IOMEH

CASE NO: 14706-14718 EXHIBIT 3

May 25, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: <u>New Well Proposal</u> Puckett "13" Federal #1H SHL: 330' FSL & 330' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 330' FWL, (Unit A) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "13" Federal #1H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David REvans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico (Consolidated) Case No.'s 14706-14718 Exhibit No. 3

> Submitted by: <u>
> COG OPERATING, LLC</u>

SHL: 330' FSL & 330' FWL, Sec. 13-175				Eddy Co, NM	
3HL: 330' FNL & 330' FWL, Sec. 13-175	S-31E	OBJECTIVE:	YESO (11, 021' MD) (6100' T	VD) Upper Blinebry
NO/Pilot, 160 Acre			-		
NTANGIBLE_COSTS	, , , , , , , , , , , , , , , , , , , ,	<u>BCP</u>		ACP	<u>TOTAL</u>
itle/Curative/Permit		10,000			10,00
isurance	202	. 22,000	302 _	· · ·	22,00
Damages/Right of Way	203	15,000	303		15,00
Survey/Stake Location	204	3,000	304		3,00
ocation/Pits/Road Expense	205	40,000	305	65,000	105,00
Drilling / Completion Overhead	206	5,000	306	1,000	6,00
urnkey Contract	207		307		
ootage Contract	208		308		
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,00
Directional Drilling Services, With RS	210	400,000	310		400.00
uel & Power	211	112,500		11,250	123,75
Vater	212	30,000	312	75,000	105,00
its	213	45,000	313	1,000	46,00
Aud & Chemicals	214	25,000	314		25,00
Drill Stem Test	215		315		
oring & Analysis	216		_	<u></u>	
ement Surface	217	16,000		·····	16,00
ement Intermediate	218	16,000		······································	16,00
Cement Production 7"x5.5"	218		319	70,000	70,00
ement Squeeze & Other (NO Kickoff Plug)	220		320		
loat Equipment & Centralizers	221	3,500	321	15,000	18,50
asing Crews & Equipment	222	7,000	322	13,000	20,00
ishing Tools & Service	223		323	· · ·	
eologic/Engineering	224	10,000	324	1,000	11,00
Contract Labor	225	10,000	325	30,000	40,00
ompany Supervision	226	2,000	326	2,000	4,000
ontract Supervision	227	28,000	327	4,000	
esting Casing/Tubing	228	4,000	328	1,500	5,50
lud Logging Unit	229	16,000	329		16,000
ogging	230	0	330	5,000	5,00
erforating/Wireline Services	231	3,500	331	125,000	128,50
timulation/Treating	<u>.</u>		332	760,000	760,00
ompletion Unit	-	·	333	40,000	40,000
wabbing Unit	·		334		
entals-Surface	235	20,000	335	100,000	120,000
entais-Subsurface	236	30,000	336	10,000	40,000
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140.00
/elding Services	238	3,000	338	1,500	4,50
/ater Disposal	239		339	25,000	25,000
lug to Abandon	240		340		
eismic Analysis	241		341		
losed Loop & Environmental	244	120,000	344		120,00
liscellaneous	242	5,000	342	1,000	6,00
ontingency	243	131,500	343	149,750	
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
				jî î t	
ANGIBLE COSTS					
urface Casing 550' 13 3/8"	401	20,000	_		1,200
termediate Casing 1850' 9 5/8"	402	48,000		·	48,000
roduction Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
ubing 6200' 2 7/8"	_ · _		504	38,000	38,00
/ellhead Equipment	405	30,000	505	18,000	48,00
umping Unit	_		506	97,000	97,00
rime Mover			507		
ods			508	39,000	39,00
umps			509	4,500	4,50
anks			510	20,000	20.00
owlines			511	15,000	15,00
eater Treater/Separator			512	25,000	25,00
ectrical System			513		
ackers/Anchors/Hangers	414	· · · · · · · · · · · · · · · · · · ·	514		
ouplings/Fittings/Valves	415	2,000	515	25,000	27,00
as Compressors/Meters			516	4,000	4,00
ehydrator			517		
jection Plant/CO2 Equipment			518		
iscellaneous	419	1,000	519 📃	1,000	2,00
ontingency	420	11,000	520	55,500	66,50
TOTAL TANGIBLES	<u> </u>	112,000	_	602,000	714,00
		1,545,000		2,235,000	3,780,00

COG Operating LLC

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By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve: ____% Working Interest

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Company:

تسريق المقعود أيمر

By: Printed Name: Title: Date:

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

WELL NAME: Puckett "13" Federal 1 SHL: 330' FSL & 330' FWL, Sec. 13-17S		COUNTY & S	TATE	: Tamano (Mack) 72 : Eddy Co, NM	<u> </u>	
BHL: 330' FNL & 330' FWL, Sec. 13-17S		OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry				
WO/Pilot, 160 Acre	012	000201112.	1200	(11,021 (0100 1	VD) Opper billebry	
		·				
INTANGIBLE COSTS		<u>BCP</u>		ACP	TOTAL	
Title/Curative/Permit	201	10,000	·	· · · · · ·		
	202	22,000	302 _		22,00	
Damages/Right of Way	203	15,000	303 _		15,00	
Survey/Stake Location	204	3,000	304 _		3,00	
ocation/Pits/Road Expense Drilling / Completion Overhead	205	40,000	305 _	65,000	105,00	
Furnkey Contract	206	5,000	306 -	1,000	6,00	
Footage Contract	207		307 308			
Daywork Contract 20:2 @ \$13000/day	209	260.000	309	26,000		
Directional Drilling Services, With RS	210	400,000	310	20,000	400,00	
uel & Power	211	112,500	311	11,250	123,75	
Vater	212	30,000	312	75,000	105,00	
Bits	213	45,000	313	1,000	46,00	
Aud & Chemicals	214	25,000	314 🗌		25,00	
Drill Stem Test	215		315 🗌			
Coring & Analysis	216					
Cement Surface	217	16,000	_		16,00	
Cement Intermediate	218	16,000		<u> </u>	16,00	
Cement Production 7"x5.5"	218		319 _	70,000	70.00	
Cement Squeeze & Other (NO Kickoff Plug)	220	6.825	320 _	45.000		
loat Equipment & Centralizers	221	3,500	321 _	15,000		
Casing Crews & Equipment	- 222	7,000	322 _	13,000	20,00	
ishing Tools & Service	223	10,000	323			
Seologic/Engineering	- 224 - 225	10,000	324 325	1,000		
Company Supervision	- ²²⁵ 226	2,000	325 -	2,000	40,00	
Contract Supervision	- 227	28,000	327	4,000	32,00	
esting Casing/Tubing	- 228	4,000	328	1,500	5,50	
Aud Logging Unit	229	16,000	329		16,00	
ogging	230	0	330	5,000	5,00	
Perforating/Wireline Services	231	3,500	331	125,000	128,50	
Stimulation/Treating			332 🗌	760,000	760,00	
Completion Unit			333 🗌	40,000	40,00	
Swabbing Unit	_		334		(
Rentals-Surface	235	20,000	335	100,000	120.00	
Rentals-Subsurface	236	30,000	336 _	10,000	40,000	
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000	
Velding Services	238	3,000	338 _	1,500	4,50	
Vater Disposal	_ 239		339	25,000	25,00	
Plug to Abandon	240		340 <u>-</u> 341 -	· · · · · · · · · · · · · · · · · · ·		
Seismic Analysis	_ 241	120,000	341 -		120,00	
Closed Loop & Environmental	244	5,000	342	1,000	6,00	
Aiscellaneous		131,500	343	149,750	281,25	
Contingency TOTAL INTANGIBLES	_ 243	1,433,000		1,633,000	3,066,000	
TOTAL INTANGIBLES	- ·	.,-00,000	-			
ANGIBLE COSTS				· · ·		
Surface Casing 550' 13 3/8"	401	20,000			1,20	
ntermediate Casing 1850' 9 5/8"	402	48,000	503	5 S 22	48,00	
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,00	
ubing 6200' 2 7/8"			504 🗌	38,000	38,00	
Vellhead Equipment	405	30,000	505 🗌	18,000	48,00	
Pumping Unit	_		506 _	97,000	97,00	
rime Mover			507			
lods	_		508	39,000	39,00	
lumps			509 _	4,500	4,50	
anks			510 _	20,000	20.00	
lowlines			511	15,000	15,00	
leater Treater/Separator			512 513	25,000	25,00	
lectrical System			513	······································		
Packers/Anchors/Hangers	414	2,000	514	25,000	27,00	
Couplings/Fillings/Valves	415	2,000	516	4,000	4,00	
Bas Compressors/Meters	- •		517	.,		
njection Plant/CO2 Equipment			518	<u></u>		
Aiscellaneous	419	1,000	519	1,000	2,00	
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TOTAL TANGIBLES		112,000	-	602,000	714,00	
		1,545,000		2,235,000	3,780,00	

COG Operating LLC

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By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve: % Working Interest							
Company:							
Ву:		-					
Printed Name:	· · · · · · · · · · · · · · · · · · ·						
Title:							
Date:							

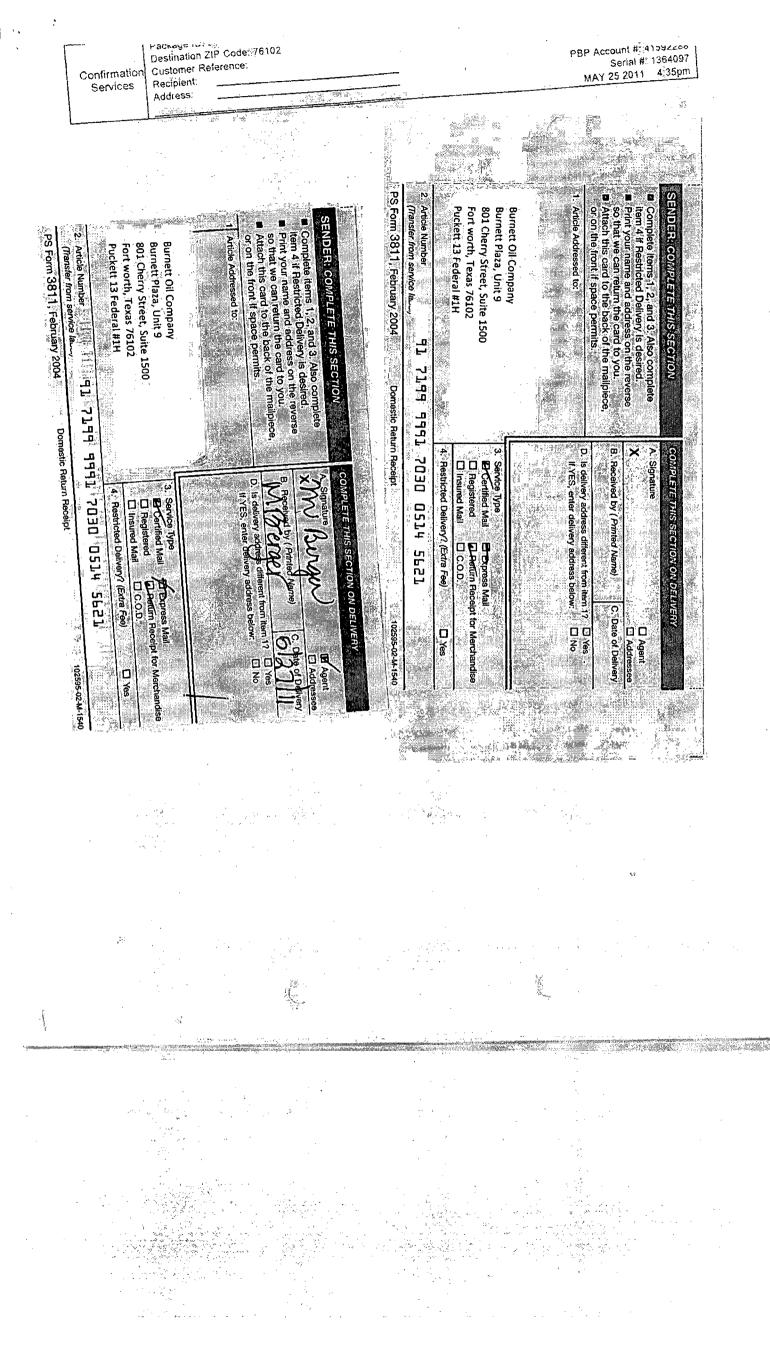
This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

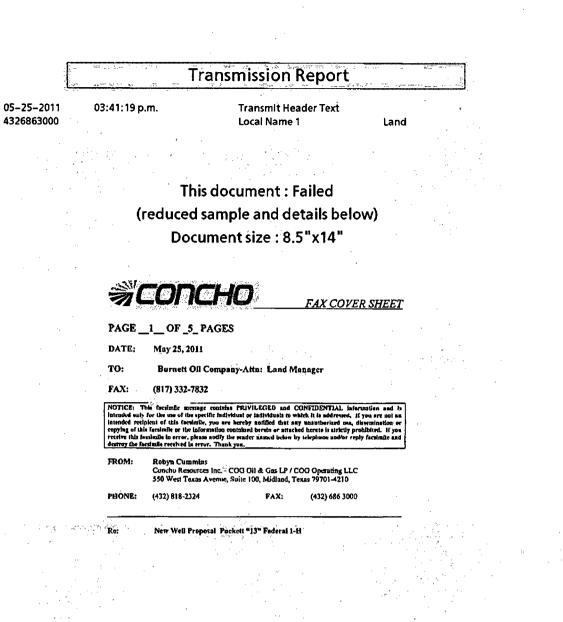
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BHL: 330' FNL & 330' FWL, Sec. 13-17S-	31E	OBJECTIVE:	YES	O (11, 021' MD) (6100)' TVD) Upper Blinebry
WO/Pilot, 160 Acre	<u> </u>		÷,		the first the second
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INTANGIBLE COSTS		BCP		ACP	TOTAL
Tille/Curative/Permit	201	10,000		<u> </u>	10,0
nsurance	_ 202	22,000	302		22,0
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Prime Mover	-		507		
Rods	-	·	508	39,000	39,0
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TOTAL WELL COSTS	 -	1,545,000	* i 3.	2,235,000	3,780,0
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COG Operating LLC		1.1	٤.	×	1 A.

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We approve: ____% Working Interest 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.





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No.	Job	anned : 5 Remote Station	Start Time	2	Duration	Pages	Line	Mode	Job Type	Results
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FAX COVER SHEET

PAGE __1__ OF _5_ PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:	Robyn Cummins Concho Resources Inc COG Oil & 550 West Texas Avenue, Suite 100,		
PHONE:	(432) 818-2324	FAX:	(432) 686 3000

Re:

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New Well Proposal Puckett "13" Federal 1-H

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s articles crisse

From: Sent:	Lisa Wilson Wednesday, May 25,	2011 4:26 PM	
To: Cc:	'dsrhodes@burnettoil. David Evans		
Subject:	Puckett Well Proposal		
Attachments:		ed 2H.pdf; Burnett_Puckett 24 Fed 6H.p ed 9H.pdf; Burnett_Puckett 13 Fed 1H.p	
Tracking:	Recipient	Delivery	Read
	'dsrhodes@burnettoil.com'		
`	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

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Thank you,

Lisa Wilson (Oetting) Land Assistant COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 p.432.685.4366 f.432.686.3000



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13

From: To: Sent: Subject: David Rhodes [dsrhodes@burnettoil.com] Lisa Wilson Wednesday, May 25, 2011 4:29 PM Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

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From:	Lisa Wilson			
Sent:	Wednesday, May 25, 2	011 4:26 PM		
То:	'dsrhodes@burnettoil.c			
Cc:	David Evans			
Subject:	Puckett Well Proposals			
Attachments:		J 2H.pdf; Burnett_Puckett 24 Fed 6H.r J 9H.pdf; Burnett_Puckett 13 Fed 1H.r		
Tracking:	Recipient	Delivery	Read	
-	'dsrhodes@burnettoil.com'			
	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM	
	· · · · · · · · · · · · · · · · · · ·			

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Thank you,

Lisa Wilson (Oetting) Land Assistant COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 p.432.685.4366 f.432.686.3000

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From: To: Sent: Subject: David Rhodes [dsrhodes@burnettoil.com] Lisa Wilson Wednesday, May 25, 2011 4:29 PM Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

1

May 25, 2011

U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u>

Puckett "13" Federal #1H SHL: 330' FSL & 330' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 330' FWL, (Unit A) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "13" Federal #1H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

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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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

evan 3

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

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Corporate Address;; Fasken Center, Tower II	550 West Texas Avenue, Suite 100	Midland, Texas 79701	PHONE 432.683.7443	FAX 432.683.7441
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WELL NAME: Puckett "13" Federal #1H SHL: 330' FSL & 330' FWL, Sec. 13-17S-31E		PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM				
BHL: 330' FNL & 330' FWL, Sec. 13-175	216					
WO/Pilot, 160 Acre	5-51E	OBJECTIVE.	TEC	O (11, 021' MD) (6600' T)	D) Lower Blinebry	
INTANGIBLE COSTS	age to a	BCP		ACP	TOTAL	
Tille/Curative/Permit			N. 18.	ACP	TOTAL	
Insurance	201 202	10,000 22,000	302	<u> </u>	10,000	
Damages/Right of Way				the second s	22,000	
Survey/Stake Location	203		303	· · · · · · · · · · · · · · · · · · ·	15,000	
Location/Pits/Road Expense	204	3,000	304		3,000	
Drilling / Completion Overhead	205	40,000	305 306		105,000	
Turnkey Contract	<u> </u>	5,000	307		6,000	
Footage Contract	208		308		0	
Daywork Contract 20:2 @ \$13000/day	209	260,000	309		286,000	
Directional Drilling Services, With RS		400,000	310		400,000	
Fuel & Power	211	112,500	311	11,250	123,750	
Water	212	30,000	312	75,000	105,000	
Bits	213	45,000	313	1,000	46,000	
Mud & Chemicals	214	25,000	314		25,000	
Drill Stem Test	215		315		0	
Coring & Analysis	216				0	
Cement Surface Cement Intermediate	217 .	16,000			16,000	
Cement Intermediate	<u> </u>	16,000	319	70,000	16,000	
Cement Squeeze & Other (NO Kickoff Plug)	- 218 -		320		0,000	
Float Equipment & Centralizers	- 221 ·	3,500	321	15,000	18,500	
Casing Crews & Equipment	- 222 -	7,000	322	13,000	20,000	
Fishing Tools & Service	223		323		0	
Geologic/Engineering	224	10,000	324	1,000	11,000	
Contract Labor	225	10,000	325	30,000	40,000	
Company Supervision	226	2,000	326	2,000	4,000	
Contract Supervision	227	28,000	327	4,000	32,000	
Testing Casing/Tubing	228 .	4,000	328	1,500	5,500	
Mud Logging Unit	_ 229	16,000	329 330		16,000	
Logging Perforating/Wireline Services	230 231	3,500	330	5,000	5,000	
Stimulation/Treating	- 231 -	3,300	332	760,000	760,000	
Completion Unit			333	40,000	40.000	
Swabbing Unit			334		0	
Rentals-Surface	235	20,000	335	100,000	120,000	
Rentals-Subsurface	236	30,000	336	10,000	40,000	
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000	
Welding Services	238	3,000	338	1,500	4,500	
Water Disposal	239		339	25,000	25,000	
Plug to Abandon	240		340			
Seismic Analysis	241		341		0	
Closed Loop & Environmental	244	120,000	344 342	1,000	120,000 6,000	
Miscellaneous Contingency	²⁴² - 243 -	5,000	342 343	149,750	281,250	
	- 245 -	1,433,000	040	1,633,000	3,066,000	
TANGIBLE COSTS						
Surface Casing 550' 13 3/8"	401	20,000			1,200	
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000	
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000	
Tubing 6200' 2 7/8"			504	38,000	38,000	
Wellhead Equipment	405	30,000	505	18,000	48,000	
Pumping Unit		°V	506	97,000	97,000	
Prime Mover	_ :	· · · · · · · · · · · · · · · · · · ·	507		0	
Rods		· · · ·	508	<u> </u>	39,000 4,500	
Pumps Tanks			509 510	20,000	20,000	
Flowlines			511	15,000	15,000	
Heater Treater/Separator			512	25,000	25,000	
Electrical System			513		0	
Packers/Anchors/Hangers	414		514		0	
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000	
Gas Compressors/Meters			516	4,000	4,000	
Dehydrator			517		0	
Injection Plant/CO2 Equipment			518		0	
Miscellaneous	419	1,000	519	1,000	2,000	
Contingency	420	11,000	520	55,500	66,500 714,000	
TOTAL TANGIBLES		112,000			3,780,000	
TOTAL WELL COSTS		1,545,000		2,235,000		

COG Operating LLC

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By: J. Coffman / C	. Bird
We approve:	
% Working	Interest
Company:	3 7 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
By:	
Printed Name:	n an
Title:	6 4 4 6 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9
Date:	
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This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

5/16/11

Date Prepared:

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SHL: 330' FSL & 330' FWL, Sec. 13-17S			ATE: Eddy Co, NM	· · · · · · · · · · · · · · · · · · ·
BHL: 330' FNL & 330' FWL, Sec. 13-175	-31E	OBJECTIVE: YE	ESO (11, 021' MD) (660	0' TVD) Lower Blinebry
WO/Pilot, 160 Acre				
· · · · · · · · · · · · · · · · · · ·				
NTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	· · · · · ·		,
nsurance	201 -	10,000		
				22,0
Damages/Right of Way	203		03	15,00
Survey/Stake Location	204	3,000 3	04	3,00
ocation/Pits/Road Expense	205	40,000 3	05 65,000	105,00
Drilling / Completion Overhead	206	5,000 3	06 1,000	
Furnkey Contract	207	3	07	
ootage Contract	208	3	08	
Daywork Contract 20:2 @ \$13000/day	209		09 26,000	286,00
Directional Drilling Services, With RS			10	400,00
uel & Power	211	the second s	11 11,250	123,75
Vater	212		12 75,000	105,00
Bits	213		13 1,000	46,00
Aud & Chemicals	- 214 -		14	25,00
Drill Stem Test	- 214 -		15	25,00
		3	15	
Coring & Analysis	216			
Cement Surface	217 -	16,000	<u></u>	16,00
Cement Intermediate	218	16,000		16,00
Cement Production 7"x5.5"	218		1970,000	70,00
Cement Squeeze & Other (NO Kickoff Plug)	220		20	
loat Equipment & Centralizers	221		15,000	18,50
Casing Crews & Equipment	222		13,000	20,00
ishing Tools & Service	223	32	23	
Seologic/Engineering	224	10,000 32	24 1,000	11,00
Contract Labor	225	10,000 32	25 30,000	40,00
Company Supervision	226	2,000 32	26 2,000	4,00
Contract Supervision	227	28,000 32	27 4,000	32,00
esting Casing/Tubing	228	4,000 37	·	5,50
Aud Logging Unit	229		29	16,00
ogging	230		30 5,000	5,00
Perforating/Wireline Services	231 -	3,500 3		128,50
Stimulation/Treating		3		760,00
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Completion Unit		7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		40,00
wabbing Unit			34	120.00
Rentals-Surface	_ 235 _	20,000 33		120,00
Rentals-Subsurface	236	- 30,000, 33		40,00
rucking/Forklift/Rig Mobilization	237	40,000 33		140,00
Velding Services	238		38 1,500	4,50
Vater Disposal	239		39 25,000	25,00
Plug to Abandon	240	34	40	······································
Seismic Analysis	241	34	41	
Closed Loop & Environmental	244	120,000 34	44	120,00
Aiscellaneous	242	5,000 34	42 1,000	6,00
Contingency	243	131,500 34	43 149,750	281,25
TOTAL INTANGIBLES		1,433,000	1,633,000	3,066,00
TANGIBLE COSTS				
	401	20,000		1,20
Surface Casing 550' 13 3/8"	- 402 -	48,000 50	J3	48.00
ntermediate Casing 1850' 9 5/8"	_ 402 _		260,000	260,00
Production Casing/Liner 6900' - 7", 4200' - 5.5"	<u> </u>		04 38,000	38,00
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Vellhead Equipment	405			97,00
Pumping Unit			97,000	97,00
Prime Mover			07	
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Packers/Anchors/Hangers	414		14	<u> </u>
Couplings/Fittings/Valves	415	Contraction of the local division of the loc	15 25,000	27,00
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Aiscellaneous	419		20 55,500	66,50
Contingency	42U	112,000 5.	602,000	714,00
TOTAL TANGIBLES		1,545,000	2,235,000	3,780,00
TOTAL WELL COSTS	` -	1,545,000		

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By: J. Coffman / C. Bird	Date Prepared:
We approve:	
We approve. Working Interest	
Company:	
By:	
Printed Name:	
Title:	This AFE is only
Date:	of the actual cos

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5/16/11

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SHL: 330' FSL & 330' FWL, Sec. 13-17S-3	1F		TA	ME: Tamano (Mack) 72 TE: Eddy Co, NM	0011
BHL: 330' FNL & 330' FWL, Sec. 13-17S-3	1E	OBJECTIVE		SO (11, 021' MD) (6600' T	
WO/Pilot, 160 Acre				50 (11, 021 WD/(0000 1	VD) Lower Binebry
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000	~		10,0
nsurance	202	22,000	302	2	22,0
Damages/Right of Way	203	15,000	30:	3	15,0
Survey/Stake Location	204	3,000	304	•	3,0
ocation/Pits/Road Expense	205	40,000	305		105,0
Drilling / Completion Overhead	206	5.000	306		6,0
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ootage Contract	208	. <u></u>	308	3	
Daywork Contract 20:2 @ \$13000/day	209	260,000	309		286,0
Directional Drilling Services, With RS	210	400,000	310	the second se	400,0
Fuel & Power Vater	211	112,500	311		123,7
Bits	212	30,000	312		
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Cement Surface	217	16,000		· · · · · · · · · · · · · · · · · · ·	
Cement Intermediate	218	16,000		<u> </u>	16,0
Cement Production 7*x5.5"	218		319	70,000	70,0
Cement Squeeze & Other (NO Kickoff Plug)	220		320		
loat Equipment & Centralizers	221	3,500	321		18,5
Casing Crews & Equipment	222	7,000	322	13,000	20,0
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Geologic/Engineering	224	10,000	324	1,000	11.0
Contract Labor	225	10,000	325		40,0
Company Supervision	226	2,000	326		4,0
Contract Supervision	227	28,000	327		32,0
esting Casing/Tubing	228 229	4,000	328		5,5
Aud Logging Unit	229	16,000	329 330		16,0
ogging Perforating/Wireline Services	230	3,500	330		5,0
Stimulation/Treating	231	3,300	332		760.0
Completion Unit	•	· · · · · · · · · · · · · · · · · · ·	333		40.0
Swabbing Unit	,	, <u>- * </u>	334		
Rentals-Surface	235	20,000	335		120,0
Rentals-Subsurface	236	30,000	336		40,0
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,0
Velding Services	238	3,000	338	1,500	4,5
Vater Disposal	239	<u> </u>	339		25,0
Nug to Abandon	240	and the second	340		
Seismic Analysis	241	. و ژور ^{ال} هران از افراه م ^ر ان م <u>ستعبد المحمد المحمد ال</u>	341		
Closed Loop & Environmental	244	120,000	344	Commence and the second second second	120,0
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Surface Casing 550' 13 3/8"	401	20,000			1,2
ntermediate Casing 1850' 9 5/8"	402	48,000	503	· · · · · · · · · · · · · · · · · · ·	48,0
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503		260,0
ubing 6200' 2 7/8"			504		38,0
Vellhead Equipment	405	30,000	505	and the second distance of the second distanc	48,0
Pumping Unit		•	506	97,000	i <u>97,0</u>
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lectrical System			513		
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Couplings/Fittings/Valves	415	2,000	515		4,0
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liscellaneous	419	1,000	519		2,0
Contingency	420	11,000	520		66,5
TOTAL TANGIBLES	× .	112,000		602,000	714,0
		1,545,000		2,235,000	3,780,0

COG Operating LLC

By: J. Coffman / C. Bird

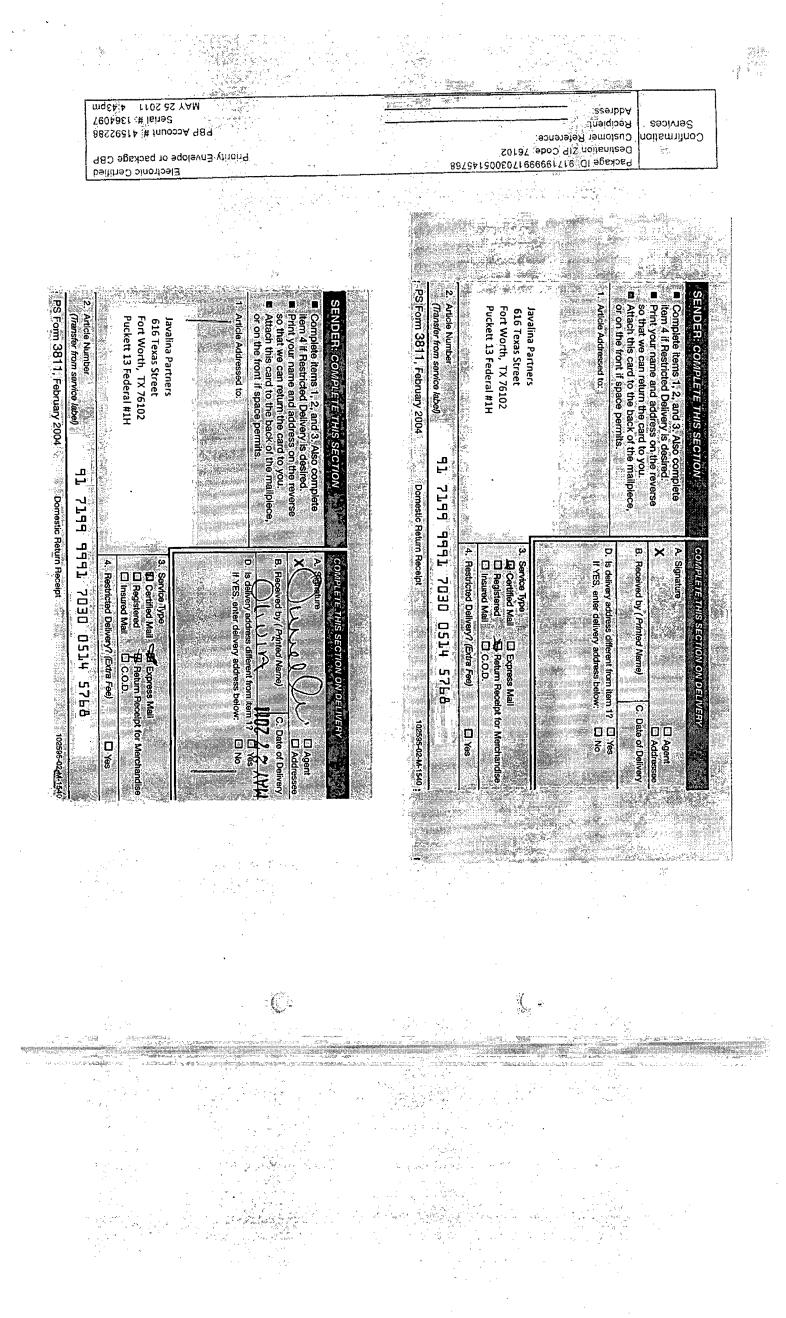
5/16/11

Date Prepared:

We approve: _____% Working Interest

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.



