Swabbing Unit			334			0
Rentals-Surface	235	12,000	335	36,000		48,000
Rentals-Subsurface	236	27,000	336	10,000		37,000
Trucking/Forklift/Rig Mobilization	237	32,000	337	8,000		40,000
Welding Services	238	3,000	338	1,000		4,000
Water Disposal	239		339	7,000		7,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed-Loop & Environmental	244	75,000	344			75,000
Miscellaneous	242		342			0
Contingency 5%	243	27,400	343	30,000		57,400
TOTAL INTANGIBLES		566,000		626,000		1,192,000
TANGIBLE COSTS						
Surface Casing	401	18,500				18,500
Intermediate Casing #1	402	41,000				41,000
Intermediate Casing #2						0
Production Casing/Liner			503	110,000		110,000
Tubing			504	40,000		40,000
Wellhead Equipment	405	6,000	505	3,000		9,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	42,000		42,000
Pumps			509	4,500		4,500
Tanks			510	10,000		10,000
Flowlines			511	15,000		15,000
Heater/Treater/Separator			512	12,000		12,000
Electrical System			513	20,000		20,000
Packers/Anchors/Hangers	414		514	900		900
Couplings/Fittings/Valves	415	500	515	16,500		17,000
Gas Compressors/Meters			516			0
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	500	519	500		1,000
Contingency 5%	420	4,500	520	19,600		24,100
TOTAL TANGIBLES		71,000		391,000		462,000
TOTAL WELL COSTS		637,000		1,017,000		1,654,000

COG Operating LLC

By: C. Bird / J. Coffman

Date Prepared:

1/21/11

We approve:

_____% Before Tanks / _____% After Tanks

Company:

By:

Printed Name:

Title:

Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.