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		TO: J	avelina Portners-Mr.	E. Randall Hudson		•			
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		FROM: Ro	byn Cummins						
		55	ncho Resources Inc CO4 West Texas Avenue, Sul	ie 100, Midland, Texas 7	9701-4210		• •		х. • —
		PHONE: (4)	2) 818-2324	FAX: (4	32) 686 3000				
		Re: No	w Well Proposal Pucket	t "13" Federal 1-B	3.18 3.18				
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HR: Host receive WS: Waiting send

RP: Report FF: Fax Forward

MS: Mailbox save

FA: Fall TU: Terminated by user

G3: Group 3 EC: Error Correct

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PAGE 1_ OF 5_ PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

S

HEET

FROM:	Robyn Cummins		
	Concho Resources Inc	COG Oil & Gas LP / CO	G Operating LLC
2	550 West Texas Avenue,	Suite 100, Midland, Tex	as 79701-4210
·			
PHONE:	(432) 818-2324	FAX:	(432) 686 3000
•			ту, дом Ал

Re:

New Well Proposal Puckett "13" Federal 1-H

May 25, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal Puckett "13" Federal #1H SHL: 330' FSL & 330' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 330' FWL, (Unit A) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "13" Federal #1H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David REVans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue Suite 100 Midland, Texas 79701 PHONE 432.663.7443 FAX 432.683.7441

HH: 1302 FML 3202 FML 3202 TOTAL WO/Pilot, 160 Acre 201 10,000 302 22,000 302 22,000 302 22,000 302 22,000 302 302 22,000 302	SHL: 330' FSL & 330' FWL, Sec. 13-175	-31E			Tamano (Mack) 720 Eddy Co, NM	
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lug to Abandon 240 340	Velding Services	238	3,000	338 🗌	1,500	4.50
eismic Analysis 241 341 120.000 344 120.000 344 120.000 6,0 fiscellaneous 242 5,000 342 1,000 6,0 contingency 243 131,600 343 149,750 281,2 TOTAL INTANGIBLES 1,433,000 1,633,000 3,066,0 3,066,0 CANCIBLE COSTS 1,433,000 1,633,000 3,066,0 3,066,0 furdace Casing 1850' 13 3/8' 401 20,000 503 260,000 260,000 260,000 260,000 260,000 260,000 38,00 38,00 38,00 38,00 38,00 38,00 38,00 38,00 38,00 38,00 38,00 39,0 39,0 39,0 39,00 39,0 39,00 39,0 39,00 39,0 39,00 39,0 39,0 39,0 39,0 39,0 39,0 39,0 30,00 25,0 36,0 39,0 39,0 39,0 39,0 39,0 39,0 39,0 39,0 39,0 <t< td=""><td>Vater Disposal</td><td>239</td><td></td><td>339 🔄</td><td>25,000</td><td>25,00</td></t<>	Vater Disposal	239		339 🔄	25,000	25,00
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Source Source<		405	30,000			
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eater Treater/Separator 512 25,000 25,0 lectrical System 513 513 513 ackers/Anchors/Hangers 414 514 514 514 ouppings/Filtings/Valves 415 2,000 515 25,000 27,00 sas Compressors/Meters 516 4,000 4,0 4,0 4,0 ehydrator 517 518 519 1,000 2,00 ontingency 420 11,000 520 55,500 66,5 TOTAL TANGIBLES 112,000 6020,000 714,0 2,000		<u> </u>				
iectrical System 513 ackers/Anchors/Hangers 414 ouplings/Filtings/Valves 415 ackers/Anchors/Hangers 414 415 514 ackers/Anchors/Hangers 515 ackers/Anchors/Hangers 516 ackers/Anchors/Hangers 515 ackers/Anchors/Hangers 516 ackers/Anchors/Hangers 517 biscellaneous 519 ackers/Anchors/Hangers 602,000 ackers/Anchors/Hangers 602,000 ackers/Anchors/Hangers 270 ackers/Anchors/Hangers 518 ackers/Anchors/Hangers 520 <td></td> <td><u> </u></td> <td></td> <td>· · · — • •</td> <td></td> <td></td>		<u> </u>		· · · — • •		
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behydrator 517 sjection Plant/CO2 Equipment 518 tiscellaneous 519 1,000 tontingency 419 1,000 519 TOTAL TANGIBLES 112,000 6020,000 7114,0				· ·		4.00
Size 518 Miscellaneous 519 1,000 2,0 Contingency 419 1,000 519 1,000 2,0 TOTAL TANGIBLES 112,000 602,000 714,0 2700		. .			·	
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Contingency 420 11,000 520 55,500 66,5 TOTAL TANGIBLES 112,000 602,000 714,0		419	1,000		1,000	2,00
TOTAL TANGIBLES 112,000 602,000 714,0				520		66,50
0.005.000				_		714,00
			1 545 000		2 235 000	3,780.00

i di ma By: J. Coffman / C. Bird

Date Prepared: 5/16/11

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We approve:

____% Working Interest

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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.

3-42

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SHL: 330' FSL & 330' FWL, Sec. 13-17S-	31E	COUNTY & S			
BHL: 330' FNL & 330' FWL, Sec. 13-17S-	31E	OBJECTIVE:	YESC) (11, 021' MD) (5500' T\	/D) Paddock .
WO/Pilot, 160 Acre	-	· .			
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000	,		
Insurance	202	22,000	302		
Damages/Right of Way	203	15,000	303	<u> </u>	
Survey/Stake Location	204	3,000	-		15,0
Location/Pits/Road Expense	205	40,000	305 -	65,000	3,0
Drilling / Completion Overhead	206	5,000	306	1,000	6,0
Turnkey Contract	207		307		0,0
Footage Contract	208	· / / //	308		
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,0
Directional Drilling Services, With RS	210	400,000	310]	a second s	400,0
uel & Power	211	112,500		11,250	123,7
Water	212	30,000	312	75,000	105.0
Bits	213	45,000	313	1,000	46.0
Mud & Chemicals	214	25,000	314	<u> </u>	25,0
Drill Stem Test Coring & Analysis	215		315		
Cement Surface	216 217	16,000	- -	<u>, (s. 1. 1. 1.</u> Merce .	46.0
Cement Intermediate	218	16,000	",,``` -		
Cement Production 7"x5.5"	218 -	10,000	319	70,000	70,0
Cement Squeeze & Other (NO Kickoff Plug)	220	<u> </u>	320 -	10,000	
loat Equipment & Centralizers	221 -	3,500	321	15,000	18,5
Casing Crews & Equipment	222	7,000	322	13,000	20.0
Ishing Tools & Service	223		323 -		
Seologic/Engineering	224	10,000	324	1,000	11,0
Contract Labor	225	10,000	325	30,000	40,0
Company, Supervision	226	2,000	326	2,000	4,0
Contract Supervision	227	28,000	327	4,000	32,0
esting Casing/Tubing	228	4,000	328 329 -	1,500	5,50
Aud Logging Unit	- 229 230 -	0,000	329 -	5,000	
ogging Perforating/Wireline Services	- 230 -	3,500	331	125,000	128.50
timulation/Treating	- 231 -	0,000	332	760,000	760.00
Completion Unit			333 -	40,000	40,00
wabbing Unit	• -		334		
tentais-Surface	235	20,000	335	100,000	120,00
entals-Subsurface	236	30.000	336	10,000	40,00
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,00
Velding Services	238	3,000	338 _	1,500	4,50
Vater Disposal	239		339	25,000	25,00
lug to Abandon	240		340 _		
eismic Analysis	241	400.000	341 -		120,00
Closed Loop & Environmental	244 -	120,000	344	1,000	6,00
Aiscellaneous	242	5,000	342 343 -	149,750	
TOTAL INTANGIBLES	243 -	1,433,000	343 -	1,633,000	3,066,0
TOTAL INTANGIBLES		1,400,000	-	1,000,000	
ANGIBLE COSTS					
urface Casing 550' 13 3/8"	401	20,000			1,20
htermediate Casing 1850' 9 5/8"	402	48,000	503		48,00
roduction Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,00
ubing 6200' 2 7/8"	•••••••••••••••••••••••••••••••••••••••		504	38,000	
/ellhead Equipment	405	30,000	505 🗍	18,000	48,00
umping Unit			506	97,000	97,00
rime Mover	. –		507		
ods			508 _	39,000	
umps			509 510	4,500	20,00
anks			511	15,000	15,00
Iowlines	• , -		512	25,000	25,00
eater Treater/Separator	•	<u></u>	512 -		
lectrical System ackers/Anchors/Hangers	414 -		514	<u> </u>	
ouplings/Fittings/Valves	415	2,000	515	25,000	27.00
as Compressors/Meters			516	4,000	4,00
behydrator			517		
njection Plant/CO2 Equipment			518		
discellaneous	419	1,000	519	1,000	2,00
Contingency	420	11,000	520	55,500	66,50
TOTAL TANGIBLES		112,000		602,000	714,00
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,00

Title:

COG Operating LLC				•	1.12
By: J. Coffman / C. Bird	-15	·	Date Prepared:	5/16/11	
We approve: % Working Interest		· · ·		· · ·	
Company: By:					
Distant Manager		-			

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

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SHL: 330' FSL & 330' FWL, Sec. 13-17S-3	1E		STA	TE: Eddy Co, NM	
BHL: 330' FNL & 330' FWL, Sec. 13-17S-3	1E.			SO (11, 021' MD) (5500'	TVD) Paddock
WO/Pilot, 160 Acre					
INTANGIBLE COSTS					
		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000	-		10,0
	202	22,000	•		22.0
Damages/Right of Way	203	15,000			15,0
Survey/Stake Location	204	3,000			3,0
Drilling / Completion Overhead	205	40,000			105.0
Turnkey Contract	206 207	5,000	306 307		6,0
Footage Contract	207		. 307 308		
Daywork Contract 20:2 @ \$13000/day	208	260,000			286.0
Directional Drilling Services, With RS	210	400,000			400.0
Fuel & Power	211	112,500			123,7
Water	212	30,000			105,0
Bits	213	45,000	•		46,0
Mud & Chemicals	214	25,000	314		25,0
Drill Stem Test	215		315	j	
Coring & Analysis	216				
Cement Surface	217	16,000			16.0
Cement Intermediate	218	16.000			
Cement Production 7*x5.5*	218		319		70,0
Cement Squeeze & Other (NO Kickoff Plug)	220	2 600	320		40 5
Float Equipment & Centralizers	221 2 22	3,500	321 322		18.5
Fishing Tools & Service	222		322		20,0
Seologic/Engineering	223 224	10,000	323		11,0
Contract Labor	225	10,000	325		40,0
Company Supervision	226	2,000	326		4,00
Contract Supervision	227	28,000	327	4,000	32,00
esting Casing/Tubing	228	4,000	328	1,500	5,5
Aud Logging Unit	229	16,000	329		16,00
ogging	230	. 0	330	5,000	5,0
Perforating/Wireline Services	231	3,500	331		128,50
Stimulation/Treating	1.1	the second second	332	V	760,00
Completion Unit	1. 11		333		40,00
Swabbing Unit		1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	334		
Rentals-Surface	235	20,000	335		120.00
Rentals-Subsurface	236	30,000	336		40,00
Trucking/Forklift/Rig Mobilization	237	40,000	337		140.00
Velding Services	238	3,000	338 339	the second se	25,00
Vater Disposal	239 240		340		23,00
Plug to Abandon Seismic Analysis	240		341		
Closed Loop & Environmental	244	120,000	344	the second s	120,00
Aiscellaneous	242	5,000	342		6,00
Contingency	243	131,500	343	149,750	281,2
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066.00
		·			
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,20
ntermediate Casing 1850' 9 5/8"	402	48,000			48.00
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503		260,00
Fubing 6200' 2 7/8"			504		38,00
Vellhead Equipment	405	30,000	505		48,00
Pumping Unit			506		
Prime Mover			507	and the second se	39,00
Rods			508 509	The second s	4,50
Pumps		· · · · · · · · · · · · · · · · · · ·	510		20.00
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leater Treater/Separator			513		
Packers/Anchors/Hangers	414		514		
Couplings/Fittings/Valves	415	2,000	515	25,000	27,0
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Contingency	420	11,000	520		66.50 714,0
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COG Operating LLC			٠ .		41.
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ly: J. Coffman / C. Bird		Date Prepared:	5/16	/ • • • • • • • • • • • • • • • • • • •	

We approve: ____% Working Interest

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1 *` Company: By:

Printed Name: Title:

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

	Hem 4 If Restricted Delivery is destred. 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 malpiece or on the front if space permits. 1. Article Addressed to: Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 13 Federal #1H 2. Article Number 2. Article Number 7. mansfer from service label/ QF Form 3811, February 2004	Complete items 1, 2, and 3. Also complete
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	3. Service Type Conditied Mail CO.D. Present for Merchandise Conditional Co.D.	Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 13 Federal #1H
	D. Is delivery address different from from 1? T Yes	of besenbba ender
	B. Received by (Printed Name) C. Date of Delivery	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.
	erutsngi2. A Agent X	Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse
	COMPLETE THIS SECTION ON DELIVERY	ENDER: COMPLETE THIS SECTION

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		FAX:	(817) 334-0442								
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		PBONB:	(432) 818-2324	FAX	(432) 686 3000					. · \$8	•
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PAGE __1_OF _5_ PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

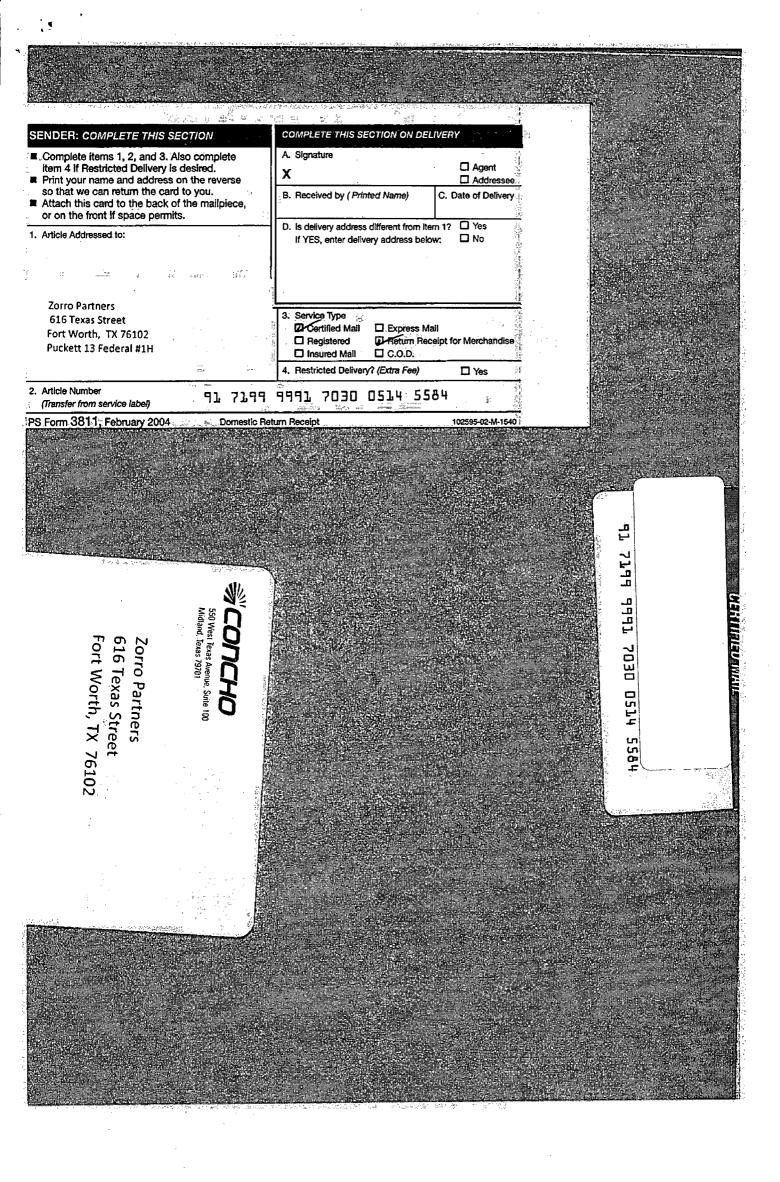
FAX C

FROM:Robyn Cummins
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

 PHONE:
 (432) 818-2324
 FAX:
 (432) 686 3000

Re:

New Well Proposal Puckett "13" Federal 1-H





August 3, 2011

U.S. Certified Mail **Return Receipt Requested**

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

RE: New Well Proposal Puckett "13" Federal #2H SL: 105' FSL & 957' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 990' FWL, (Unit D) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PIDNE 432.683.7443 rax 432.683.7441

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Surf. Loc: 105' FSL, 957' FWL, Sec 13,	17S-31E	COUNTY & STATE	: Eddy Co. NM	
BHL: 330' FNL, 990' FWL, Sec 13, 175			MD (5500' TVD) Pa	ddock
WO/Pilot, 160 Acre		000201112.0000		
NTANGIBLE COSTS		BCP	ACP	TOTAL
Tile/Curative/Permit	201 [.]	10,000	AUL	
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amages/Right of Way	203	303 _		
urvey/Stake Location	204	304		
ocation/Pits/Road Expense	205	10,000 305	10,000	20,0
Drilling / Completion Overhead	206	5,000 306	1,000	6,0
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Footage Contract	208	308	20.000	405.0
Daywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,0
Directional Drilling Services, With RS	210	350,000 310	47.000	350,0
Vater	211	68,000 311	17,000	85,0
Bits	212	25,000 312	75,000	100,0
	213	30,000 313	1,000	31,0
Aud & Chemicals	214	15,000 314		15,0
Drill Stem Test	215	315 _		<u> </u>
Coring & Analysis	216			
Cement Intermediate	217			
Cement 2nd Intermediate 7"	218	210 -	<u> </u>	-
Cement Squeeze & Other (NO Kickoff Plug)		319 320		<u> </u>
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loat Equipment & Centralizers casing Crews & Equipment	- 221 222	³²¹ -	13,000	13,0
	222	100,000 323	13,000	
Fishing Tools & Service			4.000	100,0
Seologic/Engineering	- 224		1,000	11,0
Contract Labor	225	10,000 325	30,000	40,0
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Stimulation/Treating		332	950,000	950,0
Completion Unit		12,000 333	45,000	57,0
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Rentals-Surface	235	15,000 335	45,000	60,0
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Miscellaneous	242	5,000 342	1,000	6,0
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TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,0
TANGIBLE COSTS			ę	
Surface Casing	401			1,2
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Production Casing/Liner 4200' - 4.5"	 .	503	51,000	51,0
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Vellhead Equipment	405	505 _		
Pumping Unit		506		
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Packers/Anchors/Hangers	— 414 ·	513	230,000	230,0
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Dehydrator		516 517	4,000	
njection Plant/CO2 Equipment		517 - 518 -		·
Aiscellaneous	419	1,000 519	1,000	2,0
Contingency	- 419 420	1,000 519	32,000	33,0
TOTAL TANGIBLES		4,000	343,000	33,0
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,0
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Surf. Loc: 105' FSL, 957' FWL, Sec 13,						
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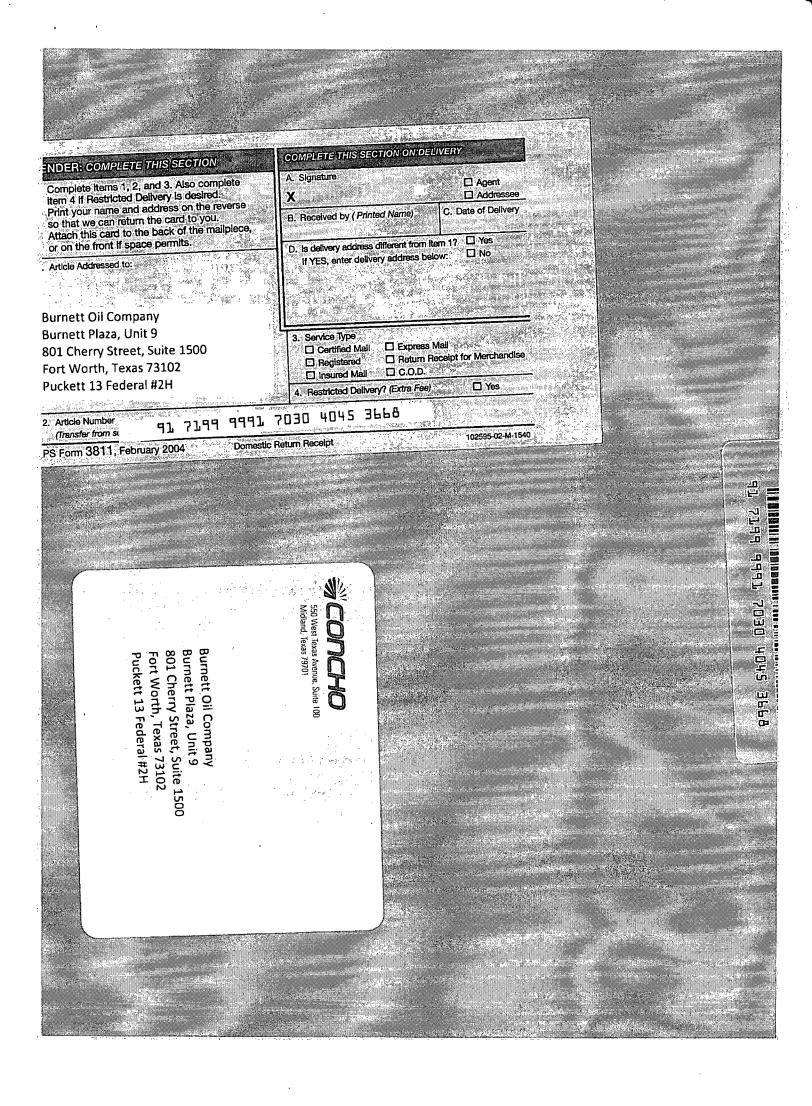
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Printed Name: Title: Date:

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TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,2
Intermediate Casing 1850' 9 5/8"	402	48,000			48,0
Production Casing/Liner 6900' - 7", 4200' - 5.5"	_	<u> </u>	503	260,000	260,00
Tubing 6200' 2 7/8"			504	38,000	38,0
Vellhead Equipment	405	30,000	505 506	18,000 97,000	48,0
Prime Mover	-		507	97,000	97,0
Rods	-		508	39,000	39,00
Pumps	-		509	4,500	4,50
Fanks		<u> </u>	510	20,000	20,00
Flowlines	-		511	15,000	15,00
Heater Treater/Separator			512	25,000	25,00
Electrical System	-		513		
Packers/Anchors/Hangers	414		514	00.000	
Couplings/Fittings/Valves Gas Compressors/Meters	_ 415	2,000	515	25,000	27,0
Bas Compressors/Meters	-		516 517	4,000	4,00
njection Plant/CO2 Equipment *			517		
Aiscellaneous	- 419	1,000	519	1,000	2,00
Contingency	420	11,000	-	55,500	66,50
TOTAL TANGIBLES	-	112,000		602,000	714,00
TOTAL WELL COSTS	-	1,545,000	_	2,235,000	3,780,00
····					
COG Operating (LEC			5/46144		
By: J. Coffman / C. Bird	-	Date Prepared:	5/16/11	· · · · · · · · · · · · · · · · · · ·	
Ne approve: % Working Interest					
iompany:	_				

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





August 3, 2011

U.S. Certified Mail **Return Receipt Requested**

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE:

New Well Proposal Puckett "13" Federal #2H SL: 105' FSL & 957' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 990' FWL, (Unit D) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit M; to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information, Requirements list to COG. Technical questions, should be directed to Carl. Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

le Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

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Surf. Loc: 105' FSL, 957' FWL, Sec 13,	17S-31E	COUNTY & STATE:	Eddy Co, NM	
3HL: 330' FNL, 990' FWL, Sec 13, 17S-		OBJECTIVE: 9900'		addock
WO/Pilot, 160 Acre				
		RCD	ACD	TOTAL
NTANGIBLE COSTS		BCP	ACP	
itle/Curative/Permit	201	10,000		10,0
nsurance	202	22,000 302		22,0
Damages/Right of Way	203	303		
urvey/Stake Location		304		
ocation/Pits/Road Expense	205	10,000 305	10,000	20,0
prilling / Completion Overhead	206	5,000 306	1,000	
urnkey Contract	- 207 -	307	1,000	
ootage Contract	208	308		
aywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,0
irectional Drilling Services, With RS	210	350,000 310		350,0
uel & Power	211	68,000 311	17,000	85,0
/ater	212	25,000 312	75,000	100,0
its	213	30,000 313	1,000	31,0
ud & Chemicals	214	15,000 314		15,0
rill Stem Test	215 🖉	315		
oring & Analysis	216			
ement Surface	217	<u> </u>		
ement Intermediate	218			
ement 2nd Intermediate 7"	- 218 -	319		
ement Squeeze & Other (NO Kickoff Plug)	210 - 220 -	319 320	· · · · · · · · · · · · · · · · · · ·	
oat Equipment & Centralizers	_ 221 -	321		
asing Crews & Equipment	_ 222 -	322	13,000	13,0
shing Tools & Service	223	100,000 323		100,0
eologic/Engineering	224	10,000 324	1,000	11,(
ontract Labor	225	10,000 325	30,000	40,0
ompany Supervision	226	2,000 326	2,000	4,1
ontract Supervision		17,000 327	4,200	21,2
esting Casing/Tubing	228	4,000 328	1,500	5,5
lud Logging Unit		12,000 329		12,0
ogging	230	330		
erforating/Wireline Services	231	15,000 331	12,500	27,5
timulation/Treating		332	950,000	950,0
ompletion Unit		12,000 333	45,000	57.0
wabbing Unit		334	40,000	
entals-Surface	- 235 -	15,000 335	45,000	60,0
entals-Subsurface	- 235 -	60,000 336	10,000	70,0
rucking/Forklift/Rig Mobilization		40,000 337	20,000	60,0
elding Services	238	3,000 338	1,500	4,5
ater Disposal	239	339	25,000	25,0
ug to Abandon	240	340		
eismic Analysis	241	341		
losed Loop & Environmental	244	50,000 344		50,0
liscellaneous	242	5,000 342	1,000	6,0
onlingency	243	105,000 343	131,300	236,3
TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,0
ANGIBLE COSTS				
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termediate Casing	402 -	503		
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		503	51,000	51,0
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ellhead Equipment	405	505		
umping Unit		506		····
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eater Treater/Separator		512		
ectrical System		513		
ackers/Anchors/Hangers	414	514	230,000	230,0
puplings/Fittings/Valves	415	2,000 515	25,000	27,0
as Compressors/Meters		516	4,000	
ahydrator		517	-1000	
ection Plant/CO2 Equipment		518		
scellaneous	419	1,000 519	1,000	2.0
pontingency	- 419 - 420 -	1,000 519	32,000	33,0
		4,000 520		
			343,000	347.0
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,0
				λ.
DG Operating LLC				
/: J. Coffman / C. Bird	_ [Date Prepared: 5/17/11		
				~
e approve:				
% Working Interest				
mpany:				

Printed Name: Title: Date:

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

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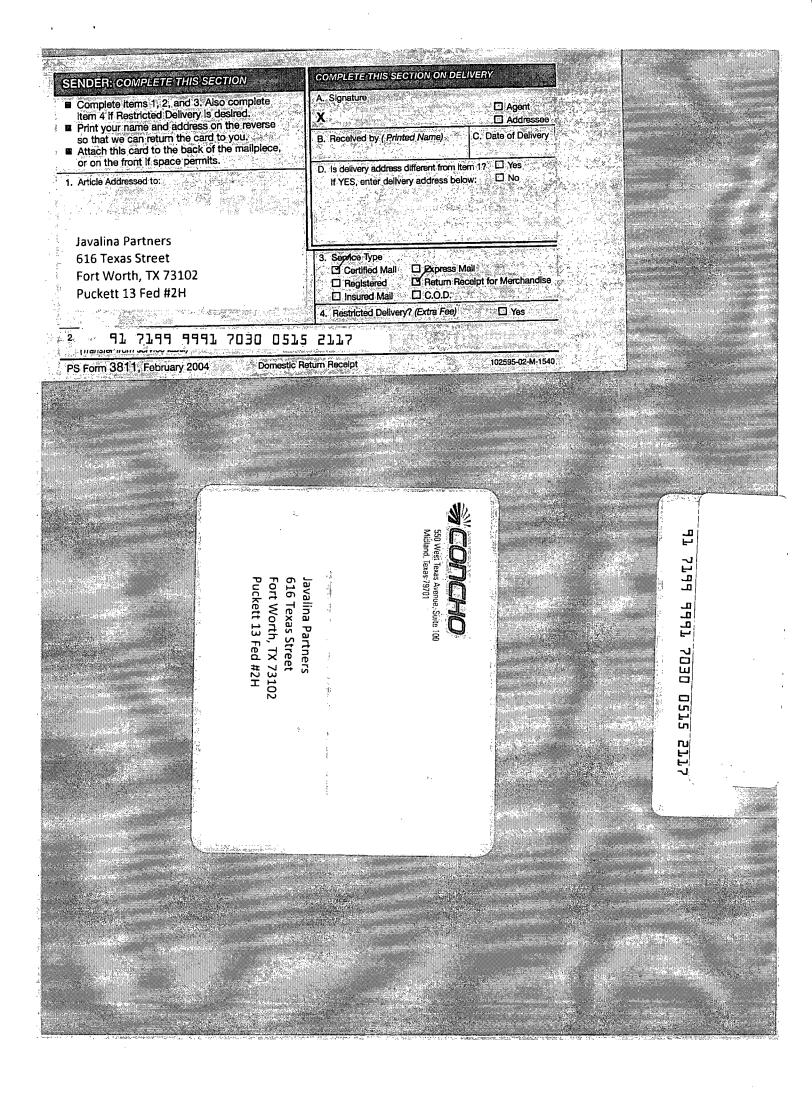
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tle: This AFE is only an estimate. By signing you agree to pay your share		-				

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WELL NAME: Puckett "13" Federal		PROSPECT			
Surf. Loc: 105' FSL, 957' FWL, Sec 13,				Eddy Co, NM MD (6600' TVD)	Louror Blingbor
BHL: 330' FNL, 990' FWL, Sec 13, 17S WO/Pilot, 160 Acre	-31E	OBJECTIVE.	11021		Lower Billebry
INTANGIBLE COSTS		BCP		<u>ACP</u>	TOTAL
Title/Curative/Permit	. 201	10,000	202 -		10,000
Insurance Damages/Right of Way	202 	22,000	302 303		15,000
Survey/Stake Location		3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract Footage Contract	207 208		307 308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310		400,000
Fuel & Power	211	112,500	311	11,250	123,750
Water Bits	212 213	30,000 45,000	312 313	75,000	105,000 46,000
Mud & Chemicals	213	25,000	314	1,000	25,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface	217 218	16,000			<u> </u>
Cement Production 7"x5.5"	218		319 -	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222 223	7,000	322 323	13,000	0
Fishing Tools & Service Geologic/Engineering	223 224	10,000	323	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing Mud Logging Unit	228 229	4,000	328 329	1,500	16,000
Logging	230	0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331 _	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit Swabbing Unit			333 334	40,000	40,000
Rentals-Surface		20,000	335 -	100,000	120,000
Rentals-Subsurface	236	30,000	336 —	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 _	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal Plug to Abandon			339 340	25,000	
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency TOTAL INTANGIBLES	243	131,500	343	149,750	281,250
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TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8" Production Casing/Liner 6900' - 7", 4200' - 5.5"	402	48,000	503 —	260,000	48,000 260,000
Tubing 6200' 2 7/8"		· · · · · · · · · · · · · · · · · · ·	504 -	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover Rods			507 508	39,000	0
Pumps		<u></u>	509	4,500	4,500
Tanks			510	20,000	20,000
Flowlines	_		511	15,000	15,000
Heater Treater/Separator Electrical System			512 513	25,000	25,000
Packers/Anchors/Hangers	414	<u> </u>	513 -		0
Couplings/Fittings/Valves	415	2,000	515	25.000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator Injection Plant/CO2 Equipment	_		517 518		0
Miscellaneous	419	1,000	519	1,000	2,000
Contingency	420	11,000	520 🗌	55,500	66,500
TOTAL TANGIBLES TOTAL WELL COSTS		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,000
COG Operating LLC					
By: J. Coffman / C. Bird		Date Prepared:	5/16/11		
We approve: % Working Interest					
Company:					
Ву:	_				
Printed Name:					
Title:	_	-		. By signing you agree	e to pay your share
Date:		of the actual costs in	curred.		





August 3, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "13" Federal #2H SL: 105' FSL & 957' FWL (Unit M) of Section 13, T17S, R31E BHL: 330' FNL & 990' FWL, (Unit D) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC 14

Śtuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 mone 432.683.7443 rax 432.683.7441

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3HL: 330' FNL, 990' FWL, Sec 13, 17S-31 WO/Pilot, 160 Acre INTANGIBLE COSTS Fille/Curative/Permit nsurance Damages/Right of Way Survey/Stake Location .ocation/Pits/Road Expense Drilling / Completion Overhead Turnkey Contract Toolage Contract Daywork Contract 12:3 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Vater Bits Aud & Chemicals Drill Stem Test Coring & Analysis Caement Intermediate Zement Surface Zement Intermediate 7* Zement Intermediate 7* Zement Squeeze & Other (NO Kickoff Plug) Toat Equipment & Centralizers Zasing Crews & Equipment Tishing Tools & Service Beologic/Engineering Contract Labor Company Supervision Contract Supervision Contract Supervision Casting Casing/Tubing Aud Logging Unit Orgging Perforating/Wireline Services Stimulati	201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 223 224 225 226 227 228 229 230 231	BCP 10,000 22,000 10,000 5,000 156,000 350,000 68,000 25,000 30,000 15,000 15,000 10,000		ACP 10,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000 1,000	TOTAL 10,0 22,0 20,0 6,0 195,0 350,0 85,0 100,0 31,0 15,0 13,0
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ement Intermediate ement Intermediate 7* ement Squeeze & Other (NO Kickoff Plug) oat Equipment & Centralizers asing Crews & Equipment shing Tools & Service eologic/Engineering ontract Labor ompany Supervision ontract Supervision ontract Supervision exting Casing/Tubing ud Logging Unit ogging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit entals-Subsurface entals-Subsurface entals-Subsurface iter Disposal ug to Abandon elsmic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES	218 218 220 221 222 223 224 225 226 227 228 229 230	10,000 10,000 2,000 17,000	320 321 322 323		13,0
ement 2nd Intermediate 7* ement Squeeze & Other (NO Kickoff Plug) loat Equipment & Centralizers asing Crews & Equipment shing Tools & Service eologic/Engineering ontract Labor ompany Supervision ontract Supervision ontract Supervision ontract Supervision ontract Supervision contract Supervision ontract Supervision ontract Supervision ontract Supervision esting Casing/Tubing ud Logging Unit ogging erforating/Wireline Services limulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization felding Services ater Disposal ug to Abandon eismic Analysis contingency TOTAL INTANGIBLES ANGIBLE COSTS uface Casing termediate Casing	218 220 221 222 223 224 225 226 227 228 229 230	10,000 10,000 2,000 17,000	320 321 322 323		13,0
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loat Equipment & Centralizers asing Crews & Equipment ishing Tools & Service eologic/Engineering ontract Labor ompany Supervision ontract Supervision esting Casing/Tubing ud Logging Unit orgging erforating/Wireline Services limulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface rucking/Forklift/Rig Mobilization felding Services ater Disposal ug to Abandon eismic Analysis oosed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS uface Casing termediate Casing	221 222 223 224 225 226 227 228 229 230	10,000 10,000 2,000 17,000	321 322 323		13,0
asing Crews & Equipment shing Tools & Service eologic/Engineering ontract Labor ompany Supervision ontract Supervision ontract Supervision asting Casing/Tubing ud Logging Unit ogging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon eismic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	222 223 224 225 226 227 228 229 230	10,000 10,000 2,000 17,000	322 323		13,0
shing Tools & Service eologic/Engineering ontract Labor ompany Supervision ontract Supervision esting Casing/Tubing ud Logging Unit ogging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon eismic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES	223 224 225 226 227 228 229 230	10,000 10,000 2,000 17,000	323		13,0
eologic/Engineering ontract Labor ompany Supervision ontract Supervision asting Casing/Tubing ud Logging Unit gging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit entals-Sufface entals-Subsurface ucking/Forklift/Rig Mobilization felding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES	224 225 226 227 228 229 230	10,000 10,000 2,000 17,000			
ontract Labor ompany Supervision ontract Supervision asting Casing/Tubing ud Logging Unit gging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit antals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental scellaneous ontingency TOTAL INTANGIBLES	225 226 227 228 229 230	10,000 2,000 17,000	324		100,0
ompany Supervision ontract Supervision asting Casing/Tubing ud Logging Unit ogging enforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit antals-Surface antals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental scellaneous ontingency TOTAL INTANGIBLES	226 227 228 229 230	2,000		1,000	11,0
ontract Supervision asting Casing/Tubing ud Logging Unit orgging enforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit antals-Surface antals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental scellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS uface Casing ermediate Casing	227 228 229 230	17,000	325	30,000	40,0
esting Casing/Tubing ud Logging Unit bgging enforating/Wireline Services imulation/Treating completion Unit wabbing Unit entals-Surface entals-Subsurface entals-Subsurface ucking/Forklift/Rig Mobilization relding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental iscellaneous contingency TOTAL INTANGIBLES ANGIBLE COSTS uface Casing termediate Casing	228 229 230		326	2,000	4,0
ud Logging Unit ogging erforating/Wireline Services imulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklit//Rig Mobilization elding Services ater Disposal ug to Abandon elsmic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES	229 230		327	4,200	21,2
agging erforating/Wireline Services timulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface rucking/Forklift/Rig Mobilization relding Services ater Disposal ug to Abandon aismic Analysis loseed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	230	4,000	328	1,500	5,5
erforating/Wireline Services timulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization relding Services rater Disposal ug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing		12,000	329		12,0
limulation/Treating ompletion Unit wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization relding Services ater Disposal ug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES	231		330		
ompletion Unit wabbing Unit entals-Surface entals-Subsurface rucking/Forklift/Rig Mobilization /elding Services /ater Disposal lug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing		15,000	331	12,500	27,5
wabbing Unit entals-Surface entals-Subsurface ucking/Forklift/Rig Mobilization elding Services ater Disposal ug to Abandon eismic Analysis osed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing			332	950,000	950,0
antals-Surface		12,000	333	45,000 *	57,0
entals-Subsurface			334		
Veking/Forklift/Rig Mobilization /elding Services /ater Disposal lug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS uface Casing termediate Casing	235	15,000	335	45,000	60.0
relding Services rater Disposal lug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES and Costing urface Casing termediate Casing	236	60,000	336	10,000	70,0
rater Disposal lug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	237	40,000	337	20,000	60,0
lug to Abandon eismic Analysis losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	238	3,000	338	1,500	4,5
eismic Analysis losed Loop & Environmental liscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	239 240		339	25,000	25,0
losed Loop & Environmental iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	240 241		340 341		
iscellaneous ontingency TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	241	50.000	344		50,0
ONTINGENCY TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	242	5,000	342	1,000	6,0
TOTAL INTANGIBLES ANGIBLE COSTS urface Casing termediate Casing	243	105,000	343	131,300	236,3
ANGIBLE COSTS urface Casing termediate Casing	240	1,151,000		1,436,000	2,587,0
urface Casing lermediate Casing		111011000		1,400,000	
urface Casing lermediate Casing					
termediate Casing	401				1,2
	402		503		1,2
	402		503	51,000	51,0
ubing			504	51,000	
ellhead Equipment	405		505		
Imping Unit	400		506		
ime Mover			507		•
ods		. <u> </u>	508	<u> </u>	· · · · · · · · · · · · · · · · · · ·
mps			509	<u> </u>	
inks			510		· · · · · · · · · · · · · · · · · · ·
owlines			511		
ater Treater/Separator		<u> </u>	512	·	
ectrical System			512		
ckers/Anchors/Hangers	414		513	230,000	230,0
uplings/Fittings/Valves	415	2,000	515	25,000	230,0
as Compressors/Meters	•-		516	4,000	4,0
hydrator	•		517		
ection Plant/CO2 Equipment	-		518		
scellaneous	419	1,000		1,000	2,0
ntingency	420	1,000		32,000	33,0
TOTAL TANGIBLES	-	4,000		343,000	347,0
TOTAL WELL COSTS	•	1,155,000	-	1,779,000	2,934,00
4.1; w	*				
DG Operating LLC					
· · · · · · · · · · · · · · · · · · ·					
J. Coffman / C. Bird		Date Prepared: 5	/17/11		
	-				
approve:					
% Working Interest					
mpany:					

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

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Surf. Loc: 105' FSL, 957' FWL, Sec 13, 3HL: 330' FNL, 990' FWL, Sec 13, 17S-		COUNTY & S OBJECTIVE:	10500'	MD (6100' TVD) U	pper Blinebry
VO/Pilot, 160 Acre		<u></u>			
NTANGIBLE COSTS		BCP		ACP	TOTAL
itle/Curative/Permit	201	10,000		<u></u>	10,0
Isurance	202	22,000	302		22,0
amages/Right of Way	203		303		<u> </u>
urvey/Stake Location	204		304		ج.
ocation/Pits/Road Expense	205	10,000	305	10,000	20,0
rilling / Completion Overhead	206	5,000	306	1,000	6,0
urnkey Contract	207		307		
oolage Contract	208		308		
aywork Contract 12:3 @ \$13000/day	_ 209	156,000	309	39,000	195,0
irectional Drilling Services, With RS uel & Power	_ 210	350,000	310 <u>-</u> 311 -	17,000	350,0
Vater	- 211 212	68,000	312	75,000	100,0
its	213	30,000	313	1,000	31,0
lud & Chemicals	214	15,000	314		15,0
rill Stem Test	215		315	<u>,</u>	
oring & Analysis	216				
ement Surface	217				
ement Intermediate	218				<u></u>
ement 2nd Intermediate 7"	218		319		
ement Squeeze & Other (NO Kickoff Plug) loat Equipment & Centralizers	- 220 221		320 321		
asing Crews & Equipment	- 222		322	13,000	13,0
shing Tools & Service	223	100,000	323		100,0
eologic/Engineering	224	10,000	324	1,000	11,0
ontract Labor	225	10,000	325	30,000	40,0
ompany Supervision	226	2,000	326	2,000	4,0
ontract Supervision	227	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
lud Logging Unit	- ²²⁹ 230	12,000	329 330		12,0
erforating/Wireline Services	- 230 231	15,000	331	12,500	27,50
timulation/Treating			332	950,000	950,00
ompletion Unit	-	12,000	333	45,000	57,00
wabbing Unit			334		
entals-Surface	235	15,000	335	45,000	60,00
entals-Subsurface	236	60,000	336	10,000	70,00
rucking/Forklift/Rig Mobilization	- 237 - 238	40,000	337 338	20,000	60,00
ater Disposal	239		339	25,000	25,00
lug to Abandon	240		340		
eismic Analysis	241		341		
losed Loop & Environmental	244	50,000	344		50,00
liscellaneous	242	5,000	342	1,000	6,00
	243	105,000	343	131,300	236,30
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,00
ANGIBLE COSTS					
urface Casing	401				1,20
termediate Casing	402	· · · · · · · · · · · · · · · · · · ·	503		
oduction Casing/Liner 4200' - 4.5"	_		503	51,000	51,00
ubing	_		504		· · · · · · · · · · · · · · · · · · ·
ellhead Equipment	405		505		
umping Unit			506		
ods	-		507 508	<u>`</u>	
umps	_		508		· · · · · · · · · · · · · · · · · · ·
anks		•	510		
owlines	_		511		
eater Treater/Separator			512		
ectrical System	_		513		
ackers/Anchors/Hangers	414		514	230.000	230,00
ouplings/Fittings/Valves	415	2,000	515 516	25,000	27.00
as compressors/Meters	_	<u> </u>	516 517	4,000	4,00
ection Plant/CO2 Equipment	-		517 518		
scellaneous	419		519	1,000	2,00
ontingency	420		520	32,000	33,00
TOTAL TANGIBLES	_	4,000		343,000	347,00
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,00
DG Operating LLC					
		Data Branaradi - F	117111		
: J. Coffman / C. Bird		Date Prepared: 5	/17/11		
e approve: ∞, % Working Interest					
ompany:					
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<u>.</u>	-				
inted Name:	-				

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Surf. Loc: 105' FSL, 957' FWL, Sec 13, 17S-31E		COUNTY & STATE: Eddy Co, NM				
3HL: 330' FNL, 990' FWL, Sec 13, 17S-	31E	OBJECTIVE: 1102	1' MD (6600' TVD) Lo	ower Blinebry		
VO/Pilot, 160 Acre						
			100	TOTAL		
NTANGIBLE COSTS	· .	BCP	ACP	TOTAL		
itle/Curative/Permit	201	10,000				
nsurance		22,000 302	<u></u>	22,		
Damages/Right of Way	203	15,000 303		15,		
Survey/Stake Location	204	3,000 304		3,		
ocation/Pits/Road Expense	205	40,000 305	65,000	105,		
Drilling / Completion Overhead	²⁰⁶ 207	<u> </u>	1,000			
ornkey Contract	- 208 -		<u></u>			
Daywork Contract 20:2 @ \$13000/day	- 200 ·	260,000 309	26,000	286,		
Virectional Drilling Services, With RS	210	400,000 310		400.		
uel & Power	211	112,500 311	11,250	123,		
Vater	212	30,000 312	75,000	105,		
Bits	213	45,000 313	1,000	46,		
Aud & Chemicals	214	25,000 314		25,		
Prill'Stem Test	215	315				
Coring & Analysis	216					
ement Surface	217	16,000		16,1		
ement Intermediate	218	16,000		16,1		
ement Production 7"x5.5"	218	319 _	70,000	70,0		
ement Squeeze & Other (NO Kickoff Plug)	220	320	15.000			
loat Equipment & Centralizers	_ 221 .	3,500 321	15,000	18,		
asing Crews & Equipment		7,000 322	13,000	20,		
ishing Tools & Service	223	323	1.000	11,		
eologic/Engineering ontract Labor	- ²²⁴ 225	<u> </u>	1,000	40,		
ompany Supervision	- 225 -	2,000 326	2,000	4.		
ontract Supervision	- 220 - 227 -	28,000 327	4,000	32,		
esting Casing/Tubing	228	4,000 328	1,500	5,		
ud Logging Unit	- 229	16,000 329	1,000	16,		
pgging	- 230 -	0 330	5.000			
erforating/Wireline Services	231		125,000	128,		
limulation/Treating		332	760.000	760,		
ompletion Unit		333	40,000	40,		
wabbing Unit		334	10,000			
entals-Surface	235	20,000 335	100,000	120,		
entals-Subsurface	236	30,000 336	10,000	40,		
rucking/Forklift/Rig Mobilization	237	40,000 337	100,000	140,		
/elding Services	238	3,000 338	1,500	4,		
/ater Disposal	239	339	25,000	25,0		
lug to Abandon	240	340				
eismic Analysis	241	341				
losed Loop & Environmental	244	120,000 344		120,0		
iscellaneous	242	5,000 342	1,000	6,0		
ontingency	243	131,500 343	149,750	281,2		
TOTAL INTANGIBLES		1,433,000	1,633,000	3,066,0		
	404	00.000				
urface Casing 550' 13 3/8" termediate Casing 1850' 9 5/8"	401 402	20,000 48,000 503		48,0		
oduction Casing/Liner 6900' - 7", 4200' - 5.5"	- 402 -		260,000	260.0		
ubing 6200' 2 7/8"		503 -	38,000	38,0		
ellhead Equipment	405 -	30,000 505	18,000	48,0		
Imping Unit		506 -	97,000	97,0		
ime Mover		507				
ods		508	39,000	39,0		
Imps		509	4,500	4,5		
anks		510	20,000	20,0		
owlines		511	15,000	15,0		
eater Treater/Separator		512	25,000	25,0		
ectrical System		513				
ckers/Anchors/Hangers	414	514				
puplings/Fittings/Valves	415	2,000 515	25,000	27,0		
as Compressors/Meters		516	4,000	4,0		
ehydrator		517				
ection Plant/CO2 Equipment		518				
scellaneous	- 419 420 -	1,000 519	1,000	2,0		
TOTAL TANGIBLES	420	11,000 520	55,500	66,5		
TOTAL WELL COSTS		112,000	<u> 602,000</u> 2,235,000	714,0 3,780,0		
		1,040,000	<u> </u>			
OG Operating LLC						
: J. Coffman / C. Bird	(Date Prepared: 5/16/11				

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We approve: _____% Working Interest

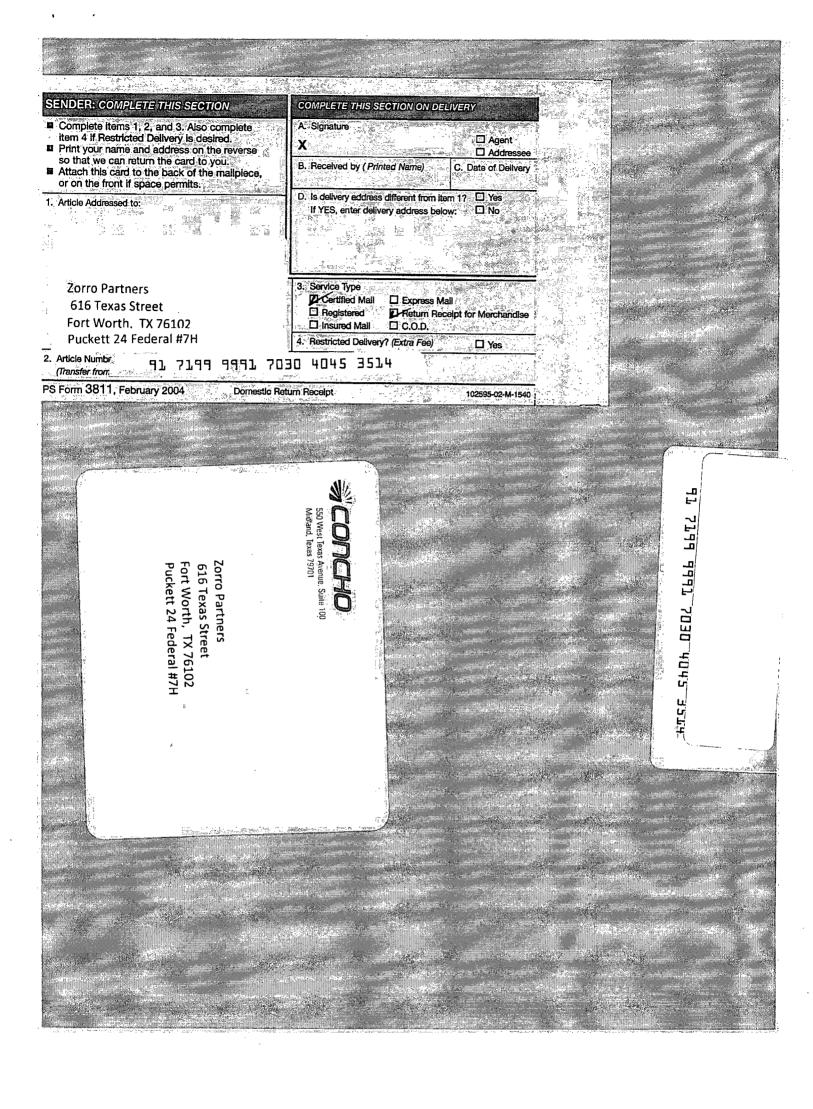
Company: By:

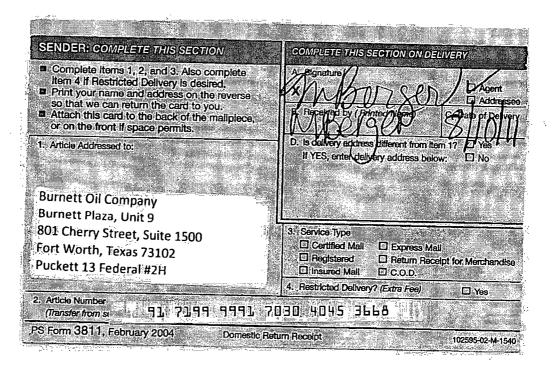
Printed Name: Title: Date: ----

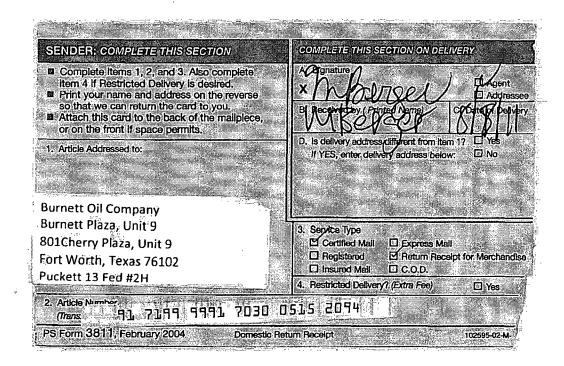
This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

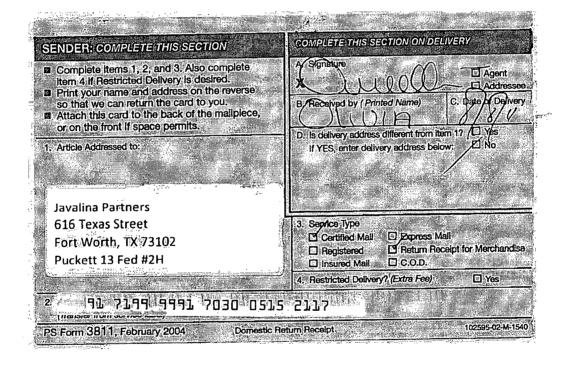
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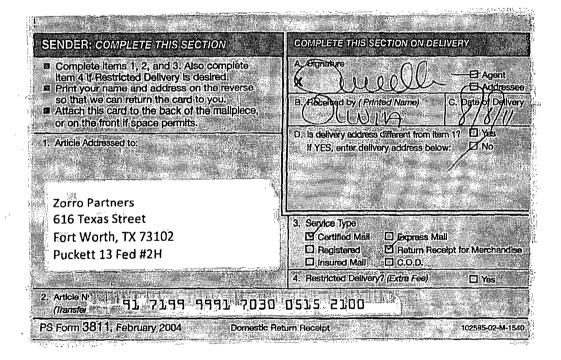
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June 20, 2011

U.S. Certified Mail Return Receipt Requested

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

COPY

RE: <u>New Well Proposal</u> Puckett "13" Federal #3H SHL: 75' FSL & 1480' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit N, to depths of approximately 5,500" TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600" TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

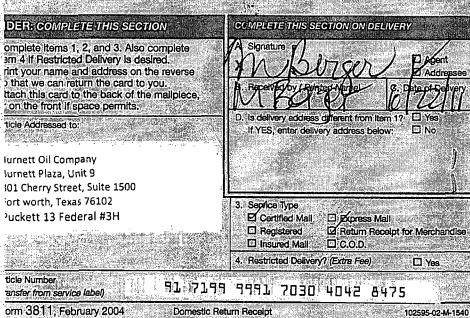
Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc

	And the second sec	1 	
Confirmation Services	Package ID: 917199999170 Destination ZIP Code: 7610 Customer Reference: Recipient: Durmet Address: 3 #24	3040428475	Electronic Certified First Class Large Envelope PBP Account #: 41592288 Serial #: 1364097 JUN 20 2011 4:00 PM

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Domestic Return Receipt orm 3811, February 2004

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CONT.

We approve:

% Working Interest

Company:
Company:

By: ÷. Printed Name: Title:

This AFE is only an estimate. By signing you agree to pay your share of the actual gosts ingurred;



WELL NAME: Puckett "13" Federal #3H PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E 330' FNL, 1650' FWL, Sec 13, 17S-31E OBJECTIVE: 9900' MD (5500' TVD) Paddock BHL: WO/Pilot, 160 Acre **INTANGIBLE COSTS** BCP <u>ACP</u> TOTAL Title/Curative/Permit 10,000 201 10.000 Insurance 202 22,000 302 22,000 Damages/Right of Way 203 303 0 Survey/Stake Location 204 304 0 Location/Pits/Road Expense 205 10.000 305 10.000 20.000 Drilling / Completion Overhead 5,000 306 206 1,000 6.000 Turnkey Contract 207 307 0 Foolage Contract 208 308 0 Daywork Contract 12:3 @ \$13000/day 209 156,000 309 39,000 195,000 **Directional Drilling Services, With RS** 210 350,000 310 350,000 68,000 17.000 Fuel & Power 211 311 85,000 Water 212 25,000 312 75,000 100,000 Bits 213 30,000 313 1,000 31,000 15,000 Mud & Chemicals 214 15,000 314 Drill Stem Test 215 315 ٥ Coring & Analysis 216 0 0 Cement Surface 217 Cement Intermediate 218 0 Cement 2nd Intermediate 7 218 319 0 Cement Squeeze & Other (NO Kickoff Plug) 220 320 Ő Float Equipment & Centralizers 221 321 0 13,000 13,000 Casing Crews & Equipment 322 222 Fishing Tools & Service 223 100,000 323 100,000 Geologic/Engineering 224 10,000 324 1,000 11,000 Contract Labor 225 10.000 325 30,000 40 000 Company Supervision 2,000 4.000 226 2.000 326 17,000 327 Contract Supervision 227 4,200 21,200 Testing Casing/Tubing 4,000 1,500 5,500 228 328 Mud Logging Unit 229 12,000 329 12,000 Logging 230 330 0 Perforating/Wireline Services 15,000 12,500 27,500 331 231 950,000 950,000 Stimulation/Treating 332 Completion Unit 12,000 333 45,000 57,000 Swabbing Unit Rentals-Surface 334 0 60,000 15.000 45,000 335 235 60,000 236 336 10,000 70,000 Rentals-Subsurface 40,000 337 20,000 60,000 Trucking/Forklift/Rig Mobilization 237 238 3,000 338 1,500 4,500 Welding Services Water Disposal 239 339 25,000 25,000 340 Plug to Abandon 240 0 341 0 241 Seismic Analysis 50,000 344 50,000 Closed Loop & Environmenta 244 Miscellaneous 242 5.000 342 1,000 6,000 Contingency TOTAL INTANGIBLES 105,000 131,300 236,300 243 343 2,587,000 1,436,000 1,151,000 TANGIBLE COSTS Surface Casing 401 1,200 503 Intermediate Casing 402 0 51,000 Production Casing/Liner 4200' - 4.5" 503 51,000 Tubing 504 0 Weilhead Equipment 405 505 0 506 0 Pumping Unit 0 507 Prime Mover 508 0 Rods 0 509 Pumps 510 0 Tanks 0 511 Flowlines 512 Ô Heater Treater/Separator Electrical System 513 0 Packers/Anchors/Hangers 230,000 230,000 514 414 2,000 515 25,000 27,000 Couplings/Fittings/Valves 415 Gas Compressors/Meters 516 4,000 4,000 517 0 Dehydrator 518 Injection Plant/CO2 Equipment 0 2.000 419 1,000 519 1.000 Miscellaneous 520 32,000 33,000 Contingency 420 1,000 4,000 343,000 347,000 TOTAL TANGIBLES TOTAL WELL COSTS 1,155,000 1,779,000 2,934,000 COG Operating LLC By: J. Coffman / C. Bird Date Prepared: 5/17/11

We approve

_% Working Interest

Company: By:

Printed Name: Title:

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





 WELL NAME:
 Puckett "13" Federal #3H

 Surf. Loc:
 75' FSL, 1480' FWL, Sec 13, 17S-31E

 BHL:
 330' FNL, 1650' FWL, Sec 13, 17S-31E
 PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry WO/Pilot, 160 Acre

INTANGIBLE COSTS Title/Curative/Permit	201	<u>BCP</u> 10,000		ACP	TOTAL 10,000
Insurance		22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304	· ·	3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,00
Turnkey Contract	207		307		
Footage Contract			308	<u> </u>	
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,00
Directional Drilling Services, With RS	210	400,000	310		400,00
Fuel & Power	211	112,500	311	11,250	123,75
Water	212	30,000	312	75,000	105,00
Bits	213	45,000	313	1,000	46,00
Mud & Chemicals	214	25,000	314		25,00
Drill Stem Test	215		315	······································	
Coring & Analysis	216		•		
Cement Surface	217 -	16,000	•		16,00
Cement Intermediate	218	16,000	•		16,000
Cement Production 7"x5.5"	218		319	70,000	70,00
Cement Squeeze & Other (NO Kickoff Plug)	220		320		(
Float Equipment & Centralizers	221	3,500	321	15,000	18,50
Casing Crews & Equipment	222	7,000	322	13,000	20,00
Fishing Tools & Service	223	29.2	323		
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	_ 227 _	28,000	327	4,000	32,000
Testing Casing/Tubing	_ 228 _	4,000	328	1,500	5,500
Mud Logging Unit	229	16,000	329	······································	16,000
Logging	230	0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334		(
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	- 236 -	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	- 239 -		339	25,000	25,000
Plug to Abandon	240		340	······································	
Seismic Analysis	241		341		. (
Closed Loop & Environmental	- 244 -	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	si 6,000
Contingency	- 243 -	131,500	343	149,750	281,250
TOTAL INTANGIBLES	- ···	1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402		503 -	· · ·	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing, 6200' 2 7/8"			504 -	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover		• • •	507		
Rods			508	39,000	39,000
Pumps			509 -	4,500	4,500
Tanks			510	20,000	20,000
Flowlines			511	15,000	15,000
Heater Treater/Separator			512 -	25,000	25,000
Electrical System			513	v	
Packers/Anchors/Hangers	414		514		
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4.000	4,00
Dehydrator			517	<u>.</u>	
Injection Plant/CO2 Equipment			518		
Miscellaneous	419	1,000	519	1,000	2,000
Conlingency	420	11,000	520	55,500	66,500
TOTAL TANGIBLES		112,000	-	602,000	714,000
TOTAL WELL COSTS		1,545,000	-	2,235,000	3,780,000
COG Operating LLC		•			
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We approve:

. Working Interest

Cor ny By:

Printed Name:

Title

June 20, 2011

U.S. Certified Mail Return Receipt Requested Javalina Partners 616 Texas Street Fort Worth, TX 76102

Eddy County, New Mexico

44

RE:

<u>New Well Proposal</u> Puckett "13" Federal #3H SHL: 75' FSL & 1480' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit N, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COO'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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL

Senior Landman

Enclosure DRE/rc) 可					
		Confirmation Services	rence:	51	First Class PBP Acco Si	ctronic Certified Large Envelope Int #: 41592288 erial #: 1364097 0 2011 4:03 PM

DER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY			
omplete items 1, 2, and 3. Also complete items 1, 2, and 3. Also complete 4 if Restricted Delivery is desired.					
rint your name and address on the reverse o that we can return the card to you: ttach this card to the back of the maliplece, r on the front if space permits. rticle Addressed to:		B. Becalved by (Printed Name) C: Date of Delivery B. Becalved by (Printed Name) C: Date of Delivery D. is delivery address different from Item 17 Yes If YES, enter delivery address below: No			
16 Texas Street or Worth, TX 76102					
uckett 13 Federal #3H		3. Service Type Cortified Mail Corpress Mail Registered Corpress Mail Insured Mail C.O.D.			
		4. Restricted Delivery? (Extra Fee)			
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WELL NAME: Puckett "13" Federal #3H Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E BHL: 330' FNL, 1650' FWL, Sec 13, 17S-31E WO/Pilot, 160 Acre

PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry

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INTANGIBLE COSTS Title/Curative/Permit	201	<u>BCP</u> 10,000		ACP	<u>TOTAL</u> 10,000
Insurance			302 —		22,000
	202 _		302 <u></u>		0
Damages/Right of Way		·····		<u></u>	
Survey/Stake Location	204		304	10.000	0
Location/Pits/Road Expense Drilling / Completion Overhead	205 		305 <u></u> 306 —	10,000	20,000
Turnkey Contract	208 - 207 -		308 307	1,000	0,000
Footage Contract	<u> </u>		308		0
Daywork Contract 12:3 @ \$13000/day	200 - 209 -		309	39,000	195,000
Directional Drilling Services, With RS		the second se	310		350,000
Fuel & Power			311	17,000	85,000
Water		the second se	312	75,000	100,000
Bits			313	1,000	31,000
Mud & Chemicals	214		314		15,000
Drill Stem Test	215	the second se	315		0
Coring & Analysis	216				0
Cement Surface	217				0
Cement Intermediate	218			· · · · · · · · · · · · · · · · · · ·	0
Cement 2nd Intermediate 7*	218		319 🗌		0
Cement Squeeze & Other (NO Kickoff Plug)	220		320 🗌		0
Float Equipment & Centralizers	221		321	- 	0
Casing Crews & Equipment	222		322	13,000	13,000
Fishing Tools & Service	223		323		100,000
Geologic/Engineering	224		324	1,000	11,000
Contract Labor	225		325	30,000	40,000
Company Supervision	<u> </u>		326 327	2,000	4,000
Contract Supervision Testing Casing/Tubing	228		327 328 —	1,500	5,500
Mud Logging Unit			329	1,000	12,000
Logging	230		330		0
Perforating/Wireline Services	231	· · · · · · · · · · · · · · · · · · ·	331	12,500	27,500
Stimulation/Treating			332 📑		950,000
Completion Unit		12,000	333 🗂	45,000	57,000
Swabbing Unit			334 🗌		0
Rentals-Surface	235	15,000	335 📃	45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237		337	20,000	60,000
Welding Services	238		338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis Closed Loop & Environmental	<u> </u>		341 344	<u></u>	50,000
Miscellaneous			342 —	1,000	6,000
Contingency	<u> </u>		343	131,300	236,300
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,000
TANGIBLE COSTS					
Surface Casing	401			· · · · · · · · · · · · · · · · · · ·	1,200
Intermediate Casing	402		503 📃		0
Production Casing/Liner 4200' - 4.5"			503 🔄	51,000	51,000
Tubing			504		0
Wellhead Equipment	405	the second s	505		0
Pumping Unit	 _	and the second se	506		0
Prime Mover			507		0
Rods			508 <u>–</u> 509 –		0
Pumps Tanks	<u> </u>		509 <u></u> 510		· 0
Flowlines			511		0
Heater Treater/Separator			512	<u> </u>	0
Electrical System			513	<u> </u>	0
Packers/Anchors/Hangers	414		514	230,000	230,000
Couplings/Fittings/Valves	415		515	25,000	27,000
Gas Compressors/Meters			516 🗌	4,000	4,000
Dehydrator			517		0
Injection Plant/CO2 Equipment		the second se	518		0
Miscellaneous	419		519	1,000	2,000
Contingency	420 _	1,000	J20	32,000	33,000
TOTAL TANGIBLES		1,155,000	· —	1,779,000	2,934,000
		1,100,000			

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared:

1,155,000

5/17/11

We approve:

% Working Interest

Company:

By:

TOTAL WELL COSTS

Printed Name:

Title:

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





COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME: Puckett "13" Federal #3H PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E OBJECTIVE: 9900' MD (5500' TVD) Paddock BHL: 330' FNL, 1650' FWL, Sec 13, 17S-31E WO/Pilot, 160 Acre **INTANGIBLE COSTS BCP** <u>ACP</u> TOTAL Title/Curative/Permit 10.000 10.000 201 insurance 202 22,000 302 22,000 Damages/Right of Way 203 303 0 Survey/Stake Location 204 304 0 Location/Pits/Road Expense 10.000 205 305 10.000 20.000 Drilling / Completion Overhead 206 5,000 306 1,000 6,000 **Turnkey Contract** 207 307 0 Footage Contract 208 308 0 Daywork Contract 12:3 @ \$13000/day 209 156,000 309 39,000 195,000 Directional Drilling Services, With RS 210 350,000 310 350,000 Fuel & Power 211 68,000 311 17.000 85,000 25,000 Water 212 312 75,000 100,000 Bits 30,000 313 213 1,000 31,000 Mud & Chemicals 15,000 314 15,000 214 **Drill Stem Test** 215 315 0 Coring & Analysis 216 0 Cement Surface 0 217 0 Cement Intermediate 218 Cement 2nd Intermediate 7' 218 319 0 Cement Squeeze & Other (NO Kickoff Plug) 220 320 0 Float Equipment & Centralizers 221 321 0 13,000 13,000 **Casing Crews & Equipment** 222 322 100,000 100,000 Fishing Tools & Service 223 323 1.000 Geologic/Engineering 224 10,000 324 11,000 Contract Labor 225 10.000 325 30.000 40.000 2,000 326 2,000 4,000 226 Company Supervision 17,000 327 4,200 21,200 Contract Supervision 227 Testing Casing/Tubing 228 4,000 328 1,500 5.500 Mud Logging Unit 229 12,000 329 12,000 230 330 0 Logging 27,500 Perforating/Wireline Services 231 15,000 331 12,500 Stimulation/Treating 332 950 000 950.000 Completion Unit 12,000 333 45,000 57,000 334 0 Swabbing Unit 15,000 335 45,000 60,000 Rentals-Surface 235 Rentals-Subsurface 236 60,000 336 10,000 70,000 Trucking/Forklift/Rig Mobilization 237 40.000 337 20,000 60.000 4.500 338 1,500 Welding Services 238 3,000 Water Disposal 239 339 25,000 25,000 Plug to Abandon 340 240 0 Seismic Analysis 241 341 0 Closed Loop & Environmental 50,000 344 50,000 244 Miscellaneous 242 5,000 342 1,000 6,000 105,000 343 131,300 236,300 Contingency 243 TOTAL INTANGIBLES 1,151,000 1 436 000 2,587,000 **TANGIBLE COSTS** 401 1,200 Surface Casing Intermediate Casing 402 503 0 51,000 51.000 Production Casing/Liner 4200' - 4.5' 503 0 504 Tubing 0 Wellhead Equipment 405 505 506 0 Pumping Unit 0 Prime Mover 507 0 508 Rods 509 0 Pumps 510 0 Tanks 511 0 Flowline Heater Treater/Separator 512 0 513 0 Electrical System 230,000 27,000 514 230,000 Packers/Anchors/Hangers 414 25,000 Couplings/Fittings/Valv 415 2,000 515 Gas Compressors/Meters 4,000 4,000 516 517 0 Dehydrator Injection Plant/CO2 Equipment 518 0 1,000 2,000 Miscellaneous 419 1,000 519 420 1,000 520 32,000 33,000 Contingency 4,000 343,000 347.000 TOTAL TANGIBLES TOTAL WELL COSTS 1,155,000 1.779.000 2,934,000 COG Operating LLC Date Prepared. By: J. Coffman / C. Bird 5/17/11 We approve: % Working Interest Company: By:

Printed Name: Title:

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



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1. Contraction

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PROSPECT NAME: Puckett WELL NAME: Puckett "13" Federal #3H Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry BHL: 330' FNL, 1650' FWL, Sec 13, 17S-31E WO/Pilot, 160 Acre **INTANGIBLE COSTS BCP** ACP TOTAL Title/Curative/Permit 201 10.000 10.000 22,000 302 202 Insurance 22,000 Damages/Right of Way 203 15,000 303 15,000 Survey/Stake Location 204 3,000 304 3,000 Location/Pits/Road Expense 205 40.000 305 65,000 105,000 306 Drilling / Completion Overhead 206 5,000 1,000 6,000 **Turnkey Contract** 207 307 0 Footage Contract 208 308 0 Daywork Contract 20:2 @ \$13000/day 209 260,000 309 26,000 286,000 Directional Drilling Services, With RS 400,000 310 400,000 210 Fuel & Power 211 112,500 311 11,250 123,750 Water 212 30,000 312 75,000 105,000 Bits 213 45,000 313 1,000 46.000 Mud & Chemicals 214 25,000 314 25,000 Drill Stem Test 215 315 0 Coring & Analysis 216 0 16,000

Cement Surface 217 16,000 Cement Intermediate 218 16,000 16.000 Cement Production 7"x5.5" 70,000 218 319 70,000 Cement Squeeze & Other (NO Kickoff Plug) 220 320 3,500 Float Equipment & Centralizers 221 321 15,000 18,500 Casing Crews & Equipment 222 7,000 322 13,000 20,000 Fishing Tools & Service 223 323 Geologic/Engineering 10,000 324 1,000 11,000 224 10,000 30,000 40,000 Contract Labor 225 325 **Company Supervision** 226 2,000 326 2,000 4,000 Contract Supervision 227 28,000 327 4.000 32,000 Testing Casing/Tubing 5,500 228 4,000 328 1,500 329 Mud Logging Unit 229 16,000 16,000 330 5,000 Logging 230 5,000 0 Perforating/Wireline Services 231 3,500 331 125,000 128,500 Stimulation/Treating 332 760.000 760,000 333 40.000 Completion Unit 40,000 Swabbing Unit 334 Rentals-Surface 235 20,000 335 100,000 120,000 Rentals-Subsurface 236 30,000 336 10,000 40,000 Trucking/Forklift/Rig Mobilization 237 40,000 337 100,000 140,000 Welding Services Water Disposal 3,000 338 1,500 4,500 238 339 25,000 25,000 239 Plug to Abandon 240 340 Seismic Analysis 241 341 120,000 120,000 Closed Loop & Environmental 244 344 1,000 Miscellaneous 242 5,000 342 6,000 Contingency TOTAL INTANGIBLES 243 131,500 343 149,750 281,250 1,433,000 1.633.000 3,066,000

TANGIBLE COSTS

Surface Casing 550' 13 3/8"	
Intermediate Casing 1850' 9 5/8"	
Production Casing/Liner 6900' - 7", 4200' - 5.5"	
Tubing 6200' 2 7/8"	
Wellhead Equipment	
Pumping Unit	
Prime Mover	
Rods	
Pumps	
Tanks	
Flowlines	
Heater Treater/Separator	
Electrical System	
Packers/Anchors/Hangers	
Couplings/Fittings/Valves	
Gas Compressors/Meters	
Dehydrator	
Injection Plant/CO2 Equipment	
Miscellaneous	
Contingency	
TOTAL TANGIBLES	
TOTAL WELL COSTS	

401	20,000			1,200
402	48,000	503		48,000
		503	260,000	260,000
		504	38,000	38,000
405	30,000	505	18,000	48,000
		506	97,000	97,000
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		508	39,000	39,000
		509	4,500	4,500
		510	20,000	20,000
		511	15,000	15,000
		512	25,000	25,000
		513		
414		514		0
415	2,000	515	25,000	27,000
		516	4,000	4,000
		517		0
	**	518		0
419	1,000	519	1,000	2,000
420	11,000	520	55,500	66,500
	112,000		602,000	714,000
	1,545,000		2,235,000	3,780,000

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared:

5/16/11

We approve:

_% Working interest

Company

By:

Title:

Printed Name:

June 20, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "13" Federal #3H SHL: 75' FSL & 1480' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit N, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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.

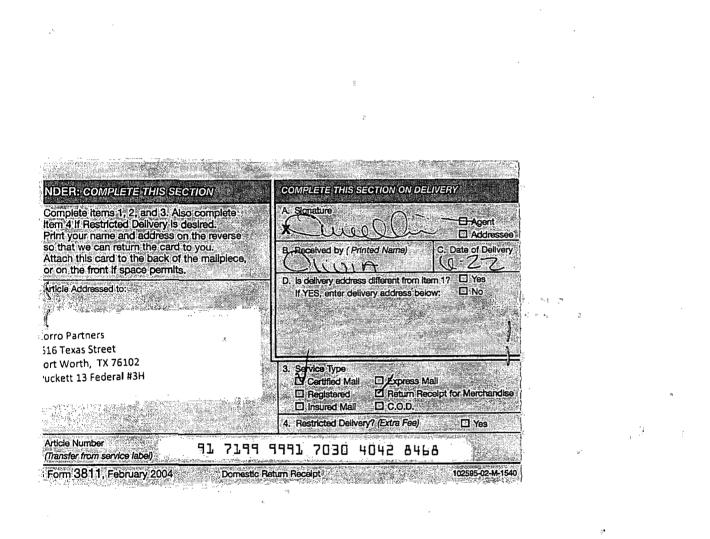
If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (DRE/rc	S)	·			
	Confirmation	Package ID: 9171 Destination ZIP Co Customer Referen	计算法 化合金合金 化合物合金合物合物合金合物合金合物	Electronic C First Class Large E	
	Services	Recipient: Z	A 7 7	 PBP Account #: 41 Serial #: 1 JUN 20 2011 4	364097



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COG OPERATING LLC **AUTHORITY FOR EXPENDITURE** DRILLING

WELL NAME: Puckett "13" Federal #3H Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E BHL: 330' FNL, 1650' FWL, Sec 13, 17S-31E PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry WO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302	·····	22,000
Damages/Right of Way	203		303	<i>"</i>	0
Survey/Stake Location		, 	304		0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310		350,000
Fuel & Power	211	68,000	311	17,000	85,000
Water	212	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	214+	15,000	314		15,000
Drill Stem Test	215		315		0
Coring & Analysis	216			· · ·	0
Cement Surface	217				0
Cement Intermediate Cement 2nd Intermediate 7"	218		240		<u>0</u>
Cement 2nd Intermediate 7 Cement Squeeze & Other (NO Kickoff Plug)	218 220		319 320		
Float Equipment & Centralizers	- 220 -		320		0
Casing Crews & Equipment	- 222 -		322	13,000	13,000
Fishing Tools & Service	- 223 -	100,000	323	10,000	100,000
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor		10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329		12,000
Logging	230		330		0
Perforating/Wireline Services	231	15,000	331	12,500	27,500
Stimulation/Treating			332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit			334		0
Rentals-Surface	235	15,000	335	45,000	60,000
Rentais-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 338	20,000	60,000
Welding Services Water Disposal	238 239	3,000	338	1,500	4,500
Plug to Abandon	239 - 240 -		340	23,000	0
Seismic Analysis	- 241 -	······································	341	·····	0
Closed Loop & Environmental	- 244 -	50,000	344		50,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	105,000	343	131,300	236,300
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,000
	<u></u>				
TANGIBLE COSTS					
Surface Casing	401				1,200
Intermediate Casing	402		503		0
Production Casing/Liner 4200' - 4.5"			503	51,000	51,000
Tubing			504		0
Wellhead Equipment	405	·	505		0
Pumping Unit			506		0
Prime Mover			507		0
Rods		·	508	*-	0
Pumps Tanks			509		0
Flowlines			510 511	· · · · · · · · · · · · · · · · · · ·	0
Heater Treater/Separator			512		0
Electrical System			513		0
Packers/Anchors/Hangers	414		514	230,000	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator			517		0
Injection Plant/CO2 Equipment			518		0
Miscellaneous	419		519	1,000	2,000
Contingency	420	1,000	520	32,000	33,000
TOTAL TANGIBLES		4,000		343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:

__% Working Interest

Company:

By: Printed Name: Title:

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





WELL NAME: Puckett "13" Federal #3H PROSPECT NAME: Puckett Surf. Loc: 75' FSL, 1480' FWL, Sec 13, 17S-31E COUNTY & STATE: Eddy Co, NM BHL: 330' FNL, 1650' FWL, Sec 13, 17S-31E OBJECTIVE: 9900' MD (5500' TVD) Paddock WO/Pilot, 160 Acre **INTANGIBLE COSTS** BCP ACP TOTAL Title/Curative/Permit 201 10,000 10.000 202 22,000 302 Insurance 22,000 Damages/Right of Way 303 203 0 Survey/Stake Location 204 304 D Location/Pils/Road Expense 10.000 305 10.000 205 20,000 306 5,000 Drilling / Completion Overhead 206 1,000 6,000 **Turnkey Contract** 207 307 0 Footage Contract 208 308 0 Daywork Contract 12:3 @ \$13000/day 209 156,000 309 39,000 195,000 Directional Drilling Services, With RS 210 350,000 310 350,000 Fuel & Power 211 68.000 311 17.000 85,000 Water 25,000 312 75,000 100,000 212 Bits 213 30,000 313 1,000 31,000 Mud & Chemicals 214 15,000 314 15,000 **Drill Stem Test** 215 315 0 Coring & Analysis 216 0 Cement Surface 217 0 218 0 Cement Intermediate Cement 2nd Intermediate 7 218 319 0 Cement Squeeze & Other (NO Kickoff Plug) 220 320 0 321 221 Float Equipment & Centralizers 0 Casing Crews & Equipment 13,000 222 322 13,000 Fishing Tools & Service 223 100,000 323 100,000 Geologic/Engineering 224 10,000 324 1.000 11,000 225 10.000 325 Contract Labor 30.000 40.000 Company Supervision 2,000 326 2,000 4,000 226 Contract Supervision 227 17,000 327 4,200 21,200 **Testing Casing/Tubing** 228 4,000 328 1,500 5,500 12,000 Mud Logging Unit 229 329 12,000 330 230 0 Logging Perforating/Wireline Services 15,000 12,500 27,500 231 331 Stimulation/Treating 332 950,000 950,000 12,000 **Completion Unit** 333 45,000 57,000 334 Swabbing Unit 0 60,000 Rentais-Surface 15,000 335 45,000 235 60,000 336 10,000 70,000 Rentals-Subsurface 236 Trucking/Forklift/Rig Mobilization 237 40,000 337 20,000 60,000 3,000 338 4,500 Welding Services 238 1.500 Water Disposal 339 25,000 25,000 239 Plug to Abandon 240 340 0 Seismic Analysis 241 341 ñ 50 000 50,000 Closed Loop & Environmental 244 344 242 342 1.000 6,000 5,000 Miscellaneous 236,300 243 105,000 343 131,300 Contingency TOTAL INTANGIBLES 1,436,000 2,587,000 1,151,000 TANGIBLE COSTS Surface Casing 401 1,200 503 Intermediate Casing 402 0 Production Casing/Liner 4200' - 4.5 503 51,000 51,000 Tubing 504 0 Wellhead Equipment 405 505 0 506 0 Pumping Unit Prime Mover 507 0 508 0 Rods Pumps 509 0 510 Ő Tanks Flowlines 511 0 Heater Treater/Separator 512 0 Electrical System 513 0 230,000 514 230,000 Packers/Anchors/Hangers 414 Couplings/Fittings/Valves 415 2,000 515 25,000 27,000 Gas Compressors/Meters 516 4,000 4.000 517 Dehydrator 0 n Injection Plant/CO2 Equipment 518 2 000 419 1,000 519 1,000 Miscellaneous Contingency 1,000 520 33,000 420 32,000 4,000 347,000 343,000 TOTAL TANGIBLES 1,155,000 1,779,000 2,934,000 TOTAL WELL COSTS COG Operating LLC Date Prepared: 5/17/11 By: J. Coffman / C. Bird We approve: % Working Interest

Company: By:

Title:

Printed Name

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





 WELL NAME:
 Puckett "13" Federal #3H

 Surf. Loc:
 75' FSL, 1480' FWL, Sec 13, 17S-31E

 BHL:
 330' FNL, 1650' FWL, Sec 13, 17S-31E

 WO/Pilot, 160 Acre
 30' FNL, 1650' FWL, Sec 13, 17S-31E

PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

I7S-31E OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

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15,000 3,000 40,000 5,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 28,000 28,000 3,500 20,000 30,000	303	1,000 26,000 11,250 75,000 1,000 1,000 15,000 15,000 13,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	15,000 3,000 105,000 6,000 286,000 400,000 123,750 105,000 46,000 25,000 16,000 70,000 16,000 16,000 10,
3,000 40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 10,000 28,000 4,000 10,000 28,000 4,000 16,000 20,000 3,500 20,000 30,000 40,000	304	1,000 26,000 11,250 75,000 1,000 1,000 15,000 15,000 13,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	3,000 105,000 6,000 286,000 123,750 105,000 46,000 25,000 16,000 70,000 16,000 16,000 16,000 16,000 16,000 10,0
40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 20,000 3,500 20,000 30,000 40,000	305	1,000 26,000 11,250 75,000 1,000 1,000 15,000 15,000 13,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	105,000 6,000 286,000 400,000 123,755 105,000 46,000 25,000 16,000 70,000 16,000 16,000 16,000 16,000 16,000 16,000 5,500 16,000 16,000 16,000 16,000 10,
40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 20,000 3,500 20,000 30,000 40,000	306	1,000 26,000 11,250 75,000 1,000 1,000 15,000 15,000 13,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	6,000 286,000 400,000 123,755 105,000 46,000 25,000 16,000 70,000 0 16,000 16,000 16,000 0 0 0 0 0 0 0 0 0 0 0 0
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400,000 112,500 30,000 45,000 25,000 16,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 28,000 4,000 16,000 20,000 30,000 40,000	308	11,250 75,000 1,000 70,000 15,000 13,000 13,000 1,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000	C 286,000 400,000 123,750 105,000 46,000 25,000 16,000 70,000 70,000 0 16,000 70,000 0 16,000 70,000 0 10,000
400,000 112,500 30,000 45,000 25,000 16,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 28,000 4,000 16,000 20,000 30,000 40,000	309	11,250 75,000 1,000 70,000 15,000 13,000 13,000 1,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000	400,000 123,750 105,000 46,000 25,000 16,000 70,000 70,000 00 18,500 20,000 00 11,000 40,000 32,000 16,000 5,500 16,000 128,500 760,000 40,000 00 00 00 00 00 00 00 00 0
400,000 112,500 30,000 45,000 25,000 16,000 16,000 10,000 28,000 4,000 16,000 28,000 4,000 16,000 28,000 4,000 16,000 20,000 30,000 40,000	310	11,250 75,000 1,000 70,000 15,000 13,000 13,000 1,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000	400,000 123,750 105,000 46,000 25,000 16,000 70,000 70,000 00 18,500 20,000 00 11,000 40,000 32,000 16,000 5,500 16,000 128,500 760,000 40,000 00 00 00 00 00 00 00 00 0
112,500 30,000 45,000 25,000 16,000 16,000 16,000 7,000 10,000 28,000 4,000 16,000 0 3,500 20,000 30,000 40,000	311	75,000 1,000 1,000 70,000 15,000 13,000 1,000 30,000 2,000 * 4,000 1,500 * 4,000 125,000 760,000 40,000 100,000	123,750 105,000 46,000 25,000 16,000 70,000 16,000 70,000 18,500 20,000 0 11,000 40,000 5,500 128,500 760,000 40,000 0 0 0 0 0 0 0 0 0 0 0 0
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45,000 25,000 16,000 16,000 7,000 10,000 2,000 28,000 4,000 16,000 0 3,500 20,000 30,000 40,000	313	1,000 70,000 15,000 13,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000	46,000 25,000 16,000 16,000 70,000 20,000 11,000 40,000 32,000 5,500 128,500 760,000 40,000 0 0 0 0 0 0 0 0 0 0 0 0
25,000 16,000 16,000 3,500 7,000 10,000 2,000 28,000 4,000 16,000 0 3,500 20,000 30,000 40,000	314	70,000 15,000 13,000 1,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	25,000 16,000 16,000 70,000 18,500 20,000 11,000 40,000 32,000 5,500 16,000 128,500 760,000 40,000 0 0 0 0 0 0 0 0 0 0 0 0
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7,000 10,000 2,000 28,000 4,000 16,000 0 3,500 20,000 30,000 40,000	322	13,000 1,000 30,000 2,000 4,000 1,500 5,000 125,000 760,000 40,000 100,000	20,000 11,000 40,000 32,000 5,500 16,000 5,500 128,500 760,000 40,000 0
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4,000 16,000 0 3,500 20,000 30,000 40,000	328 329 330 331 332 333 334 335	1,500 5,000 125,000 760,000 40,000 100,000	5,500 16,000 5,000 128,500 760,000 40,000 0
16,000 0 3,500 20,000 30,000 40,000	329 330 331 332 333 334 335	5,000 125,000 760,000 40,000 100,000	16,000 5,000 128,500 760,000 40,000 0
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	337	100,000	140,000
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	339	25,000	25,000
	340	25,500	0
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120,000	344		120,000
5,000	342	1,000	6,000
131,500	343	149,750	281,250
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			3,780,000
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Printed Name: Title:



August 11, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: <u>Amendment to New Well Proposal</u> Puckett "13" Federal #3H SL: 143' FSL & 1464' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E

Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

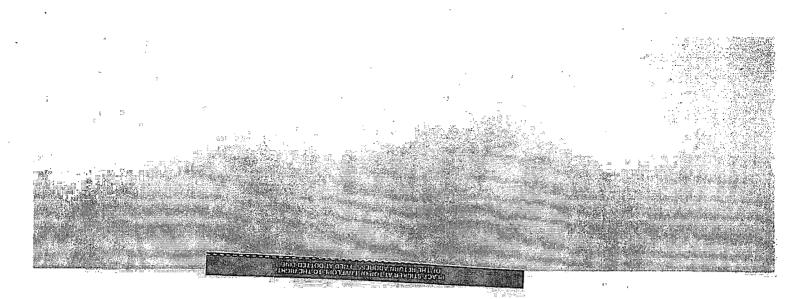
• The well will be drilled at an approved surface location within location unit letter N in Section 13.

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, CPL Senior Landman



Complete Items 1, 2, and 3, Also complete (item 4 if Restricted Delivery is desired.	A. Signature
so that we can return the card to you. Attach this card to the back of the maliplece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Burnett Oil Company Burnett Plaza, Unit 9	
801 Cherry Street, Suite 1500 Fort Worth, Texas 73102	3. Service Type D/ Certified Mail
Puckett 13 Federal #3H	Registered Garage Co.D. Co.D.
	4. Restricted Delivery? (Extra Fee)



August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Javelina Partners 616 Texas Street Fort Worth, TX 76102

Amendment to New Well Proposal RE: Puckett "13" Federal #3H SL: 143' FSL & 1464' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

The well will be drilled at an approved surface location within location unit letter 0 N in Section 13.

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

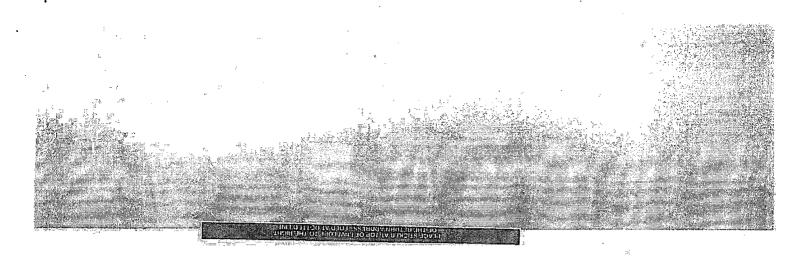
Yours truly,

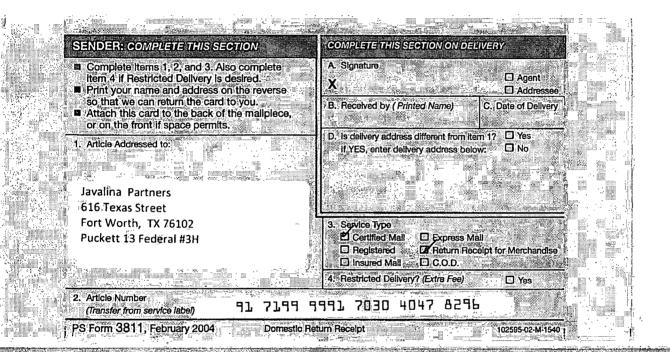
COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

550 West Texas Avenue, Suite 100 Midland, Texas 79701

PHONE 432.683.7443







August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: **Amendment to New Well Proposal** Puckett "13" Federal #3H SL: 143' FSL & 1464' FWL (Unit N) of Section 13, T17S, R31E BHL: 330' FNL & 1650 FWL, (Unit C) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

• The well will be drilled at an approved surface location within location unit letter N in Section 13.

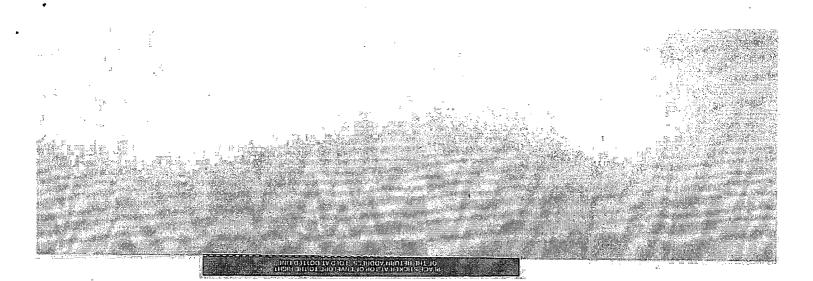
If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

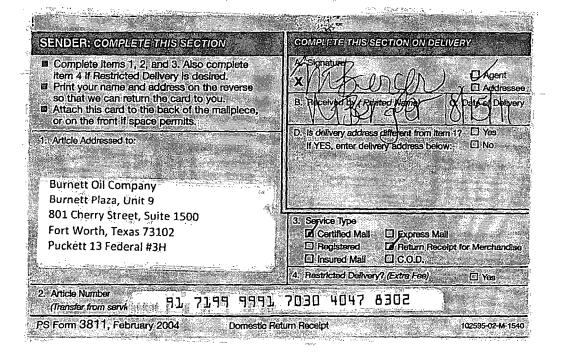
Stuart A. Dirks, CPL Senior Landman

2 B



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 Complete items 1; 2; and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse iteration. 	A⊧Signature X ⊡Agent 2 Addressee
so that we can return the card to you. Attach this card to the back of the mailplece, or on the front if space permits.	B: Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 1? Ves If YES, enter delivery address below: No
Zorro Partners 616 Téxas Street	
Fort Worth, TX 76102 Puckett 13 Federal #3H	S. Service Type Gentified Mall Express Mall Registered Zervice Mall Service Mall C.O.D.
	4: Restricted Delivery? (Extra Fee)
2. Article Number 91, 71,99,999	1 7030 4047 8289

PS Form 3811, February 2004 Domestic Raturn Receipt 102595-02-M-1540



COMPLETE THIS SECTION ON DELIVERY 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 A. Signa Agent Х Addressee so that we can return the card to you. B. Received latoot 2011 Name) AL Attach this card to the back of the maliplece, 10 (1)or on the front if space permits. D. Is delivery address different from item 1? Yes 1. Article Addressed to: If YES, enter delivery address below: Javalina Partners 616 Texas Street 3. Service Type Fort Worth, TX 76102 Express Mall Puckett 13 Federal #3H Return Receipt for Merchandlse Registered 🗖 C.O.D. Insured Mail 4. Restricted Delivery? (Extra Fee) 🖸 Yes 2. Article Number 7199 9991 7030 4047 8296 91 (Transfer from service label) 102585-02-M-1540 PS Form 3811, February 2004 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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 maliplece, or on the front if space permits. Article Addressed to: 	A. Signature X. L.
Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 13 Federal #3H	Saryice Type Cartified Mall Begistered Areturn Receipt for Mercha insured Mall C.O.D. A. Restricted Delivery? (<i>Drtra Fee</i>) Yee
2. Article Number (Transfer from service)	991 7030 4047 8289 8

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June 20, 2011

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U.S. Certified Mail Return Receipt Requested

OPY

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

RE: <u>New Well Proposal</u> Puckett "13" Federal #5H SHL: 75' FNL & 1940' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 1980 FEL, (Unit O) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LEC ("COG") proposes to drill the Puckett "13" Federal #5H, as a triple lateral well at the captioned location, or a legal location within said Unit B, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100 TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure	e(s)			L.		
DRE/rc						
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		Package ID: 917199999	1703040428444		Electronic Certified	1.3.5
		Destination ZIP Code: 7	6102		First Class Large Envelope	
	Confirmation	Customer Reference:	21			
	Services	Recipient: Dury	utte		PBP Account #: 41592288	2
		Address:			Serial #: 1364097	
		15 5 #			JUN 20 2011 4:06 PM	

YANG SO .

COMPLETE THIS SECTION ON DELIVERY

NDER: COMPLETE THIS SECTION P Complete items 1, 2, and 3. Also complete tem 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 malipiece, or on the front if space permits. B D. is delivery addre Article Addressed to:

Burnett Oil Company furnett Plaza, Unit 9 801 Cherry Street, Suite 1500 Fort worth, Texas 76102 Puckett 13 Federal #5H

3. Service Type Registered
 Return R
 Insured Mali
 C.O.D.

4. Restricted Delivery? (Extra Fee) Ves Article Number Transfer, from service label) 91.7.199.9991.7030.4042.8444 Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

If YES, enter delive

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ess below:

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:Puckett "13" Federal #5HPROSPECT NAME:PuckettSurf. Loc:75' FNL, 1940' FEL, Sec 13, 17S-31ECOUNTY & STATE:Eddy Co, NMBHL:330' FSL, 1980' FEL, Sec 13, 17S-31EOBJECTIVE:11021' MD (6600' TVD) Lower BlinebryWO/Pilot, 160 AcreVO/Pilot, 160 AcreVO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way »	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	territing and the second se	306	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208	······································	308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210		310		400,000
Fuel & Power	211		311	11,250	123,750
Water	212		312	75,000	105,000
Bits	213		313	1,000	46,000
Mud & Chemicals	214		314		25,000
Drill Stem Test	215		315		0
Coring & Analysis					0
Cement Surface	217	16,000			16,000
Cement Intermediate	218	16,000			16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	70,000	0
Float Equipment & Centralizers	221		321	15,000	18,500
Casing Crews & Equipment			322	13,000	20,000
Fishing Tools & Service	223		323	10,000	0
Geologic/Engineering	223		323	1,000	11,000
					and the second se
Contract Labor	225 226		325 326	30,000	40,000
Company Supervision Contract Supervision	226		326 327	4,000	4,000
Testing Casing/Tubing Mud Logging Unit	- ²²⁸ 229		328 329	1,500	5,500
And an and a state of the state			329 330	5,000	
Logging Perforating/Wireline Services	230			125,000	5,000
	231		331		128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334	100.000	0
Rentals-Surface	235		335	100,000	120,000
Rentals-Subsurface	236		336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237		337	100,000	140,000
Welding Services	238		338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241		341 .		0
Closed Loop & Environmental	244		344 .		120,000
Miscellaneous	242		342 .	1,000	6,000
Contingency	243		343	149,750	281,250
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing 6200' 2 7/8"			504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover			507		0
Rods			508	39,000	39,000
Pumps			509]	4,500	4,500
Tanks			510	20,000	20,000
Flowlines		· · ·	511]	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System	_		513		0
Packers/Anchors/Hangers	414		514		. 0
Couplings/Fittings/Valves	. 415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator	_	• •	517 -		0
Injection Plant/CO2 Equipment			518 -		0
Miscellaneous	419	1,000	519	1,000	2,000
Contingency	420	11,000	520	55,500	66,500
TOTAL TANGIBLES		112,000	_	602,000	714,000
TOTAL WELL COSTS		1,545,000	-	2,235,000	3,780,000
			•		
COG Operating LLC		6 .:			
		Data Branas de T	14.0 14	4	
By: J. Coffman / C. Bird		Date Prepared: 5	/16/1	I	
We approve:					
% Working Interest					
Company:					
By:					

By: Printed Name: Title:



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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME: Puckett "13" Federal #5H PROSPECT NAME: Puckett Surf. Loc: 75' FNL, 1940' FEL, Sec 13, 17S-31E COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry BHL: 330' FSL, 1980' FEL, Sec 13, 17S-31E WO/Pilot, 160 Acre **INTANGIBLE COSTS** <u>BCP</u> <u>ACP</u> TOTAL 10,000 10,000 Title/Curative/Permit 201 22,000 302 202 22,000 Insurance 203 303 0 Damages/Right of Way 0 204 304 Survey/Stake Location 10,000 305 10,000 20,000 205 Location/Pits/Road Expense 5,000 306 1,000 6,000 Drilling / Completion Overhead 206 Turnkey Contract 207 307 0 Foolage Contract 208 308 0 Daywork Contract 12:3 @ \$13000/day 156.000 39.000 195.000 209 309 310 350,000 Directional Drilling Services, With RS 210 350.000 68,000 17,000 85,000 311 Fuel & Power 211 Water 212 25,000 312 75,000 100,000 30,000 313 31,000 Bits 213 1,000 Mud & Chemicals 214 15,000 314 15.000 Drill Stem Test 215 315 0 0 Coring & Analysis 216 Cement Surface 217 0 0 Cement Intermediate 218 Cement 2nd Intermediate 7 218 319 0 Cement Squeeze & Other (NO Kickoff Plug) 220 320 Õ Float Equipment & Centralizers 321 0 221 13,000 Casing Crews & Equipment 322 13,000 222 Fishing Tools & Service 100,000 323 100,000 223 1.000 Geologic/Engineering 224 10,000 324 11.000 10.000 325 Contract Labor 225 30.000 40,000 4,000 2,000 Company Supervision Contract Supervision 226 2,000 326 227 17,000 327 4,200 21,200 Testing Casing/Tubing 228 4,000 328 5,500 1,500 229 12,000 329 12,000 Mud Logging Unit Logging 230 330 0 27,500 15,000 331 12,500 Perforating/Wireline Services 231 950,000 Stimulation/Treating 950,000 332 Completion Unit 12,000 333 45,000 57,000 Swabbing Unit 334 Ö 60,000 15,000 45,000 235 335 Rentals-Surface 60,000 336 10,000 70,000 Rentals-Subsurface 236 20,000 Trucking/Forklift/Rig Mobilization 237 40,000 337 60,000 Welding Services 238 3,000 338 1.500 4.500 339 Water Disposal 239 25,000 25.000 Plug to Abandon 240 340 0 Seismic Analysis 241 341 0 50,000 344 50,000 **Closed Loop & Environmental** 244 242 342 1.000 Miscellaneous 5.000 6.000 105,000 131,300 Contingency 243 343 236,300 TOTAL INTANGIBLES 1,151,000 1,436,000 2,587,000 TANGIBLE COSTS Surface Casing 401 1,200 402 503 Intermediate Casing 0 Production Casing/Liner 4200' - 4.5' 503 51,000 51,000 Tubing 504 0 Wellhead Equipment 405 505 0 Pumping Unit 506 0 Prime Mover 507 0 Rods 508 Õ Pumps 509 0 Tanks 510 0 Flowlines 0 511 Heater Treater/Separator 512 0 Electrical System 513 0 Packers/Anchors/Hangers 230,000 514 230,000 414 Couplings/Fittings/Valves 415 2,000 515 25,000 27,000 Gas Compressors/Meters 516 4.000 4.000 517 Dehydrator 0 Injection Plant/CO2 Equipment 518 0 Miscellaneous 419 1,000 519 1,000 2,000 1,000 32,000 33.000 Contingency 420 520 TOTAL TANGIBLES 4,000 343,000 347,000 TOTAL WELL COSTS 1,155,000 1,779,000 2,934,000 COG Operating LLC By: J. Coffman / C. Bird 5/17/11 Date Prepared: We approve:

_____% Working Interest
Company:
By:
Printed Name:
Title:
Detted

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



WELL NAME: Puckett "13" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 75' FNL, 1940' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 1980' FEL, Sec 13, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	·

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INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,0
Insurance	202	22,000	302		22,0
Damages/Right of Way			303		
Survey/Stake Location	204		304		
_ocation/Pits/Road Expense	205	10,000	305	10,000	20,0
Drilling / Completion Overhead	- ²⁰⁵ -	5,000	306	1,000	6,0
Furnkey Contract	- 200 -	5,000	307	1,000	
Footage Contract			308		
		156.000	308	20.000	405.0
Daywork Contract 12:3 @ \$13000/day	209	350,000		39,000	195,0
Directional Drilling Services, With RS	210		310	47.000	350,0
uel & Power	211	68,000	311	17,000	85,0
Vater	212	25,000	312	75,000	100,0
lits	213	30,000	313	1,000	31,0
Aud & Chemicals	214	15,000	314		15,0
Drill Stem Test	215		315		'.o.
oring & Analysis	216				*
ement/Surface	217				
Cement Intermediate	218				
ement 2nd Intermediate 7*	218		319		
ement Squeeze & Other (NO Kickoff Plug)	220		320		
loat Equipment & Centralizers	221		321		A'-
asing Crews & Equipment	222		322	13,000	13,0
ishing Tools & Service		100,000	323		100,0
eologic/Engineering	224	10,000	324	1,000	11.0
Contract Labor	- 225 -	10,000	325	30,000	40.0
Company Supervision	226	2,000	326	2,000	4.0
ontract Supervision	- 227 -	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,
Aud Logging Unit	- 229 -	12,000	329	1,000	12,0
ogging	- 230 -	, 12,000	330		
erforating/Wireline Services	- 230 -	15,000	331	12,500	27,5
	_ 231 _	15,000	332	950,000	950,0
timulation/Treating		40.000	333		
ompletion Unit		12,000		45,000	57,0
wabbing Unit	— —	15.000	334	45.000	
lentals-Surface	235	15,000	335	45,000	60,0
entals-Subsurface	236	60,000	336	10,000	70,0
rucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,0
/elding Services	238	3,000	338	1,500	4,5
/ater Disposal	239		339	25,000	25,0
lug to Abandon	240	<u>.</u>	340	· · · · · · · · · · · · · · · · · · ·	<u> </u>
eismic Analysis	241		341		
losed Loop & Environmental	244	50,000	344		50,0
fiscellaneous	242	5,000	342	1,000	6.0
Contingency	243	105,000	343	131,300	236,3
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,0
	401				1,2
urface Casing	- 401		503		
	402		503	51,000	51,0
roduction Casing/Liner 4200' - 4.5"	- -		503 504	51,000	51,0
ubing			504		
/ellhead Equipment	405				
umping Unit			506		
rime Mover			507		
ods			508		
umps			509		
anks			510	·•	
owlines			511	· · · · · · · · · · · · · · · · · · ·	
eater Treater/Separator			512		<u> </u>
lectrical System	-		513		
ackers/Anchors/Hangers	414		514	230,000	230,0
ouplings/Fittings/Valves	415	2,000	515	25,000	27,0
as Compressors/Meters			516	4,000	4,0
ehydrator			517		
jection Plant/CO2 Equipment			518		
liscellaneous	419	1,000	519	1,000	2,0
ontingency	420	1,000	520	32,000	33,0
TOTAL TANGIBLES		4,000		343,000	347,0
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,0
				,	<u> </u>
COG Operating LLC					
, , , , , , , , , , , , , , , , , , ,					

We approve: _____% Working Interest

Company: By:

Printed Nar Title:

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

June 20, 2011

U.S. Certified Mail **Return Receipt Requested**

Javalina Partners 616 Texas Street Fort Worth, TX 76102

Eddy County, New Mexico

1

RE:

New Well Proposal Puckett "13" Federal #5H SHL: 75' FNL & 1940' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 1980 FEL, (Unit O) of Section 13, T17S, R31E

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #5H, as a triple lateral well at the captioned location; or a legal location within said Unit B; to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021 MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000,00 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.

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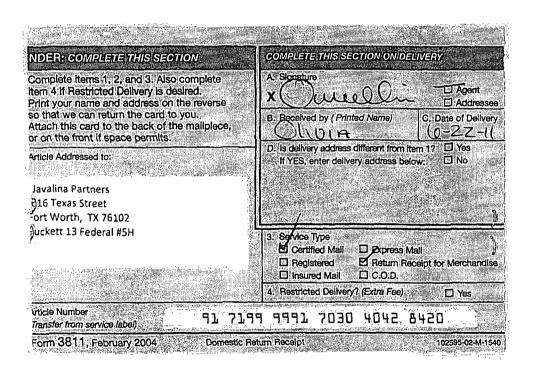
If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc Π Package ID: 9171999991703040428420 **Electronic Certified** Destination ZIP Code: 76102 First Class Large Envelope Confirmation Customer Reference: Recipient: ana PBP Account #: 41592288 Services Address Serial #: 1364097 JUN 20 2011 4:07 PM







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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

 WELL NAME:
 Puckett "13" Federal #5H
 PROSPECT NAME: Puckett

 Surf. Loc:
 75' FNL, 1940' FEL, Sec 13, 17S-31E
 COUNTY & STATE: Eddy Co, NM

 BHL:
 330' FSL, 1980' FEL, Sec 13, 17S-31E
 OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

 WO/Pilot, 160 Acre
 WO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000		<u> </u>	10,000
insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303	·······	15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307	. <u> </u>	0
Footage Contract	208	000.000	308	, , , , , , , , , , , , , , , , , , ,	0
Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS	209 210	260,000	309 310	26,000	286,000
Fuel & Power	210	112,500	311	11,250	400,000
Water	212	30,000	312	75,000	105,000
Bits	213	45,000	313	1,000	46,000
Mud & Chemicals	214	25,000	314		25,000
Drill Stem Test	215		315		0
Coring & Analysis	216	·			0
Cement Surface	217	16,000			16,000
Cement Intermediate	218	16,000			16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222	7,000	322	13,000	20,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2.000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing Mud Logging Unit	228 229	16,000	328 329	1,500	5,500
Logging	229		330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating	201	5,500	332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency TOTAL INTANGIBLES	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000		1,033,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260.000
Tubing 6200' 2 7/8"		·····	504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover			507		0
Rods		\$9	508	39,000	39,000
Pumps			509	4,500	4,500
Tanks			510	20,000	20,000
Flowlines		······	511	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System			513		0
Packers/Anchors/Hangers Couplings/Fittings/Valves	414 415	2,000	514	25,000	0
Gas Compressors/Maters	415	2,000	515 516	4,000	4,000
Dehydrator			517	4,000	<u></u>
Injection Plant/CO2 Equipment			518	·····	
Miscellaneous	419	1.000	519	1,000	2,000
Contingency	420		520	55,500	66,500
TOTAL TANGIBLES		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,000
COG Operating LLC		jue			
By: J. Coffman / C. Bird		Date Prepared:	5/16/1	1	
We approve: % Working Interest					
Company					
Company:					
<u></u>					

This AFE is only an estimate. By signing you agree to pay your share

Printed Name: Title:





WELL NAME: Puckett "13" Federal #5H PROSPECT NAME: Puckett
 Surf. Loc:
 75' FNL, 1940' FEL, Sec 13, 17S-31E

 BHL:
 330' FSL, 1980' FEL, Sec 13, 17S-31E

 WO/Pilot, 160 Acre
 COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry **INTANGIBLE COSTS** <u>BCP</u> \mathbf{r}_{i} <u>ACP</u> TOTAL Title/Curative/Permit Insurance 10,000 22,000 302 201 202

Title/Curative/Permit		BCP		ACP	TOTAL
	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203		303		0
Survey/Stake Location	204		304		0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract			307	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	0
Footage Contract	208	·	308		0
Daywork Contract 12:3 @ \$13000/day		156,000	309	39,000	195,000
Directional Drilling Services, With RS		350,000	310	33,000	350,000
Fuel & Power		68,000		17,000	85,000
Water		25,000	312	75,000	100,000
a second a s	213	30,000	313		
				1,000	31,000
Mud & Chemicals	214	15,000	314		15,000
Drill Stem Test	215		315		0
Coring & Analysis	216			<i>ü</i>	0
Cement Surface	217				0
Cement Intermediate	218				0
Cement 2nd Intermediate 7"	218		319		0
Cement Squeeze & Other (NO Kickoff Plug)	220	<u> </u>	320	·	0
Float Equipment & Centralizers	221		321	·	0
Casing Crews & Equipment	222		322	13,000	13,000
Fishing Tools & Service	223	100,000	323		100,000
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329		12,000
Logging	230		330		0
Perforating/Wireline Services		15,000	331	12,500	27,500
Stimulation/Treating			332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit			334		0
Rentais-Surface	235	15,000		45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	<u> </u>	40,000		20,000	60,000
Welding Services	238	3,000	338	1,500	4,500
		3,000	339		25,000
Water Disposal	239 240		339 340	25,000	0
Plug to Abandon			340		0
Seismic Analysis Closed Loop & Environmental	241	. 50,000	344		50,000
	244		-		
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	105,000	343 -	131,300	236,300
TOTAL INTANGIBLES		1,151,000	-	1,436,000	2,567,000
TANGIBLE COSTS					
Surface Casing	401		-		1,200
Intermediate Casing	402		503		0
Production Casing/Liner 4200' - 4.5"			503	51,000	51,000
Tubing			504		0
Wellhead Equipment	405	······	505		0
Pumping Unit		<u></u>	506	<u> </u>	0
Prime Mover			507	<u> </u>	0
Rods			508		0
Pumps			509		0
Tanks			510		0
Flowlines			511		0
Heater Treater/Separator	<u> </u>		512		0
Heater Treater/Separator		·····	-		0
		· · ·	513 514	230,000	230,000
Packers/Anchors/Hangers	414	2.000	-	A REAL PROPERTY AND A REAL PROPERTY A REAL PROPERTY AND A REAL PROPERTY AND A REAL PRO	the second s
Couplings/Filtings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator		<u>`</u>	517	<u> </u>	0
njection Plant/CO2 Equipment			518	3	0
Miscellaneous	419		-	1,000	2,000
أسرحا والمتنا كالكر الألباب فسير أستبرج والمترج والمترج والمتحد والمتحد والمتحد والمتحد والمتحد والمتحد	420		520	32,000	33,000
Contingency		4,000		343,000	347,000
O	·	1,155,000	-	1,779,000	2,934,000

We approve: ____% Working Interest

Company: By:

Printed Name: Title:

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



WELL NAME: Puckett "13" Federal #5H Surf. Loc: 75' FNL, 1940' FEL, Sec 13,	17S-31E	PROSPECT I COUNTY & S		Eddy Co, NM	
3HL: 330' FSL, 1980' FEL, Sec 13, 175				MD (5500' TVD) Pa	ddock
WO/Pilot, 160 Acre					
NTANGIBLE COSTS		BCP		ACP	TOTAL
Ille/Curative/Permit	201	10,000		······	10,0
nsurance	202	22,000	302		22,0
Damages/Right of Way	203		303		
Survey/Stake Location	204		304		
ocation/Pits/Road Expense Drilling / Completion Overhead	205 206	10,000	305 <u>-</u> 306 -	10,000	20,0
urnkey Contract	200		307	1,000	0,0
ootage Contract	208		308		····
aywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
Directional Drilling Services, With RS	210 211	350,000 68,000	310	17,000	<u>350,0</u> 85,0
Valer	212	25,000	312	75.000	100,0
lits	213	30,000	313	1,000	31,0
Aud & Chemicals	214	15,000	314		15,0
Drill Stem Test	215		315		
Coring & Analysis	216 217				
ement Intermediate	218	·····	_		
ement 2nd Intermediate 7*	218		319		
cement Squeeze & Other (NO Kickoff Plug)	220		320		······
loat Equipment & Centralizers	221		321		
Casing Crews & Equipment	- 222	100.000	³²² 323 —	13,000	13,0
ishing Tools & Service Beologic/Engineering	223 224	100,000	323	1,000	11.0
Contract Labor	225	10,000	325	30,000	40,0
ompany Supervision	226	2,000	326	2,000	4,0
ontract Supervision	227	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
lud Logging Unit	229	12,000	329 330	<u></u> :	12,0
erforating/Wireline Services	230	15,000	331	12,500	27,5
timulation/Treating			332	950,000	950,0
completion Unit		12,000	333	45,000	57,0
wabbing Unit			334		
lentals-Surface	235	15,000	335	45,000	60,0
Ientals-Subsurface rucking/Forklift/Rig Mobilization	236 	60,000	336 337	20,000	60,0
Velding Services	238	3,000	338	1,500	4,5
Vater Disposal	239		339	25,000	25,0
lug to Abandon	240		340		
eismic Analysis	241 	50,000	³⁴¹ 344 —	· · · · · · · · · · · · · · · · · · ·	50,0
fiscellaneous	- ²⁴⁴ 242	5,000	342	1,000	6,0
ontingency	243	105,000	343	131,300	236,3
TOTAL INTANGIBLES	·	1,151,000	_	1,436,000	2,587,0
	_				
ANGIBLE COSTS					
uríace Casing	401		503 —		1,2
Itermediate Casing roduction Casing/Liner 4200' - 4.5"	402		503	51,000	51,0
ubing	_ ·		504		
/ellhead Equipment	405		505		
umping Unit			506		
rime Mover ods			507 508		
umps			509	<u> </u>	
anks	-		510		*****
owlines			511		
eater Treater/Separator			512		
ectrical System ackers/Anchors/Hangers	414		513 514	230,000	230,0
ouplings/Fittings/Valves	415	2,000	515	25,000	27,0
as Compressors/Meters			516	4,000	4,0
ehydrator			517		
jection Plant/CO2 Equipment	419	1,000	518 <u>-</u>	1,000	2,0
iscellaneous	419	1,000	520	32,000	
TOTAL TANGIBLES		4,000		343,000	347,0
TOTAL WELL COSTS		1,155,000	_	1,779,000	2,934,0

We approve: ____% Working Interest

Company: By:

Printed Name: Title:

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

June 20, 2011

U.S. Certified Mail Return Receipt Requested

3

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal

Pučkett "13" Federal #5H SHL: 75' FNL & 1940' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 1980 FEL, (Unit O) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #5H, as a triple lateral well at the captioned location, or a legal location within said Unit B, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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.

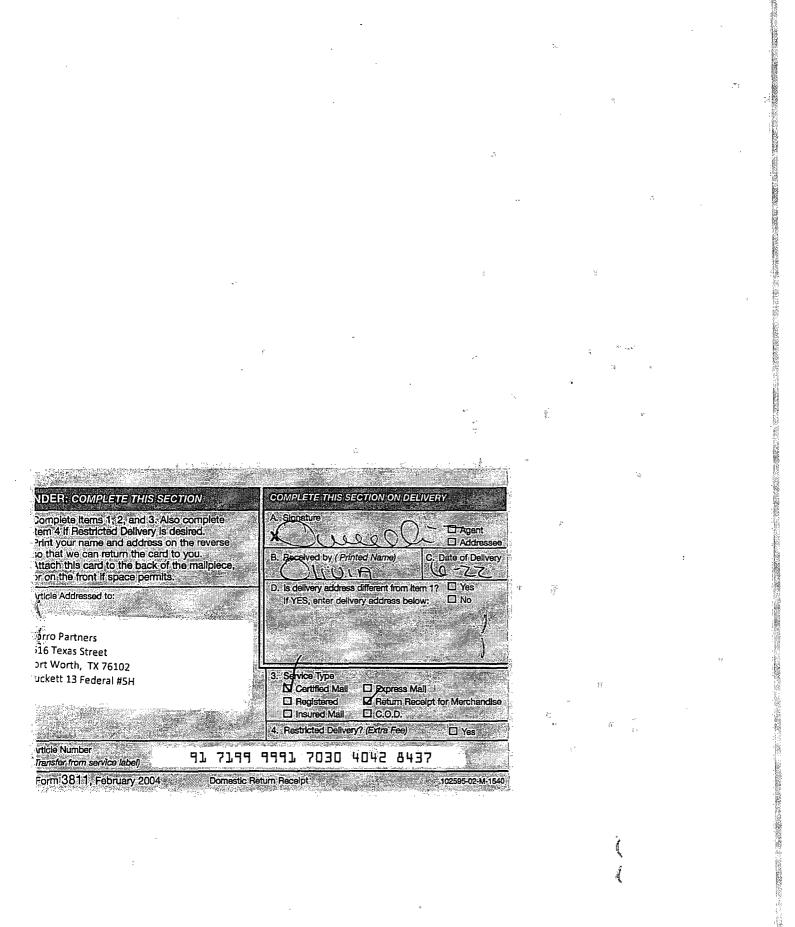
If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (~) N DRF/rc **Electronic** Certified Package ID: 9171999991703040428437 First Class Large Envelope Destination ZIP Code: 76102 Customer Reference: Recipient: <u>ZO/C</u> Address: / 3 # Confirmation Recipient: PBP Account #: 41592288 Services Serial #: 1364097 Address: ⊇# JUN 20 2011 4:05 PM



Section 2





COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

 WELL NAME:
 Puckett "13" Federal #5H
 PROSPECT NAME:
 Puckett

 Surf. Loc:
 75' FNL, 1940' FEL, Sec 13, 17S-31E
 COUNTY & STATE:
 Eddy Co, NM

 BHL:
 330' FSL, 1980' FEL, Sec 13, 17S-31E
 OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

 WO/Pilot, 160 Acre
 330' FSL 100' FSL 100'

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205		305 65,000	
Drilling / Completion Overhead	206		306 1,000	
Turnkey Contract	207		307	0
Footage Contract	- 208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 26,000	286,000
Directional Drilling Services, With RS	210		310	400,000
Fuel & Power	211	*****	311 11,250	
Water	212		312 75,000	105,000
Bits	213		313 1,000	
Mud & Chemicals	214		314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216	· · ·		
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	······	320	0
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	- 222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224		324 1,000	11,000
Contract Labor	225		325 30,000	
Company Supervision	- 226		326 2,000	
Contract Supervision	- 227		327 4,000	
Testing Casing/Tubing	228	and the second s	328 1,500	
Mud Logging Unit	- 229		329	16,000
Logging	230	the second se	330 5,000	The second se
Perforating/Wireline Services	231		331 125,000	
Stimulation/Treating	-		332 760,000	-
Completion Unit	-		333 40,000	
Swabbing Unit	-		334	
Rentals-Surface	- 235		335 100,000	
Rentals-Subsurface	235		336 10,000	
Trucking/Forklift/Rig Mobilization	230	and the second se	337 100,000	
Welding Services	- 238		338 1,500	
Water Disposal	239	and the second statement of th	339 25,000	
Dive to Abaadaa	- 200		340	
Seismic Analysis	240		340	<u> </u>
Closed Loop & Environmental	244		344	120,000
Miscellaneous	242		342 1,000	
Contingency	243		343 149,750	
TOTAL INTANGIBLES	- 240	1,433,000	1,633,000	
	-	1,400,000	1,000,000	
TANGIBLE COSTS				
Surface Casing 550' 13 3/8"	401	20.000		1 200
Intermediate Casing 350 13 5/8"	401	20,000	503	1,200
Production Casing/Liner 6900' - 7", 4200' - 5.5"	- 402			48,000
Tubing 6200' 2 7/8"	-		······	
Wellhead Equipment	405		······	
	- 403			
Pumping Unit	-	And the second s	506 97,000	• •••••••••••••••••••••••••••••••••••••
Prime Mover	-		507 20.000	0
Rods	-		508 39,000	
Pumps Tanks	•		509 4,500	
	•		510 20,000	
Flowlines	-	· · · · · · · · · · · · · · · · · · ·	511 15,000	
	-		51225,000	
Electrical System			513	
Packers/Anchors/Hangers	414		514	0
Couplings/Fillings/Valves	415		515 25,000	
Gas Compressors/Meters	•		516 4.000	
Dehydrator			517	0
Injection Plant/CO2 Equipment	419		518 5191,000	2,000
	419		520 55,500	
Contingency TOTAL TANGIBLES	- 420	112,000	602,000	
TOTAL WELL COSTS		1,545,000	2,235,000	
	•	1,040,000	2,233,000	
COG Operating LLC		Х.	·\$	•••
By: J. Coffman / C. Bird		Date Prepared: 5/	/16/11	
	•			
We approve: % Working Interest				
Company				
Company:By:	•			
- y.	_			

Printed Name: Title:

This AFE is only an estimate. By signing you agree to pay your share





WELL NAME: Puckett "13" Federal #5H **PROSPECT NAME: Puckett** Surf. Loc: 75' FNL, 1940' FEL, Sec 13, 17S-31E COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry BHL: 330' FSL, 1980' FEL, Sec 13, 17S-31E WO/Pilot, 160 Acre INTANGIBLE COSTS <u>BCP</u> <u>ACP</u> TOTAL 10,000 10,000 Title/Curative/Permit 201 22,000 302 22,000 202 Insurance 303 0 Damages/Right of Way 203 Survey/Stake Location Location/Pits/Road Expense 304 0 204 10,000 305 10,000 20,000 205 5,000 306 1,000 6,000 Drilling / Completion Overhead 206 207 307 0 Turnkey Contract Footage Contract 208 308 0 Daywork Contract 12:3 @ \$13000/day 195,000 156.000 39,000 209 309 350,000 310 350,000 Directional Drilling Services, With RS 210 68,000 85,000 311 17,000 211 Fuel & Power Water 212 25,000 312 75,000 100,000 Bits 213 30,000 313 1,000 31,000 Mud & Chemicals 15,000 214 15,000 314 0 Drill Stem Test 215 315 216 0 Coring & Analysis Cement Surface 217 0 0 Cement Intermediate 218 0 319 Cement 2nd Intermediate 7 218 Cement Squeeze & Other (NO Kickoff Plug) 0 320 220 Float Equipment & Centralizers 221 321 0 13,000 Casing Crews & Equipment 222 322 13,000 100.000 100,000 Fishing Tools & Service 223 323 11,000 224 10,000 324 1,000 Geologic/Engineering 225 10,000 325 30,000 40,000 Contract Labor **Company Supervision** 226 2,000 326 2,000 4.000 17.000 4.200 Contract Supervision 227 327 21,200 5,500 328 Testing Casing/Tubing 228 4,000 1,500 229 12,000 329 12,000 Mud Logging Unit 230 330 0 Logging 27,500 15,000 331 12,500 Perforating/Wireline Services 231 950,000 Stimulation/Treating 332 950,000 12,000 333 45,000 57,000 **Completion Unit** 334 Swabbing Unit 0 60.000 235 15,000 335 45.000 Rentals-Surface Rentals-Subsurface 236 60,000 336 10,000 70,000 40,000 60,000 237 337 20,000 Trucking/Forklift/Rig Mobilization 3,000 1,500 4,500 Welding Services 238 338 Water Disposal 239 339 25,000 25,000 Plug to Abandon 240 340 0 241 341 0 Seismic Analysis 244 50,000 344 50,000 Closed Loop & Environmental Miscellaneous 242 5,000 342 1.000 6,000 Contingency 243 105,000 343 131,300 236,300 TOTAL INTANGIBLES 2,587,000 1,151,000 1,436,000 **TANGIBLE COSTS** 1,200 Surface Casing 401 Intermediate Casing 402 503 0 51,000 Production Casing/Liner 4200' - 4.5' 503 51.000 Tubing 504 0 Wellhead Equipment 405 505 0 Pumping Unit 506 0 Prime Mover 507 0 Rods 508 0 0 509 Pumps Tanks 510 0 Flowlines 511 0 0 Heater Treater/Separator 512 Electrical System 513 0 Packers/Anchors/Hangers 414 514 230,000 230,000 3 2,000 515 Couplings/Fittings/Valves 415 25.000 27.000 Gas Compressors/Meters 516 4,000 4,000 517 0 Dehydrato Injection Plant/CO2 Equipment 518 0 419 1,000 Miscellaneous 519 1,000 2,000 1,000 32,000 33,000 Contingency 420 520 TOTAL TANGIBLES 4,000 343,000 347.000 TOTAL WELL COSTS 1.155.000 1.779.000 2.934.000 COG Operating LLC By: J. Coffman / C. Bird Date Prepared: 5/17/11 We approve: % Working Interest Company: By: Printed Name

Title:

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WELL NAME: Puckett "13" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 75% FNL, 1940' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 1980' FEL, Sec 13, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

Title/Curative/Permit		BCP		ACP	TOTAL
nile/Curative/Permit	201	10,000		·	10,
nsurance	202	22,000	302		22,
Damages/Right of Way	203		303		
Survey/Stake Location	204		304		· · · · · · · · · · · · · · · · · · ·
.ocation/Pits/Road Expense	- 204	10.000	305	40.000	
	-	10,000		10,000	20,
Drilling / Completion Overhead	206	5,000	306	1,000	
Furnkey Contract	207		307		
oolage Contract	° 208		308		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,
Directional Drilling Services, With RS	210	350,000	310		350,
uel & Power	211	68,000	311	17,000	85,
Vater	212	25,000	312	75,000	100.
	-				
its	213	30,000	313	1,000	31,
fud & Chemicals	214	15,000	314		15,
Drill Stem Test	215		315		
oring & Analysis	216				
ement Surface	217	· · · · · · · · · · · · · · · · · · ·	•		<u></u>
ement Intermediate	218		•		
	-	<u> </u>	240		
ement 2nd Intermediate 7"	218		319		
ement Squeeze & Other (NO Kickoff Plug)	220		320		
loat Equipment & Centralizers	221	· · · · · · · · · · · · · · · · · · ·	321		
Casing Crews & Equipment	. 222		322	13,000	13,
ishing Tools & Service	223	100,000	323		100,
eologic/Engineering	224	10,000	324	1,000	
			•		
ontract Labor	. 225	10,000	325	30,000	40,
ompany Supervision	226	2.000	326	2,000	4,
ontract Supervision	227	17,000	327	4,200	21,
esling Casing/Tubing	228	4,000	328	1,500	
Sud Logging Unit	229	12,000	329	»	12,
ogging	230		330		
Perforating/Wireline Services	230	15,000	331	12,500	27,
	231	15,000	-		
itimulation/Treating		· · · · · · · · · · · · · · · · · · ·	332	950,000	950,0
Completion Unit		12,000	333	45,000	
wabbing Unit			334		
lentals-Surface	235	15,000	335	45,000	60,
lentals-Subsurface	236	60,000	336	10,000	70,
rucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,0
	238	3,000	338	1,500	4,
Velding Services	•		-		
Vater Disposal	239		339	25,000	25,0
Plug to Abandon	240		340		
eismic Analysis	241		341		
Closed Loop & Environmental	244	50,000	344		50,0
Aiscellaneous	242	5,000	342	1,000	6,0
	243	105,000	343	131,300	236,
Contingency	. 243	1.151.000	343 -	1,436,000	2.587.0
TOTAL INTANGIBLES		1,151,000		1,436,000	2,367,
TANGIBLE COSTS					
Surface Casing	401				1,1
ntermediate Casing	402		503		
Production Casing/Liner 4200' - 4.5"	, , , , , , , , , , , , , , , , , , , ,		503	51,000	51,
				51,000	
ubing	•		504		<u> </u>
Vellhead Equipment	405		505		·····
umping Unit			506		
Prime Mover			507		
Rods		<u> </u>	508	······	
rumps 3			509	· · · · ·	
umpa	,	<u></u>	510		·
anks		<u> </u>			
lowlines			511		
leater Treater/Separator			512		
Electrical System			513		
Packers/Anchors/Hangers	414	·····	514	230,000	230,0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,0
Gas Compressors/Meters			516	4,000	4,0
			517	-,,000	
Dehydrator	•		-		
njection Plant/CO2 Equipment	·		518		
liscellaneous	419	1,000	519	1,000	2.
Contingency	420	1,000	520	32,000	33,
TOTAL TANGIBLES		4,000	: -	343,000	347,
TOTAL WELL COSTS		1,155,000	-	1,779,000	2,934,
			-		<u></u>
		:*		5	
COG Operating LLC	¥.				
COG Operating LLC By: J. Coffman / C. Bird	y	Date Prepared:	5/17/1	1	
		Date Prepared:	5/17/1	1	

Company By:

Printe Title:

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

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August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

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

RE: Amendment to New Well Proposal Puckett "13" Federal #5H SL: 140' FNL & 1907' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 2310 FEL, (Unit O) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

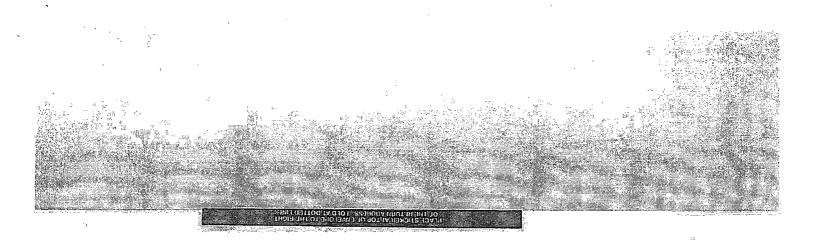
The well will be drilled at an approved surface location within location unit letter • B in Section 13.

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, CPL Senior Landman



	COMPLETE THIS SECTION ON DELIVERY
 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 maliplece, or on the front if space permits. 	A. Signature A. Agent Addresse B. Received by (<i>Frinted Name</i>) C.* Date of Delivery D. Is delivery address different from tem 1?
1: Article Addressed to: Burnett Oil Company	If YES, enter delivery address below:
Burnett Plaza, Unit 9 801 Cherry Street, Suite 1500 Fort Worth, Texas 73102 Puckett 13 Federal #5H	3. Service Type Certified Mall Express Mall Registered Return Receipt for Merchandise Insured Mall C.O.D.
2 Article Number	4. Restricted Delivery? (Extra Fee) □ Yes

.



August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Javelina Partners 616 Texas Street Fort Worth, TX 76102

RE: Amendment to New Well Proposal Puckett "13" Federal #5H SL: 140' FNL & 1907' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 2310 FEL, (Unit O) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

The well will be drilled at an approved surface location within location unit letter • B in Section 13.

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, CPL Senior Landman

COMPLETE THIS SECTION ON DELIVERY 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 A. Signature Agent Х Addressee so that we can return the card to you. Attach this card to the back of the mailplece, or on the front if space permits. C. Date of Delivery B. Received by (Printed Name) D. Is delivery address different from Item 1? . D. Yes 1. Article Addressed to: If YES, enter delivery address below: 2 D No. s y K Javalina Partners 616 Texas Street Fort Worth, TX 76102 3. Service Type Puckett 13 Federal #5H Certified Mali Express Mail Return Receipt for Merchandise
 C.O.D. Registered Insured Mail 4. Restricted Delivery? (Extra Fee) 🖸 Yes 2. Article Number 91 7199 9991 7030 4047 8265 (Transfer from service PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154



August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: Amendment to New Well Proposal Puckett "13" Federal #5H SL: 140' FNL & 1907' FEL (Unit B) of Section 13, T17S, R31E BHL: 330' FSL & 2310 FEL, (Unit O) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

• The well will be drilled at an approved surface location within location unit letter B in Section 13.

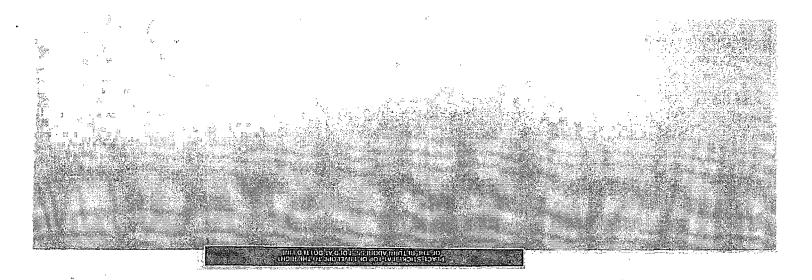
If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

28.1

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman



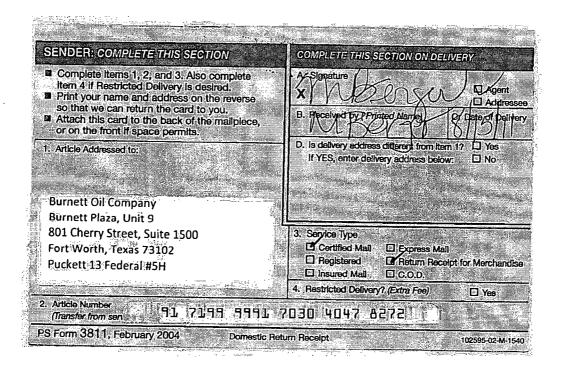
Lan. C. A. Martin SENDER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVERY Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 Print your name and address on the reverse A. Signature Agent X Addressee so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery Attach this card to the back of the mailplece, or on the front if space permits. D. Is delivery address different from item 1? Yes 1. Article Addressed to: If YES, enter delivery address below: 💷 🖸 No. Zorro Partners 616 Texas Street Service Type Certified Mail Registered Fort Worth, TX 76102 Express Mail Puckett 13 Federal #5H D Insured Mall C.O.D. Restricted Delivery? (Extra Fee) 🖸 Yes Article Number 91 7199 9991 7030 4047 8258 (Transfer from service lal

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

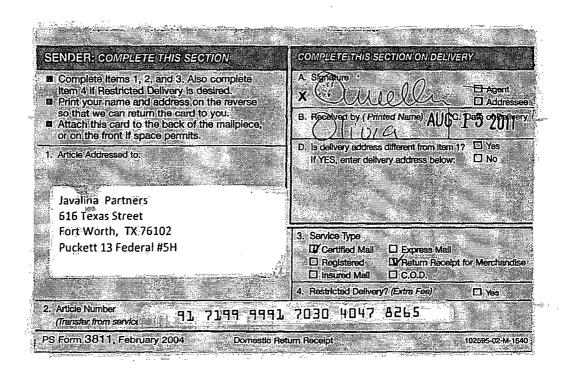
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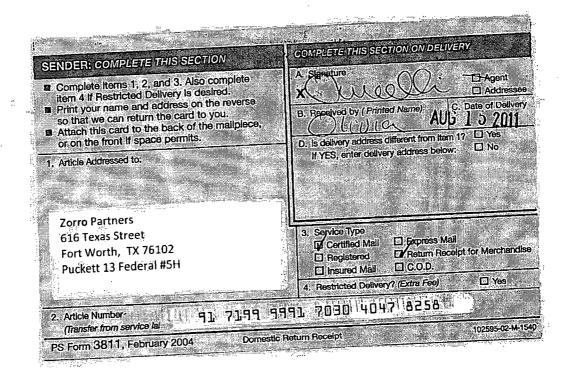
Puckett 13 Fed #5H Amendment ltr 8 11 2011 mail receipts.pdf



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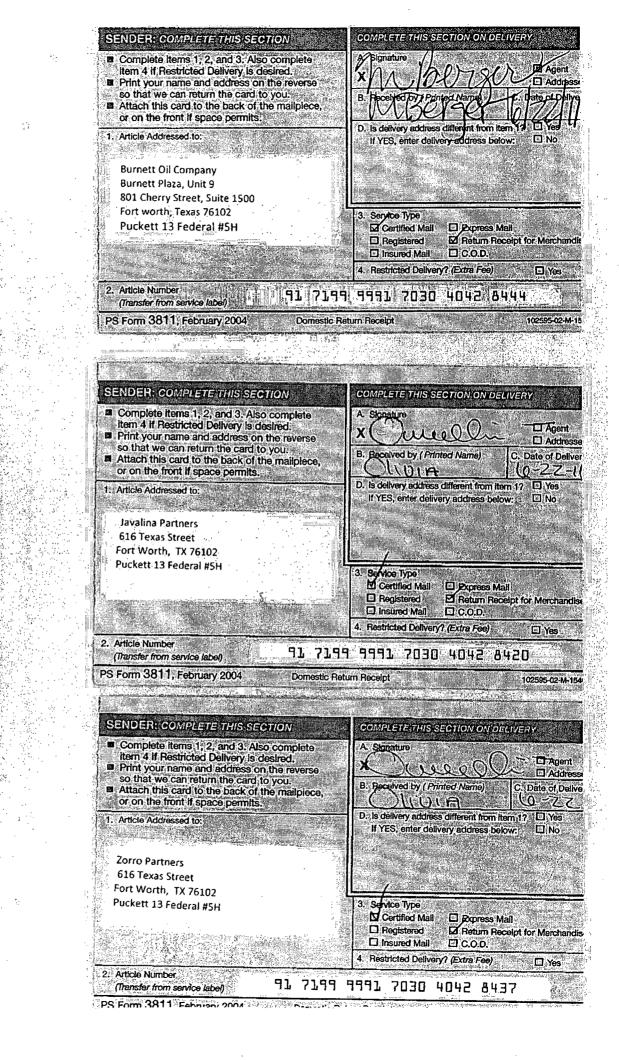
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14:56:35 Puckett 13 Fed #5H mail receipt.pdf



COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. Q Agen Print your name and address on the reverse Attach this card to the back of the mailplece, or on the front if space permits. Yes D. Is delivery address different from Item 1? 1. Article Addressed to: If YES, enter delivery address below: 🖸 No **Burnett Oil Company** Burnett Plaza, Unit 9 3. Service Type 801 Cherry Street, Suite 1500 Certified Mail Express Mall Fort Worth, Texas 73102 Registered Puckett:13 Federal #5H D Insured Mail 🖸 C.O.D. 4. Restricted Delivery? (Extra Fee) 🗋 Yes 2. Article Number 91 7199 9991 7030 4047 8272 (Transfer from sen PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

616 Texas Street Fort Worth, TX 76102 Puckett 13 Federal #5H If Cortflied Mail Is Registered Insured Mail Insured Mail<	 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 maliplece, or on the front if space permits. Article Addressed to: Javalina Partners 	A. Startature X
2. Article Number 91, 71,99,9991, 7030, 4047, 8265		Certified Mail Express Mail Registered Insured Mail C.O.D.
	2. Article Number (Transfer from service 91, 7199, 9991)	7030 4047 8265

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2. .

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SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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 maliplece, or on the front if space permits. Article Addressed to: 	A Seneture X
Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 13 Federal #5H	3. Service Type Ø Certified Mail Express Mail Pregistered Ø Return Receipt for Merchar Insured Mail C.O.D. 4. Restricted Delivery? (Extra Fee) Yes

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CONCHI

May 25, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: New Well Proposal

Puckett "13" Federal #7H SHL: 83' FNL & 970' FEL (Unit A) of Section 13, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit P) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #7H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

4 Vars avid

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s)

DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

WELL NAME: Puckett "13" Federal #7H SHL:83' FNL & 970' FEL, Sec. 13-17S-31E BHL: 330' FSL & 990' FEL, Sec. 13-17S-31E Pilot- 160 Acre

Water

Bits

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

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INTANGIBLE COSTS BCP ACP TOTAL Title/Curative/Permit 201 10,000 10,000 Insurance 202 22.000 302 22,000 Damages/Right of Way 203 15,000 303 15,000 Survey/Stake Location 204 3,000 304 3,000 Location/Pits/Road Expense 205 40,000 305 05,000 65,000 Drilling / Completion Overhead 206 5,000 306 1,000 6,000 307 **Turnkey Contract** 207 Footage Contract 208 308 Daywork Contract 20:2 @ \$13000/day 209 260,000, 309 26,000 286,000 Directional Drilling Services, With RS 210 400,000 310 400,000 Fuel & Power 211 112,500 311 11.250 123,750 212 30,000 312 75.000 105.000 213 45,000 313 1,000 46.000 25,000 314 Mud & Chemicals 214 25,000 215 315 Drill Stem Test Coring & Analysis 216 217 16,000 16,000 Cément Surface Cement Intermediate 218 16,000 16.000 319 Cement Production 7"x5.5" 218 70,000 70,000 320 220 Cement Squeeze & Other (NO Kickoff Plug) 3,500 321 18,500 Float Equipment & Centralizers 221 15,000 Casing Crews & Equipment 222 7,000 322 13,000 20,000 Fishing Tools & Service 223 323 10,000 324 1,000 11,000 224 Geologic/Engineering 10,000 325 30,000 40,000 225 Contract Labor **Company Supervision** 226 2,000 326 2,000 4,000 Contract Supervision 227 28,000 327 4.000 32.000 5,500 228 4.000 328 1,500 Testing Casing/Tubing 16,000 16,000 329 229 Mud Logging Unit 230 0 330 5,000 5,000 Logging 3,500 331 125,000 128,500 Perforating/Wireline Services 231 760.000 Stimulation/Treating 332 760,000 333 40,000 Completion Unit 40,000 334 Swabbing Unit 20,000 235 335 100,000 120,000 Rentals-Surface Rentals-Subsurface 40,000 236 30,000 336 10,000 140,000 337 100,000 Trucking/Forklift/Rig 237 40,000 238 3,000 338 1,500 4.500 Welding Services Water Disposal 239 339 25,000 25,000 Plug to Abandor 240 340 341 Seismic Analysis 241 244 120,000 344 120.000 Closed Loop & Env 242 5,000 342 1,000 6,000 Miscellaneous 281,250 131,500 343 149,750 Contingency TOTAL INTANGIBLES 243 3,066,000 1,433,000 1,633,000 TANGIBLE COSTS 1,200 401 20,000 Surface Casing 550' 13 3/8' 48,000 503 48,000 402 Intermediate Casing 1850' 9 5/8 260,000 260,000 Production Casing/Liner 6900'--7", 4200'- 5.5 503 38,000 504 38,000 Tubing 6200' 2 7/8 405 505 18,000 48.000 30,000 Wellhead Equipment 506 97,000 97,000 Pumping Unit Prime Move 507 39.000 508 39,000 509 4,500 4.500 20,000 510 20.000 15,000 15,000 511 Flowlines 25,000 512 25,000 Heater Treater/Separator 513 Electrical System 514 Packers/Anchors/Hangers 27,000

Couplings/Fittings/Valves 415 Gas Compressors/Meters Dehydrator Injection Plant/CO2 Equipmen Miscellaneous 419 Contingency 420 ٠TC

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3.41.42	TC	DTAL V	VELL	COST	58(P)	de la	58 W.	(4) (j	140
COG	Oper	ating	LLC						

By: J. Coffman / C. Bird

Rods

Pumps

Tanks

5/16/11 Date Prepared:

2.000 515

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517

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1,000 519

11,000 520

112,000

1,545,000

We approve: % Working Interest

Date

Company: By Printed Name Title

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

25,000

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WELL NAME: Puckett "13" Federal #7H SHL:83' FNL:& 970' FEL, Sec. 13-17S-31E BHL: 330' FSL & 990' FEL, Sec. 13-17S-31E PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021: MD) (5500: TVD) Paddock South and a state of the state

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2,000

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714,000

3,780,000

Pilot- 160 Acre					
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1;000	6,000
Turnkey Contract	207		307		0
Footage Contract	208	2.21240-385,2499(3).44 	308		-0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS		400,000	310	1405 CONTRACTOR	400,000
Fuel & Rower	211 212	112,500	311	11,250	125,750
Water	in the second	30,000 45,000	313	1,000	46,000
Mud & Chemicals	214	25,000	314		25,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface	217	16,000			16,000
Cement Intermediate	218	16,000			16,000
Cement Production 7*x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	15.000	18,500
Float Equipment & Centralizers	221	3,500	321 322	15,000	20,000
Casing Crews & Equipment	<u> </u>	7,000	323	13,000	0
Fishing Tools & Service	224	10,000	324	1.000	11,000
Geologic/Engineering Contract Labor	225	10,000.	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	_	16,000	329		16,000
Logging	230	0	330	5,000	5,000 128,500
Perforating/Wireline Services	231	3,500	331 332	125,000	760,000
Stimulation/Treating		A Contraction	333	40.000	40,000
Completion Unit		a select and the selection of the select	334		D
Swabbing Unit Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	🛥 ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241	100.000	341	<u>en de la substantion de la substantion</u> Accession de la substantion de la substa	120,000
Closed Loop & Environmental	244	120,000 5,000	342	1.000	6,000
Miscellaneous	242	131,500		149,760	281,250
Contingency TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000	i 13 Series - 5 - 🚥		1,200
Intermediate Casing 1850 9 5/8"		48,000			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	38,000
Tubing 6200' 2'7/8"		30,000	504 505	38,000 18,000	48,000
Wellhead Equipment	405	30,000	506	97,000	97,000
Pumping Unit			507		0
Prime Mover		2000 - 2000	508	39,000	39,000
Rods		ن کی بعد میں میں میں میں ہیں۔ میں میں ایک میں میں میں میں میں کہ ایک میں	509	4,500	4,500
Pumps		ويراهد فالموطر فرفوني	510	20,000	20,000
Flowlines			511	15,000	15.000
Heater Treater/Separator			512	25,000	25,000
Electrical System	<u></u>	1. 1723 (1.234)	_ 513 		<u>0</u>
Packers/Anchors/Hangers	414	2,000	514 515	25,000	27,000
Couplings/Fittings/Valves	415	2,000	516	4,000	4,000
Gas Compressors/Meters	<u>Cale</u> - Cale	a <u>na kana sa ka</u> na di kabupatén kana Kana di kabupatén kabupatén kana	647		0

Injection Plant/CO2 Equipment Miscellaneous Contingency TOTAL TANGIBLES

TOTAL WELL COSTS

7223

COG Operating LLC

By: J. Coffman / C. Bird

Dehydrator

÷.

We approve: % Working Interest

Printed Name:

Company: By:

Date:

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

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Date Prepared:

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WELL NAME: Puckett "13" Federal #7H SHL:83' FNL & 970' FEL, Sec. 13-17S-31E BHL: 330' FSL & 990' FEL, Sec. 13-17S-31E Pilot- 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM

The second s

OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock BCP ACP

NTANGIBLE COSTS		<u>BCP</u>	<u>ACP</u>	TOTAL
Fitle/Curative/Permit	201	10,000		10,0
nsurance	202	22,000 302		22,0
amages/Right of Way	203	15,000 303		15,0
urvey/Stake Location	204	3,000 304	and the second second	3.0
ocation/Pits/Road Expense	205	40,000 305	65,000	105,0
rilling / Completion Overhead	206	5,000 306	1.000	6,0
urnkey Contract	.207	307	handen af de la ser fan de ferste ferste Geste sen de ser ferste fer	
ootage Contract	208	308	A CARGE LINES	
aywork Contract 20:2 @ \$13000/day	209	260,000 309	26,000	286.0
Pirectional Drilling Services, With RS	210	400,000 310		400,0
uel & Power	211	112,500 311	11,250	123,7
Vater	212 213	30,000 312 45,000 313	75,000	105,0
its rud & Chemicals	213	25,000 314		25,0
rill Stem Test	215	315		
oring & Analysis	216	n gegenningen en start. Name		and the second
ement Surface	217	16,000		16,0
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ement Production 7"x5.5"	218	319	70,000	70.0
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oat Equipment & Centralizers	221	3,500 321	15,000	18,5
asing Crews & Equipment	>222	7,000 322	13,000	20,0
shing Tools & Service		<u> </u>	ada <u>na seta</u> n seta	
eologic/Engineering	224	10,000 324	1,000	11.0
ontract Labor	225	10,000 325	30,000	40,0
ompany Supervision	226	2,000 326	2,000	4.0
ontract Supervision	the second s	28,000 327	4,000	32,0
esting Casing/Tubing	.228	4,000 328	1,500	5.5
lud Logging Unit	229 230	16,000329 0330	5.000	5,0
ogging	230	3,500 331	125,000	128,5
erforating/Wireline Services		332	760,000	760,0
timulation/Treating	<u></u>	333	-40,000	40.0
wabbing Unit		334	en en en la servició de la se	
Rentals-Surface.	235	20,000 335	100,000	120,0
Rentals-Subsurface	236	30,000 336	10,000	40,0
rucking/Forklift/Rig Mobilization	237	40,000 337	100,000	,140,0
Velding Services	238	3,000 338	<u>1,500</u>	4.
Vater Disposal	239	339	25,000	25,0
Plug to Abandon	240	340		
elsmic Analysis	241	341	, Maria ang pang pang pang pang pang pang pang	
Closed Loop & Environmental	244	120,000 344		
<i>l</i> iscellaneous	242	5,000 342	1,000	281,2
Contingency	243	131,500 343 1,433,000	1,49,750	3,066,0
TOTAL INTANGIBLES	and the second			
rangible costs	401	20,000		1.
Surface Casing 550' 13 3/8"	401	48,000 503		48,
ntermediate Casing 1850' 9.5/8" Production Casing/Liner 6900' - 7"; 4200' - 5.5"		40,000 503	260,000	260,
ubing: 6200' 2 7/8"		504	38,000	38,
Ubing 6200 2 //6 Vellhead Equipment	405	30,000 505	18,000	48,
Jumping Unit		506	97,000	97,
Prime Mover		507		PPH Charles
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rumps	war - Neglis V	509	4,500	4,
anks	<u>man ji ji ka</u> m	510	20,000	20.
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leater Treater/Separator		512	25,000	<u>.</u> 25.
lectrical System		513		
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Couplings/Fittings/Valves	415	<u>2;000</u> 515 516	4,000	4. <u>1997 - 1997 - 19</u> 94 - 1994 - 1994 - 1995 - 1905 - 1905 - 1905 - 1905 - 1905 - 1905
Gas Compressors/Meters		510- 517	Contraction of the second s	(a) the sound of the sound o
Dehydrator	<u></u>	518	A CALCULATION OF A CALC	
njection Plant/CO2 Equipment	419	1,000 519	1,000	- 2
Miscellaneous	419	11,000 520	55,500	66
Contingency		112,000	602,000	714
TOTAL WELL COSTS		1,545,000	2,235,000	3,780

COG Operating LLC

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410

By: J. Coffman / C. Bird

We approve: _____% Working Interest л, Company:

By: Printed Name: Title: Date: 594 -

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred. ... 15.0

5/16/11

Date Prep

	Confirmation Services	Destination ZIP Customer Refer Recipient Address		A Ingenite Planet		A		nvelope or paci BP Account # Serial # MAY 25 2011	41592
2) Article Number 11 71 71 71 9 9 9 1 71 71 9 9 1 71 71 71 71 71 71 71 71 71 71 71 71 7	Burnett Plaza, Ullit 9 801 Cherry Street, Suite 1500 Fort Worth, TX 76102 Puckett "13" Federal #7H	I Article Addressed to: Burnett Oil Company	 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 malpiece, or on the front if space permits. 	SENDER. COMPLETE THIS SECTION	I PS Form 38111 February 2004 Dome	鐵式的設定性 机 法通行政治公司	1. Anticle Addressed to: 1. Anticle Address	 Complete items 1, 2;, and 3. Also complete Item 4 if Restricted Delivery is dealed. 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 malipiece or on the front if space permits. 	SENDER: COMPLETE THIS SECTION
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	1 OF 5 PAGES	FAX COVER SHEET
DATE:	May 25, 2011	
TO:	Burnett Oil Company-Attn: Land	Manager
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FAX COVER SHEET

PAGE 1___OF 5_ PAGES

DATE: May 25, 2011

TO:

Re:

120

Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins

 $(p \in \mathbb{R})$

Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324	4	FAX:	(432)	686 3000
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New Well Proposal Puckett "13" Federal 7-H

Lisa Wilson

From:	LisaWilson
Sent:	Wednesday, May 25, 2011 4:26 PM
To:	'dsrhodes@burnettoil.com'
Cc:	David Evans
Subject:	Puckett Well Proposals
Attachments:	Burnett_Puckett 24 Fed 2H.pdf; Burnett_Puckett 24 Fed 6H.pdf; Burnett_Puckett 12 Fed 7H.pdf;
	Burnett_Puckett 12 Fed 9H.pdf; Burnett_Puckett 13 Fed 1H.pdf; Burnett_Puckett 13 Fed 7H.pdf
Tracking:	Recipient
	'dsrhodes@burnettoil.com'
a de servicio de la companya de la c La companya de la comp La companya de la comp	David Evans (Delivered: 5/25/2011 4:26 PM Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

1

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Thank you,

Lisa Wilson (Oetting) Land Assistant COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 p.432.685.4366 f.432.686.3000

Lisa Wilson

From: To: Sent: Subject:

. George

1

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2

David Rhodes [dsrhodes@burnettoil.com] Lisa Wilson Wednesday, May 25, 2011 4:29 PM Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

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and services

OREHC

May 25, 2011

U.S. Certified Mail **Return Receipt Requested**

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE:

<u>New Well Proposal</u> Puckett "13" Federal #7H SHL: 83' FNL & 970' FEL (Unit A) of Section 13, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit P) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #7H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

David B. Evans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441 Corporate Address: Fasken Center, Tower II

WELL NAME: Puckett "13" Federal #7H SHL:83' FNL & 970' FEL, Sec. 13-17S-31E BHL: 330' FSL & 990' FEL, Sec. 13-17S-31E

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021 MD) (6100 TVD) Upper Blinebry

6

Pilot- 160 Acre				
NTANGIBLE COSTS		BCP	ACP	TOTAL
Fitle/Curative/Permit	201	10,000	25 A. 19 10 10 10 10 10 10 10 10 10 10 10 10 10	10,000
nsurance	202	22,000 302	WRITE CONTRACT	22,000
Damages/Right of Way	203	15,000 303		15,000
Survey/Stake Location	204	3,000 304		3,000
ocation/Pits/Road Expense	205	40,000 305	65,000	105,000
Drilling / Completion Overhead	206	306	1,000	6.000
furnkey Contract	207	307	ANKER TO BE AND A STATE	0
ootage Contract	208	308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000 309	26,000	286,000
Directional Drilling Services, With RS		400,000 310		400,000
uel & Power	211	112,500, 311 30,000 312	11,250	105,000
Water Bits	212	45,000 313	1,000	46,000
3lts Mud & Chemicals	213	25,000 314		25,000
Drill Stem Test		315		Ō
Coring & Analysis	216		March March 14	0
Cement Surface	217	16,000	and the second second	16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7,"x5,5"	218	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)		320		C
loat Equipment & Centralizers	221	3,500 321	15,000	18,500
Casing Crews & Equipment		7,000 322	13,000	20,000
ishing Tools & Service	_ 223 _	323	1.000	11.000
Seologic/Engineering	<u>224</u> 	10,000 324 10,000 325	30,000	40,000
Contract Labor	225	2.000, 326	2,000	4,000
Company Supervision	승규는 영화 감독을 가 수준다.	28,000 327	4,000	32,000
Contract Supervision	228	4,000 328	1,500	5,500
Aud Logging Unit		16,000 329		16,000
ogging	230	0 330	5,000	5,000
Perforating/Wireline Services	231	3,500 331	125,000	128,500
Stimulation/Treating		332:	760,000	760,000
Completion Unit		333	40,000	40,000
Swabbing Unit	<u></u>	334		120,000
Rentals-Surface	235	20,000 335	100,000	40,000
Rentals-Subsurface	📥 shan ne fi 📥	30,000 336 40,000 337	10,000	140,000
Trucking/Forklift/Rig Mobilization	237 238	40,000 337 3,000 338	1.500	4,50
Welding Services	239	339	25,000	25,00
Water Disposal Plug to Abandon		340		
Seismic Analysis	241	341		
Closed Loop & Environmental	244	120,000 344	n an	120,00
Miscellaneous	242	5,000 342	1,000	6,00
Contingency	243	131,500 343	149,750	281.25
TOTAL INTANGIBLES		1,433,000	1,633,000	3,066,00
TANGIBLE COSTS		20.000		1,20
Surface Casing 550' 13 3/8"		<u>20,000</u> 48,000 503		48.00
Intermediate Casing 1850, 9.5/8"		48,000, 503	the start st	260,00
Production Casing/Liner 6900' 7", 4200' 5.5" Tubing 6200' 2 7/8"		504		38,00
Wellhead Equipment	405	30,000 505		48,00
Pumping Unit		506	97,000	97,00
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Heater Treater/Separator		512		25,00
Electrical System		513		
Packers/Anchors/Hangers	414	514 2,000 515		27.00
Couplings/Fittings/Valves	415 _	<u> </u>		4,00
Gas Compressors/Meters		517		
Dehydrator Injection Plant/CO2 Equipment	<u></u>	518		
Miscellaneous	419	1,000 519		2,00
Contingency	420	11,000 520		66,50
TOTAL TANGIBLES		112,000	602,000	714.00
			2,235,000	3,780,00

COG Operating LLC

Company: By:

Title:

Date:

Printed Name

. /

By: J. Coffman / C. Bird

Dale Prepared 5/16/11

We approve:

% Working Interest

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

WELL NAME: Puckett "13" Federal		PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM				
SHL:83' FNL & 970' FEL, Sec. 13-17S-3						
BHL: 330' FSL & 990' FEL, Sec. 13-17S	-31E	OBJECTIVE:	YESO	(11, 021' MD) (6100' T	VD) Upper Blinebry	
Pilot- 160 Acre						
INTANGIBLE COSTS		BCP		ACP	TOTAL	
Title/Curative/Permit	201	10,000			10.000	
Insurance	202	22,000	302		22,000	
Damages/Right of Way	203	15,000	303			
Survey/Stake Location	203	بتنضيب فيتعقب		<u>na serie de ser</u> ector en la composición de la c	15,000	
_ocation/Pits/Road Expense		3,000	304	<u> </u>	3,000	
Drilling / Completion Overhead	205	40,000	305	65,000	105,000	
Furnkey Contract	206	5.000	305	1,000	6,000	
Footage Contract	207	and a start of the s The start of the start	308	and a second		
Daywork Contract 20:2 @ \$13000/day	208	260.000	309	26.000		
Directional Drilling Services, With RS	209	400,000	310	20,000	286,000	
Fuel & Power	210	112,500	311	11,250	400,000	
Vater	212	30,000	312	75,000	105,000	
Bits	213	45.000	313	1.000	46,000	
Mud & Chemicals	214	25,000	314		25,000	
Drill Stem Test	215		315			
Coring & Analysis	216					
Cement Surface	217	16,000		NAMES OF BRIDE	16,000	
Cement Intermediate	218	16,000	288 (B) 	Charles in Mary Mary	16,000	
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loat Equipment & Centralizers	221	3,500	승규는 문 💭	15,000	18,500	
Casing Crews & Equipment	222	7,000	322	13,000	20,000	
Fishing Tools & Service	223		323			
Geologic/Engineering	224	10,000	324	1,000	11,000	
Contract Labor	225	10,000	325	30,000	40,000	
Company Supervision'	226	2,000	326	2,000	4,000	
Contract Supervision	227	28,000	327	4,000	32,000	
Testing Casing/Tubing	228	4,000	328	1,500	5,500	
Mud Logging Unit	229	16,000	329		16,000	
_ogging	230	<u>0</u>	330	5,000	5,000	
Perforating/Wireline Services	231	3,500	. 331	125,000	128,500	
Stimulation/Treating			332	760.000	760,000	
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Swabbing Unit		4 - <u>19 - 19 - 19 - 19 - 19 - 19 - 19 - 1</u>	334	en en ser en		
Rentals-Surface	235	20,000	335	100,000	120,000	
Rentals-Subsurface	236	30,000	336	10,000	40,000	
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000	
Nelding Services	238	3,000	338	1,500	4,500	
Water Disposal	239		339	25,000	25,000	
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Viscellaneous	242	5,000	342	1,000	6,000	
Contingency	243	131.500	343	149,750	281,250	
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000	

TOTAL INTANGIBLES

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TANGIBLE COSTS 401 Surface Casing 550' 13 3/8" 402 Intermediate Casing 1850' 9 5/8' Production Casing/Liner 6900' - 7", 4200' - 5.5 Tubing 6200' 2 7/8 Wellhead Equipment 405 Pumping Unit Prime Mover Rods Pumps Tanks Flowlines Heater Treater/Separator Electrical System 414 Packers/Anchors/Hangers Couplings/Fittings/Valves 415 Gas Compressors/Meters Dehydrator Injection Plant/CO2 Equipment 419 Miscellaneous 420 Contingency

TOTAL TANGIBLES TOTAL WELL COSTS

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COG Operating LLC

By: J. Coffman / C. Bird

5/16/11 Date Prepared:

1,545,000

We approve:

Title:

_% Working Interest

ŝ Company. By:

Printed Name:

This AFE is only an estimate. By signing you agree to pay your share te incurred

HL: 330' FSL & 990' FEL, Sec. 13-17S ilot- 160 Acre	<u>31Ę</u>	OBJECTIVE: YESO	(11, 021' MD) (6100; T	VD) Upper Blinebry
NTANGIBLE COSTS		BCP	<u>ACP</u>	<u>TOTAL</u>
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ANGIBLE COSTS urface Casing 550' 13 3/8"	401	20.000		. 1,2
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Couplings/Fittings/Valves	415	2,000 515 516	25,000	4,
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Dehydrator		518	na sana ang ang ang ang ang ang ang ang ang	
njection Plant/CO2 Equipment	419	1,000 519	1,000	2.
Contingency	420	11,000 520	65,500	66. 714.
TOTAL TANGIBLES		112,000	602,000 2,235,000	3.780
TOTAL WELL COSTS		1,545,000		n an

5/16/11 Dale

We approve: ____% Working Interest

By:

By: J. Coffman / C. Bird

Company

Printed Name: Title: This AFE is only an estimate. By signing you agree to pay your share a whore an an an arriver and the start of the start

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A. Signature Agent X Addressee B. Received by (<i>Printed Name</i>) C: Date of Delivery C: Date of Delivery address different from term 17 D. Is delivery address below: No	o 1 Mail D Ev red D fo Mail D C O	나무더 무유무1. 7.030 051H 55155 <u>Domissic Return Receipt</u> 102555-02-M ¹⁵⁴⁰	Completentis section on delivery A standing A standing A standing A standing B for a number of a standing B for a standing A standi	a. Sarrice Type Contribed Mail Copress Mail Contribed Mail Copress Mail Carterio Control Carter Foe) 4. Restricted Delivery/(Extra Foe) 1. 7030105145515
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		SCONCHO FAX COVER SHEET
		PAGE _1_ OF _5_ PAGES DATE: May 25, 2011
		TO: Javelina Partners-Mr. E. Randall Hudson III FAX: (817) 334-0442

below by received to error T Robyn Cummin Concho Resourc 550 West Texes FROM e. • COG Oil & Gas LP / COG Operating LLC me, Suite 100, Midland, Texas 79701-4210

(432) 818-2324 FAX: 432) 686 3000 PHONE:

New Well Proposal Puckett "13" Federal 7-H

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FAX COVER SHEET

PAGE __1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:

Re:

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Robyn Cummins

Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

- PHONE: (4
- (432) 818-2324

FAX: (432) 686 3000

New Well Proposal Puckett "13" Federal 7-H

*Concho

May 25, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u>

Puckett "13" Federal #7H SHL: 83' FNL & 970' FEL (Unit A) of Section 13, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit P) of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #7H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M; to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

Dallid R. Frans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower 11 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

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WELL NAME: Puckett "13" Federal #7H SHL:83' FNL & 970' FEL, Sec. 13-17S-31E BHL: 330' FSL & 990' FEL, Sec. 13-17S-31E Pilot- 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11, 021' MD (6600' TVD) Lower Blinebry

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714,000

3,957,000

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,00
Insurance	202	22,000	302	A STREET AND A STREET	22;00
Damages/Right of Way	203	15,000	303		15,00
Survey/Stake Location	204	3,000	304		3,00
Location/Pits/Road Expense	205	40,000	305	65,000	105,00
Drilling / Completion Overhead	206		306	1.000	6,00
Turnkey Contract	207		307		
Footage Contract - Contract - Contract	208	2000	308	The Street States	
Daywork Contract 24:2 @ \$13000/day	209	312,000	309 🗍	26,000	338,00
Directional Drilling Services, With RS	210	400,000	310		400,00
Fuel & Power	211	135:000	311	11,250	146,2
Water	212	34,000	312	75,000	109,0
Bits	213	45,000	313	1,000	46,0
Mud & Chemicals	214	25,000	314		25,0
Drill Stem Test	215		315		
Coring & Analysis	216				
Cement Surface	217	16,000			<u>16.0</u>
Cement Intermediate	218	16,000	2027		16.0
Cement Production 7*x5.5*	218		319	70.000	70,00
Cement Squeeze & Other (Kickoff Plug)		25,000	320		25,0
Float Equipment & Centralizers	221	3,500	321	15,000	18,50
Casing Crews & Equipment	222	7,000	322	13,000	20,0
Fishing Tools & Service	223		323 <u>-</u> 324 -	1,000	11,0
Geologic/Engineering	224 	10,000	325	30,000	40,0
Contract Labor	225	2,000	326	2,000	4.0
company capernoising and	227	28,000	327	4,000	.32,0
Contract Supervision	228	4.000	328	1,500	5,5
Testing Casing/Tubing	229	20,000	329		20,0
Mud Logging Unit		30,000	330	5,000	35,0
Logging Perforating/Wireline Services	231	3,500	331	125,000	128,5
			332	760,000	760,0
Stimulation/Treating	<u>그는 가</u> 이 가지 않는다. 11 전에 가지 한 사람		333	40,000	40,0
Completion Unit Swabbing Unit		<u>energen in de de de</u> Lighter de la tradición	334		
Rentals-Surface	235	24,000	335	100,000	124,0
Rentals-Subsurface	236	35,000	336	10,000	45,0
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,0
Welding Services	238	3.000	338	1,500	4,5
Water Disposal	239		339	25,000	25,0
Plug to Abandon	240		340		
Seismic Analysis	241		341		
Closed Loop & Environmental	244	135,000	344	<u> Markanan ku</u> ktuk.	े <u>135</u> ,0
Miscellaneous	242	5,000	342	1,000	6,0
Contingency	243	147,000	343	149,750	296.7
TOTAL INTANGIBLES		1,610,000		1,633,000	3,243,0
	(1993년) 1월 1993년 1993년 1997년 - 1993년 19				
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	<u></u>	20,000			1,2
Intermediate Casing 1850' 9 5/8"	402	48,000	503 _	<u></u> ;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;	48,0
Production Casing/Liner 6900' - 7", 4200' - 5:5"			503	260,000	260,0
Tubing 6200',2'7/8"	<u></u>		.504	38,000	38.0
Wellhead Equipment	405	30,000	505	18,000	48.0
Pumping Unit	and to the contract of the second second		506 _	97.000	<u>97.(</u>
Prime Mover			507	20.000	<u>39,0</u>
Rods	<u> </u>	CARLENCE DE LA CARLENCIA	508	<u>39,000</u> 4,500	4.5
Pumps			509	20,000	20,0
Tanks		<u> Alexandra (Maria</u>)	510	15,000	15.0
Flowlines		Control March Parts	511 612	25,000	25,0
Heater Treater/Separator		A ANY COLORADOR OF THE ANY OF	512	23,000	.
Electrical System			513	<u></u>	
Packers/Anchors/Hangers	414	2 000	514 <u>-</u> 515	25,000	27,0
Couplings/Fittings/Valves	<u></u> 415 <u></u>	2,000	516	4,000	4(
Gas Compressors/Meters	<u> </u>	ام و کرد کرد و این کار کرد کرد. ۱۹ رو و کرد کرد داده در در در در در در در	517		
Dehydrator		<u>na se se angles.</u> Tipong se	518		
Injection Plant/CO2 Equipment	419	1,000		1,000	2,0
Miscellaneous		11,000		55,500	66,5

Contingency TOTAL TANGIBLES TOTAL WELL COSTS

420

COG Operating LLC

Title:

2 S.

By: J. Coffman / C. Bird

We approve: % Working Interest

Company: By: Printed Name:

This AFE is only an estimate: By signing you agree to pay your share

55,500

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of the actual costs incurred. • × n Alabado e na Alabado de State was a first in

11,000 520

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SHL:83' FNL & 970' FEL, Sec. 13-17S-31E	COUNTY & STATE: Eddy Co, NM OBJECTIVE 11:021 MD (6600 TVD) Lower Blinebry				
8HL: 330' FSL & 990' FEL; Sec: 13-17S-31E 21101- 160 Acre		<u>OBJECTIVE: 11, 021'</u>	MD (6600' TVD) Low	er Blinebry	
NTANGIBLE COSTS		BCP	ACP	TOTAL	
Title/Curative/Permit	201	10,000		<u>10176</u> 10.0	
nsurance	202	22,000 302	<u>an in an an an an an an an</u> Bhlianna an Annaichtean an an an	22,0	
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Survey/Stake Location	204	3,000 304		3,0	
ocation/Pits/Road Expense	205	40,000 305	65,000	105,0	
Drilling / Completion Overhead	206	5,000 306	1.000	6,0	
urnkey Contract	207	307		General States	
ootage Contract	208	308			
Daywork Contract 24:2 @ \$13000/day	209	312,000 309	26,000	338,00	
Directional Drilling Services, With RS	210			400,00	
uel & Power.	211	<u>135,000</u> 311 34,000 312	11,250	146,2	
Välér ja fasi versi kasi sa	212 213	<u>34,000</u> 312 45,000 313	75,000	109,00	
Aud & Chemicals	213	25,000 314		25,00	
Drill Stem Test	215	315			
Coring & Analysis	216				
Cement Surface	217	16,000		16,00	
Cement Intermediate	218	16,000		16,00	
Cement Production 7*x5.5	218	<u>- 319</u>	70,000	70,0	
Cement Squeeze & Other (Kickoff Plug)	220	25,000 320		25,0	
Ioal Equipment & Centralizers	2 21	3,500, 321	15,000	18,50	
Casing Crews & Equipment	222	the shares shares by the second secon	13,000	20,0	
Ishing Tools & Service	223 224		1,000	11,0	
Seologic/Engineering	224	10,000 324	30,000	40,0	
Contract Labor Company Supervision	225	2,000 326	2,000	4,0	
Contract Supervision	227	28,000 327	4.000	32,0	
festing Casing/Tubing	228	4,000 328	1,500	5.5	
Aud Logging Unit	229	20,000 329		20,0	
ogging	230	30,000 330	<u>5.000</u>	35,0	
Perforating/Wireline Services	231	<u>3,500</u> 331	125,000	128,5	
Stimulation/Treating			760,000	760,0	
Completion Unit		333 334	40,000		
Swabbing Unit	235	24,000 335	100,000	124,0	
Rentals-Surface	235	35.000 336	10,000	45,0	
Rentals-Subsurface	230	40,000 337	100.000	140,0	
Welding Services	238	3,000 338	1,500	4,5	
Welding Services	239	339	25,000	25,0	
Plug to Abandon	240	.340	ng terneting ang ang ang ang ang ang ang ang ang a		
Seismic Analysis	241	<u></u>		405.0	
Closed Loop & Environmental	244	135,000 344	1 000	<u>135,0</u> 6,0	
Miscellaneous	242	5,000 342	<u>1,000</u> 149,750	296.7	
Contingency	243	<u>147,000</u> 343	1,633,000	3.243,0	
TOTAL INTANGIBLES	•				
TANGIBLE COSTS			· .		
Surface Casing 550', 13 3/8"	401	20,000		1.2	
Intermediate Casing 1850 9 5/8"	402	48,000 503	200.000	48,0	
Production Casing/Liner 6900' - 7"; 4200' - 5.5"	. .	503 -	260,000 38,000	38,0	
Tubing 6200' 2 7/8"	- 105	504 30,000 505	18,000	48.0	
Wellhead Equipment	405	506	97,000	97,0	
Pumping Unit Prime Mover	•	507			
Prime Mover Rods	-	508	39,000	39,0	
Pumps		509	4,500	4,5	
Tanks		510	20,000	20,0	
Flowlines		511	15,000	15,0	
Heater Treater/Separator	- -	512	25,000	25,0	
Electrical System	-	513 514			
Packers/Anchors/Hangers	414	2,000 515	25,000	27,0	
Couplings/Fittings/Valves	415	2,000 515	4,000	4,0	
Gas Compressors/Meters		517			
Dehydrator	-	518	a <mark>an an a</mark>	· · · · · · · · · · · · · · · · · · ·	
Injection Plant/CO2 Equipment Miscellaneous	419	1.000 519	1,000	2.0	
Contingency	420	11:000 520	55,500		
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TOTAL TANGIBLES TOTAL WELL COSTS		1,722,000	2,235,000	3,957.0	

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By: J. Coffman / C. Bird

We approve: % Working Interest

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Company: By:

Printed Name: Title:

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

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Date Prepared:

SHL:83' FNL & 970' FEL, Sec. 13-17S-31	=	COUNTY & STATE	the second se	
BHL: 330'FSL & 990'FEL, Sec. 13-17S-31E Pilot- 160 Acre		OBJECTIVE: 11, 021	''MD (6600' TVD) Lo	wer Blinebry
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NTANGIBLE COSTS		<u>BCP</u>	ACP	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,0
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Damages/Right of Way	203	15,000 303		15,0
Survey/Stake Location	204	3,000 304	CARGE CONTRACTOR OF THE CONTRACTOR OF T	3,0
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Turnkey Contract	207	307		de la caracter de la composition de la Composition de la composition de la comp
Footage Contract	208	308		NO SEE CONTRACT
Daywork Contract 24:2 @ \$13000/day	209	312,000 309	26,000	338.0
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Bits	213	45,000 313	1,000	46,0
Mud & Chemicals	214	25,000 314		25,0
Drill Stem Test	215	315		
Coring & Analysis	216			
Cement Surface	217	16.000		16.0
Cement Intermediate	218	16,000	et a streppe på streppe for	16,0
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Cement Squeeze & Other (Kickoff Plug)	220	25,000 320		25,0
Float Equipment & Centralizers	221	3,500 321	15,000	18,5
Casing Crews & Equipment	222	7,000 322	13,000	20.0
Fishing Tools & Service	223	40,000 323	4.000	
Geologic/Engineering	224 225	10,000 324 10,000 325	1,000	<u> </u>
Company Supervision	226	10,000 325 2,000 326	2,000	40,0
Contract Supervision	227	28,000 327	4,000	32,0
Festing Casing/Tubing	228	4,000 328	1.500	5,5
Mud Logging Unit	229	20,000 329		20,0
ogging	230	30.000 330	5,000	35,0
Perforating/Wireline Services	231	3,500 331	125,000	128,5
Stimulation/Treating		332	760,000	760,0
Completion Unit		333	40,000	40,0
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Rentals-Subsurface	236	35,000 336	10,000	45,0
Frucking/Forklift/Rig Mobilization	237 238	40.000 337 3,000 338	100,000	<u> </u>
Welding Services Water Disposal	239	339	25.000	
Plug to Abandon	240	340		
Seismic Analysis	— 1 <u>1</u> 1 1 1	341		
Closed Loop & Environmental	244	135,000 344		135,0
Viscellaneous	242		1,000	6.0
Contingency	243	147.000 343	149,750	296,7
TOTAL INTANGIBLES		1,610,000	1,633,000	3,243,0
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Surface Casing 550'13 3/8"	401	20.000		1.2 48,0
ntermediate Casing 1850'9 5/8"		48,000 503 503	260.000	48,0
Production Casing/Liner 6900'- 7": 4200'- 5.5"		503 504	38.000	38,0
Tubing 6200'2 7/8":	TA USAUSPASS	30,000 505	18,000	48.0
Pumping Unit		506	97,000	97.0
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Dehydrator		518	<u> </u>	and a state of the second s
Miscellaneous	419	1,000 519	1,000	2,0
Contingency	420	11.000 520	55,500	66,5
TOTAL TANGIBLES	<u>-</u> 2015 -	112,000	602,000	714,0
TOTAL WELL COSTS	🖬 e troi 🗄	1,722,000	2,235,000	3,957,0

COG Operating LLC

Company: By:

Title: Date:

Printed Name:

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By: J. Coffman / C. Bird

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We approve: % Working Interest _____

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

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Date Prepared:

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SENDERF COMPLETENDS SECTION Complete items 1, 2, and 3. Also complete them 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 mailplece, or on the front il space permits.	1. Article: Addressed to:	corro Faturers 616 Texas Street Fort Worth, TX 76102 Puckett "13" Federal #7H	2. Article Number (fransfer from servee)	PS Form 3811, February 2004 Domestic R	SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete tem 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 malpicce, or on the fort if space permits.	Zorro Partners Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett "13" Federal #7H	2. Article Number

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			esources Inc COG Oil & Oas LP / COO Operating LLC Texas Avenue, Suite 100, Midland, Texas 79701-4210	

Re New Well Proposal Puckett "13" Federal 7-H

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MS: Mailbox save WS: Waiting send

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FF: Fax Forward

TU: Terminated by user EC: Error Correct

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FAX COVER SHEET

PAGE <u>1</u> OF <u>5</u> PAGES

DATE: May 25, 2011

Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

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FROM:

TO:

l: Robyn Cummins

Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE:

(432) 818-2324

FAX: (432) 686 3000

Re:

New Well Proposal Puckett "13" Federal 7-H

June 20, 2011



U.S. Certified Mail Return Receipt Requested

COP

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

RE: <u>New Well Proposal</u> Puckett "13" Federal #8H SHL: 232' FSL & 459' FEL of Section 12, T17S, R31E BHL: 330' FSL & 330 FEL, of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #8H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter A of Section 13, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

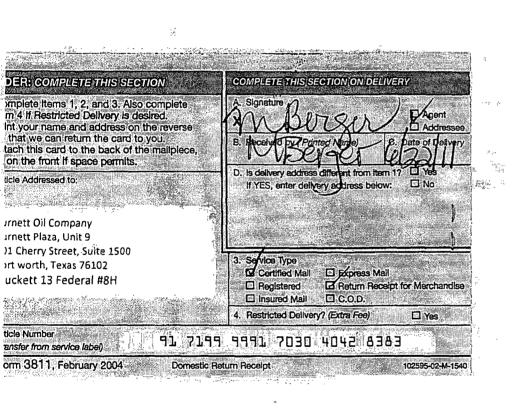
COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc

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		Package ID: 91719 Destination ZIP Co		9		tronic Certified
ji.	Confirmation Services	Customer Reference Recipient:	mett		s with a set of Se	nt #: 41592288 rial #: 1364097
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 WELL NAME:
 Puckett "13" Federal #8H

 Surf. Loc:
 232' FSL, 459' FEL, Sec 12, 17S-31E

 BHL:
 330' FSL, 330' FEL; Sec 13, 17S-31E

 WO/Pilot, 160 Acre
 PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

<u>ي:</u>

INTANGIBLE COSTS Title/Curative/Permit	201	BCP 10,000		ACP	<u>TOTAL</u> 10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract 20:2 @ \$13000/day	209		309	26,000	286,000
Directional Drilling Services, With RS	210		310	····	400,000
Fuel & Power	_ 211 _		311	11,250	123,750
Water Bits	212 _		312 313	75,000	105,000
Mud & Chemicals	$-\frac{213}{214}$		313 314	1,000	46,000 25,000
Drill Stem Test	- 214 -		315 ·	·	23,000
Coring & Analysis			5.5 .	······	0
Cement Surface	- 217 -	16,000	•		16,000
Cement Intermediate	218	16,000	•		16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222 :	7,000	322	13,000	20,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224		324	1,000	11,000
Contract Labor	225		325	30,000	40,000
Company Supervision	226		326	2,000	4,000
Contract Supervision	227		327	4,000	32,000
Testing Casing/Tubing	_ 228 _		328	1,500	5,500
Mud Logging Unit Logging	- ²²⁹ -		329 330	5,000	16,000 5,000
Perforating/Wireline Services	230		331	125,000	128,500
Stimulation/Treating		0,000	332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335 .	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	_ <u>241</u>		341 344		0 120,000
Miscellaneous	- 244		344 342	1,000	6,000
Contingency	- 242		343	149,750	281,250
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
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TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402		503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5" Tubing 6200' 2 7/8"			503 504	260,000	260,000
Wellhead Equipment	405			38,000	38,000
Pumping Unit	_ 405		505 506	18,000 97,000	48,000 97,000
Prime Mover			507	97,000	97,000
Rods			508	39,000	39,000
Pumps			509	4,500	4,500
Tanks		ويستبعد فالمستحص فتقص فتتعار والمعتاد المراجع المتناط والمعالي	510	20,000	20,000
Flowlines			511	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System			513		. 0
Packers/Anchors/Hangers	414 _		514		0
Couplings/Fittings/Valves	415	the second s	515	25,000	27,000
			516	4,000	4,000
Gas Compressors/Meters			517		·· 0
Dehydrator					
Dehydrator Injection Plant/CO2 Equipment			518	4 665	
Dehydrator Injection Plant/CO2 Equipment Miscellaneous		1,000	519	1,000	2,000
Dehydrator Injection Plant/CO2 Equipment Miscellaneous Contingency	419 420	1,000		55,500	0 2,000 66,500 714,000
Dehydrator Injection Plant/CO2 Equipment Miscellaneous		1,000	519		2,000

By: J. Coffman / C. Bird

5/16/11 Date Prepared:

(A

Printed Name: Title Date

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





WELL NAME: Puckett "13" Federal #8H Surf. Loc: 232' FSL, 459' FEL, Sec 12, 17S-31E BHL: 330' FSL, 330' FEL, Sec 13, 17S-31E WO/Pilot, 160 Acre PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry INTANGIBLE COSTS BCP ACP τοτλι

NTANGIBLE COSTS		BCP		<u>ACP</u>	<u>TOTAL</u>
Fille/Curative/Permit	201	10,000			10.0
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Damages/Right of Way	203		303		
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Fuel & Power	211	68,000	311	17,000	85,
Vater	212	25,000	312	75,000	100,
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Aud & Chemicals	214	15,000	314		15,
Drill Stem Test	215		315		
Coring & Analysis	216			· · · · · · · · · · · · · · · · · · ·	
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Cement Intermediate	218				
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Casing Crews & Equipment	222		322	13,000	13,
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Geologic/Engineering	224	10,000	324	1,000	11,
Contract Labor	225	10,000	325	30,000	40.
Company Supervision	226	2,000	326	2,000	4.
Contract Supervision	- 227	17,000	327	4,200	21,
esting Casing/Tubing	228	4,000	328	1,500	5,
Aud Logging Unit	- 229	12,000	329	.,000	
ogging	230		330		
Perforating/Wireline Services	231	15,000	331	12,500	27,
Stimulation/Treating	,	10,000	332	950,000	950
Completion Unit	•	12,000	333	45,000	57,
Swabbing Unit	•	12,000	334	40,000	
Rentals-Surface	- 235	15,000	335	45,000	60,
Rentals-Subsurface	236	60,000	336	10,000	70,
rucking/Forklift/Rig Mobilization	- 237	40,000	337	20,000	60,
Velding Services	238	3,000	338	1,500	4,
Vater Disposal	- 239	3,000	339	25,000	25,
Plug to Abandon	- 240	·	340	23,000	
Beismic Analysis	- 241		341		·
Closed Loop & Environmental	241	50,000	344		50.
Aiscellaneous	- 242	5,000	342	1,000	6.
Contingency	242	105,000	343	131,300	the second se
TOTAL INTANGIBLES	. 243	1,151,000	343	1,436,000	236.
	•				
TANGIBLE COSTS					
Surface Casing	401				1,
ntermediate Casing	402	· · · · · · · · · · · · · · · · · · ·	503	<u> </u>	
Production Casing/Liner 4200' - 4.5"	•		503	51,000	51,
ubing	•	· · · · · · · · · · · · · · · · · · ·	504	······	
Vellhead Equipment	405	· · · · · · · · · · · · · · · · · · ·	505	· · · · · · · · · · · · · · · · · · ·	
umping Unit	•	<u></u>	506		· · · · · ·
rime Mover	•		507		
Rods	•	·	508		~~~~~
Pumps	•	· · · · · · · · · · · · · · · · · · ·	509	<u> </u>	
anks	•	······	510	······································	
lowlines	•	·	511		·
leater Treater/Separator	,		512		······
lectrical System	,	<u> </u>	513		
Packers/Anchors/Hangers	414		514	230,000	230,
Couplings/Fittings/Valves	415	2,000	515	25,000	27,
Bas Compressors/Meters	. 410		516	4,000	4,
Dehydrator	•		517	-,000	
njection Plant/CO2 Equipment	•	· · · ·	518		<u></u>
Aiscellaneous	419	1,000	519	1,000	
Contingency	419	1,000	520	32,000	33,
TOTAL TANGIBLES		4,000	520	343,000	347,
TOTAL WELL COSTS	•	1,155,000		1,779,000	2,934,
	r				 ج
OG Operating LLC					
· Constant					
By: J. Coffman / C. Bird	•	Date Prepared:	5/17/	11	
	-	Date Prepared:	5/17/	11	

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.



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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

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	PROSPECT	=		
<u>E</u>	OBJECTIVE:	9900'	MD (5500' TVD) Pac	Idock
	BCP		АСР	TOTAL
201				10,00
202	22,000	302 -		22,00
203		303 -		
204		304		
205	10,000	305	10,000	20,00
206	5,000	306	1,000	6,0
207		-		
		_		
			39,000	195,0
			17 000	350,0
		-		100,0
		-		31,0
		-		15,0
215		315		
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218		_		
218	·	319 _		
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	100.000	-	13,000	13,0
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228	4,000	328 -	1,500	5,5
229	12.000	329 -		12,0
230		330 🗍		
231	15,000	331	12,500	27,5
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	12,000		45,000	57,0
005	40.000	-	45.000	
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		_		60,0
	the second s	_		4,5
		-		25,0
240		340 -		
241		341		
244	50,000	344 [50,0
242	5,000	342	1,000	6,0
243		343	131,300	236,3
	1,151,000	_	1,436,000	2,587,0
401				1,20
402		503		<u>_</u>
		503 🗌	51,000	51,0
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		and the second second		
	······	513	·······	·
414		514	230,000	230,0
415	2,000	515	25,000	27,0
		516	4,000	4,0
		-	· <u> </u>	<u> </u>
440	4.000		1 000	
419 420	1,000	519 520	32,000	2,0
420	4,000	520 -	343,000	33.0
	7,000			
	1,155,000		1,779.000	2.934.0
	1,155,000	-	1,779,000	2,934,0
	1,155,000	-	1,779,000	2,934,0
	1,155,000	-	1,779,000	2,934,0
	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225 226 227 228 229 230 231 231 235 236 237 238 239 240 241 244 242 243 401 405	E OBJECTIVE: BCP 10,000 202 22,000 203 22,000 204 22,000 205 10,000 206 5,000 207 208 209 156,000 210 350,000 211 68,000 212 25,000 213 30,000 214 15,000 215 216 216 217 218 200 221 222 222 100,000 224 10,000 225 10,000 226 2,000 230 230 231 15,000 235 15,000 236 60,000 237 40,000 238 3,000 239 240 244 50,000 243 105,000 405 2,000	E OBJECTIVE: 9900' 201 10,000 202 22,000 203 303 204 304 205 10,000 206 5,000 207 307 208 308 209 156,000 210 350,000 211 68,000 212 25,000 213 30,000 214 15,000 215 315 216 314 217 21 218 319 220 322 321 320 221 322 223 10,000 224 10,000 225 10,000 226 2,000 227 17,000 228 4,000 229 12,000 320 331 331 15,000 332 332 333	BCP ACP 201 10,000 302 202 22,000 302 203 303 303 204 304 304 205 10,000 305 10,000 206 5,000 306 1,000 207 307 307 307 208 338 39,000 310 211 66,000 311 17,000 212 25,000 312 75,000 214 15,000 314 1,000 215 315 315 315 216 315 320 320 221 322 322 320 222 322 13,000 324 224 10,000 324 1,000 225 10,000 325 30,000 226 2,000 326 2,000 225 10,000 327 4,200 226 2,000

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We approve: ____% Working Interest

Company: By: Printed Name: Title: Date: ļ.

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June 20, 2011

U.S. Certified Mail Return Receipt Requested

and a second
Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: Ne

<u>New Well Proposal</u> Puckett "13" Federal #8H SHL: 232' FSL & 459' FEL of Section 12, T17S, R31E BHL: 330' FSL & 330 FEL, of Section 13, T17S, R31E Eddy County, New Mexico

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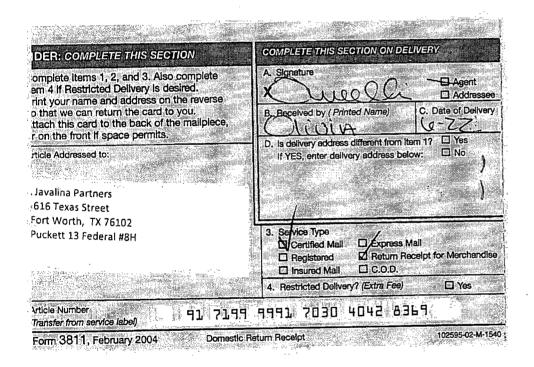
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Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (DRE/rc	(s) •					
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	Confirmation	Destination ZIP Co Customer Reference	(5) S. W. W. W. W. D. W. S. M. C. M. S.		First Class L	arge Envelope
•s	Services	Recipient 244	aline			nt #: 41592288
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umps	_		509 4,500	4,5
anks	-	<u> </u>	510, 20,000	20,0
owlines	-		511 15,000	15,0
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ectrical System		·	513	
ackers/Anchors/Hangers puplings/Fittings/Valves	- 414 - 415	2.000	514	
as Compressors/Meters	- 415	2,000	515 <u>25,000</u> 516 <u>4,000</u>	27,
as compressors/weters	-		517 4,000	4,
jection Plant/CO2 Equipment	-		518	· ••••••••
liscellaneous	- 419	1,000	519 1,000	2,0
ontingency	- 420	11,000	520 55,500	
TOTAL TANGIBLES	~ ~20	112,000	602,000	714,0
TOTAL WELL COSTS	-	1,545,000	2,235,000	3,780,0
	-			0,,00,
DG Operating LLC				
ly: J. Coffman / C. Bird		Date Prepared:	5/16/11	

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We approve: _% Working Interest

Company: By:

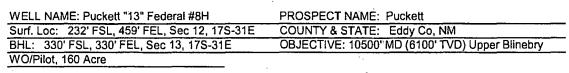
Printed Name: Title: Date:

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING



INTANGIBLE COSTS Title/Curative/Permit	201	BCP 10,000		ACP	<u>TOTAL</u> 10,000
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Contract Supervision	227 228	17,000,	327	4,200	21,200
Testing Casing/Tubing Mud Logging Unit		4,000	328 329	1,500	5,500
Logging	229		330	<u> </u>	12,00
Perforating/Wireline Services	230	15,000	331	12,500	27,50
Stimulation/Treating		13,000	332	950,000	950,00
Completion Unit		12,000	333	45,000	57,00
Swabbing Unit			334		
Rentals-Surface	235	15,000	335	45,000	60,00
Rentals-Subsurface	236	60,000	336	10,000	70,00
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,00
Welding Services	238	3,000	338	1,500	4,50
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		(
Seismic Analysis	241		341		(
Closed Loop & Environmental	244	50,000	344		50,000
Miscellaneous	242	≥ 5,000	342	1,000	6,000
Contingency	243	105,000	343	131,300	236,300
TOTAL INTANGIBLES	_	1,151,000		1,436,000	2,587,000
TANGIBLE COSTS	404				ii
Surface Casing	401 402		500		1,200
Intermediate Casing Production Casing/Liner 4200' - 4.5"	402	······	503		(
Tubing			503 504	51,000	51,000
Wellhead Equipment	405		504		
Pumping Unit	- 403		505		
Prime Mover			507		
Rods			508	······································	
Pumps			508		
Tanks	—		510		
Flowlines		<u></u> ;	510		
Heater Treater/Separator			512		
Electrical System		······	513	<u></u>	······
Packers/Anchors/Hangers	414	······································	514	230,000	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters	<u> </u>		516	4,000	4,00
Dehydrator	_		517		
Injection Plant/CO2 Equipment			518		
Miscellaneous	419	1,000	519	1,000	2,00
Contingency	420	1,000	520	32,000	33,00
TOTAL TANGIBLES		4,000		343,000	347,00
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000
COG Operating LLC					*. ≱*
- torresta s		Data Pronoradi	E/4		
By: J. Coffman / C. Bird		······	5/17/	• •	
We approve:		6			
% Working Interest					
Company:					

By:

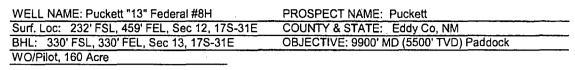
Prinled Name: Title: Date:

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

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INTANGIBLE COSTS Title/Curative/Permit	201	<u>BCP</u> 10,000		ACP	<u>TOTAL</u> 10,0
nsurance	- 202 -	22,000	302 -	· · · ·	22.0
Damages/Right of Way	203	~~,000	303		
The second				·····	24 24
Survey/Stake Location	204		304 _		
ocation/Pits/Road Expense	205	10,000	305	10,000	20,0
Drilling / Completion Overhead	206	5,000	306	1,000	6,0
Turnkey Contract	207		307		
Foolage Contract	208		308		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
Directional Drilling Services, With RS	210	350,000	310		350,0
Fuel & Power	211	68,000	311	17,000	85,0
Water	212	25,000	312	75,000	100,0
Bits	213	30,000	313	1,000	31.0
Aud & Chemicals	214	15,000	314		15.0
Drill Stern Test	215	10,000	315		
			315 -		
Coring & Analysis	216				
Cement Surface	217		_		·····
Cement Intermediate	218				
Dement 2nd Intermediate 7"	218		319		
Cement Squeeze & Other (NO Kickoff Plug)	220		320		
Float Equipment & Centralizers	221		321		
Casing Crews & Equipment	222		322 -	13,000	13,0
Fishing Tools & Service	223	100,000	323 -	· · ·	100,
Seologic/Engineering	224	10,000	324	1,000	11.
Contract Labor	225	10,000	325	30,000	40,
Company Supervision	226 -	2,000	326	2,000	4,
Contract Supervision	- 227 -	17.000	327	4,200	21,2
			328		
Testing Casing/Tubing	228	4,000		1,500	5,
Mud Logging Unit	229	12,000	329		12,
ogging	230		330 _		
Perforating/Wireline Services	231	15,000	331	12,500	27.
Stimulation/Treating			332	950,000	950,
Completion Unit		12,000	333 -	45,000	57,
Swabbing Unit			334	the second s	
Rentais-Surface	235	15,000	335	45,000	60,
Rentals-Subsurface	236	60,000	336	10,000	70,
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60.
Welding Services	238 -	3,000	338	1,500	4,
		3,000	339		25,
Water Disposal	_ 239 _			25,000	25,
Plug to Abandon	240		340		
Seismic Analysis	241		341		
Closed Loop & Environmental	244	50,000	344 _		50,0
Miscellaneous	242	5,000	342	1,000	6,0
Contingency	243	105,000	343	131,300	236,
TOTAL INTANGIBLES		1,151,000	_	1,436,000	2,587,6
TANGIBLE COSTS					
Surface Casing	401 -	····			1,2
ntermediate Casing	402		503 _		
Production Casing/Liner 4200' - 4.5"			503	51,000	51,0
ubing			504		
Vellhead Equipment	405		505		
Pumping Unit			506		
rima Mover			507	······································	· · · · · · · · · · · · · · · · · · ·
Rods			508		
2umps			509		
anks	_ ~		510		
			511		
leater Treater/Separator	<u> </u>		512		
lectrical System			513 _		
ackers/Anchors/Hangers	414		514	230,000	230,
ouplings/Fittings/Valves	415	2,000	515	25,000	27.0
as Compressors/Meters			516	4,000	4.0
ehydrator			517		
jection Plant/CO2 Equipment			518		
fiscellaneous	419 -	1,000	519	1,000	2,0
contingency	420	1,000	-	32,000	33,0
TOTAL TANGIBLES		4,000	- ```	343,000	347,0
TOTAL WELL COSTS		1,155,000	_	1,779,000	2,934,0
	<u> </u>	1,133,000		1,73,000	2,934,0
COG Operating LLC					

We approve:

_% Working Interest

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.





June 20, 2011

U.S. Certified Mail Return Receipt Requested Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal

Puckett "13" Federal #8H SHL: 232' FSL & 459' FEL of Section 12, T17S, R31E BHL: 330' FSL & 330 FEL, of Section 13, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "13" Federal #8H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter A of Section 13, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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.

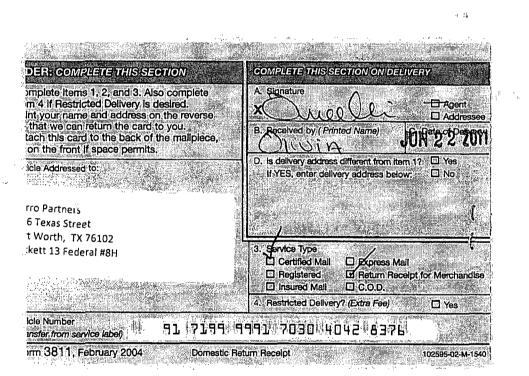
If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc				FN
	Package ID: 9171999991703 Destination ZIP Code: 76102 Customer Reference:	 A Press of the second seco	a ta construction de la construction	Electronic Certified First Class Large Envelope
	Recipient: <u>20220</u> Address <u>04</u> # 8	$\overline{\ell}$		PBP Account #: 41592288 Serial #: 1364097 JUN 20 2011 4:11 PM



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	D	RILLING		ä	
WELL NAME: Puckett "13" Federal	#ou			· Buckett	
Surf. Loc: 232' FSL, 459' FEL, Sec 12,		PROSPECT N		: Eddy Co, NM	
BHL: 330' FSL, 330' FEL, Sec 13, 17S-				1' MD (6600' TVD) Lo	wor Blincher
WO/Pilot, 160 Acre		OBJECTIVE.	1102		wer billiebry
WO/Filot, 100 Acie				\$ <u>`</u> ;	
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000		AUL	10,000
Insurance 4 44		22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310		400,000
Fuel & Power	211	112,500	311	11,250	123,750
Bits		30,000 45,000	312 313	75,000	105,000
Mud & Chemicals	213 .	25,000	314	1,000	25,000
Drill Stem Test	215		315		0
Coring & Analysis	216		-	·····.	0
Cement Surface	217	16,000	-		16,000
Cement Intermediate	218	16,000	-		16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320 -		0
Float Equipment & Centralizers Casing Crews & Equipment	221 	3,500 7,000	321 322	15,000	18,500
Fishing Tools & Service	<u> </u>	7,000	323	13,000	0
Geologic/Engineering	- 224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit		16,000	329		16,000
	230 .	0	330	5,000	5,000
Perforating/Wireline Services Stimulation/Treating	231 _	3,500	331 332	125,000 760,000	128,500 760,000
Completion Unit	<u> </u>		333	40,000	40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338 -	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon Seismic Analysis	240 241		340 341		0
Closed Loop & Environmental	- 241 ·	120,000	344 -		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000	-	1,633,000	3,066,000
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TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503 -	000.000	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5" Tubing 6200' 2 7/8"	<u> </u>		503 504 -	260.000 38,000	260,000 38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit	<u> </u>		506	97,000	97,000
Prime Mover		19	507		0
Rods			508	39,000	39,000
Pumps			509	4,500	4,500
Tanks		· · · · · · · · · · · · · · · · · · ·	510 -	20,000	20,000
Flowlines Heater Treater/Separator	•		511	15,000	15,000
Electrical System			512 -	25,000	25,000
Packers/Anchors/Hangers	414		513 514		0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator			517		0
Injection Plant/CO2 Equipment	— ·		518	4.000	.,0
Miscellaneous	419	1.000	519	1,000	2,000

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

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Date Prepared:

COG Operating LLC

We approve:

Contingency TOTAL TANGIBLES

Miscellaneous

By:	J. Coffman / C. Bird	

TOTAL WELL COSTS

419

420

_% Working Interest Company: By:

Printed Name: Title: Date:

10.20

<u>Ric</u>



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Surf. Loc: 232' FSL, 459' FEL, Sec 12, 17		COUNTY & S	TATE:	Eddy Co, NM	
3HL: 330' FSL, 330' FEL, Sec 13, 17S-31		OBJECTIVE:	10500	' MD (6100' TVC) Upper Blinebry
VO/Pilot, 160 Acre					
		PCD		ACD	TOTAL
NTANGIBLE COSTS itle/Curative/Permit	201	BCP 10,000		<u>ACP</u>	<u>TOTAL</u> 10,0
Isurance	201	22,000	302		22.0
amages/Right of Way	203		303		
urvey/Stake Location	204		304		······
ocation/Pits/Road Expense	205	10,000	305	10,000	. 20,0
Prilling / Completion Overhead	206	5,000	306	1,000	6,0
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Valer	212	25,000	312	75,000	100.0
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Drill Stem Test	214 215	15,000	314 315		15,0
Coring & Analysis	216				······································
Cement Surface	217				
Cement Intermediate	218		_		
Cement 2nd Intermediate 7"	218		319		
Cement Squeeze & Other (NO Kickoff Plug)	. 220 . 221	,	320		
Casing Crews & Equipment	. 222	···	322	13,000	13.0
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Seologic/Engineering	224	10,000	324 _	1,000	11,0
Contract Labor	225	10,000	325	30,000	40,0
Company Supervision	. 226 227	2,000	326 327	2,000	4,0
Contract Supervision	228	4,000	328	4,200	
Aud Logging Unit	229	12,000	329	1,000	12,0
ogging	230		330 _	a).	
Perforating/Wireline Services	231	15,000	331	12,500	27,5
itimulation/Treating	•	12.000	332	950,000	950,0
Completion Unit		12,000	333 334 -	45,000	57,0
Rentais-Surface	. 235	15,000	335	45,000	60.0
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Velding Services Vater Disposal	238 239	3,000	338 - 339 -	1,500 25,000	4,5
Plug to Abandon	. 239		340	25,000	20,0
Seismic Analysis	241		341		
Closed Loop & Environmental	244	50,000	344 _		50,0
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TOTAL INTANGIBLES	. 243	105,000	343 _	131,300	236,3
TOTAL INTANGIBLES		1,151,000	_	1,438,000	2,587,0
ANGIBLE COSTS					
urface Casing	401				1,2
ntermediate Casing	402		503		
roduction Casing/Liner 4200' - 4.5"			503	51,000	51,0
ubing Vellhead Equipment	. 405		504 505		
Pumping Unit	. 400		506		
rime Mover			507	· · · · · · · · · · · · · · · · · · ·	
lods			508 _		
umps			509		
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lectrical System			513	·····	
ackers/Anchors/Hangers	414		514 _	230,000	230,0
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ehydrator			516 517	4,000	4,0
jection Plant/CO2 Equipment			518		
liscellaneous	419	1,000	519	1,000	2,0
Contingency	420	1,000	520	32,000	33,0
TOTAL TANGIBLES		4,000	_	343,000	347,0
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,0
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We approve: _____% Working Interest

Company:	
By:	
Printed Name:	
Title:	· · · · · · · · · · · · · · · · · · ·

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



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By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve: ____% Working Interest Company: By:

Printed Name: Tille: Date:

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