

Sneed 9 Federal Com #1H Well Proposal (1-2)

Sent Centred Mail Receipt

April 3, 2013

Occidental Oil and Gas Corporation 5 Greenway Plaza, Suite 110 Houston, TX 77048 Attn: Tiffany Pollock

Re: Well Proposal - Sneed Fed Com #1H T175, R32E, Section 9 CNI - 2201 CNI - # 160 CNI - as a least location

SHL: 330' FNL & 150' FWL, or a legal location in Unit D BHL: 330' FNL & 330' FEL, or a legal location in Unit A Lea County, New Mexico

Dear Occidental Oil and Gas Corporation,

COG Operating LLC (COG), as Operator, proposes to drill the Sneed Fed Com #1H woll as a horizontal well at the above-captioned location to a TVD of approximately 6,700° and a MD of 11,330° to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,879,000 and a detailed description of the cost is set our in the enclosed Authority for Expenditure ("AFE"). COG anticipates that It will apud the well soon after an approved order is received from the NMOCD for the Sneed Fed Com #1H non-standard spacing unit and force pooling request.

COG is proposing to drill this well under the terms of the modified 1982 AAPL form of Operating Agreement modified for horizontal development. Enclosed is a 1982 AAPL for Operating Agreement, modifications for horizontal development will be added and sent for formal review at a later date. The Operating Agreement covers, T175-R32E Section 9 N2N2, Les County, NM, it has the following general provisions:

- 100/300 Non-consenting penalty
- \$8,000/\$600 Drilling and Producing rate
- COG named as Operator

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 3 year primary term
- Delivering a 80% NRI, proportionately reduced
- \$750 per net acre bonus consideration (120 Gross acres X 50% Mineral Interest = 80 Net Acres X \$750 = Total Bonus of \$45,000 (subject to title verification))

The Term Assignment offer is subject to the approval of COG's management and vertilication of talls,

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oli Conservation Division for computery pooling of your interest into a specing unit for the proposed well.

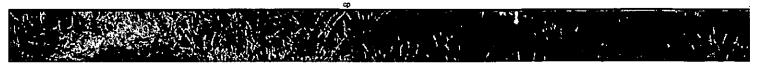
If you have any questions, please do not hesitate to contact the undersigned at 432-818-2230.

Respectfully,

Sean Johnson

Landman

Enclosure(s)



NMOCD CASE NO. 15027 July 25, 2013 Exhibit No. 3



Sneed 9 Federal Com #1H Well Proposal (2-2)

Sent Certified Mail Receipt

April 3, 2013

Betty M. Dressen (aka Betty Kyle Dressen). Trustee of the Betty M. Dressen Revocable Living Trust dated 10/17/1977 P.O. Box 817 Los Attos, California 94023-0817

Ra: Weit Proposal – Sneed Fed Com #1H T175, R32E, Section 9 SH1: 330 FNL & 150 FWL, or a legal location in Unit D BH1: 330 FNL & 330 FHL, or a legal location in Unit A Lea County, New Maxico

Dear Betty M. Dressen.

COG Operating LLC (COG), as Operator, proposes to drill the Sneed Fed Com #1H well as a horizontal well at the above-captioned location to a TVD of approximately 8,700° and a MD of 11,330° to test the Yeao Formation ("Operation"). The total cost of the Operation is estimated to to \$4,879,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE"). COG anticipates that it will spud the well soon after an approved order is received from the NMOCD for the Sneed Fed Com #1H non-standard spacing unit and force pooling request.

COG is proposing to drill this well under the terms of the modified 1982 AAPL form of Operating Agreement, modified for horizontal development. Enclosed is a 1982 AAPL for Operating Agreement, modifications for horizontal development will be added and sent for formal review at a later date. The Operating Agreement covers, T17S-R32E Section 9 N2N2, Lea County, NM. It has the following general provisions:

- 100/300 Non-consenting penalty
- \$6,000/\$600 Drilling and Producing rate
- COG named as Operator

If you do not wish to participate in the Operation and have an un-leased interest, COG would like to offer the following lease lemms:

- 3 year primary term
- 20% royalty interest
- \$750 per net acre bonus consideration (40 Gross acres X 0.78125% Mineral Interest = 0.31 Net Acres X \$750 = Total Bonus of \$234.38 (subject to title vertification)].

The Lease offer is subject to the approval of COG's management and varification of title.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Of Conservation Division for computery pooling of your interest into a spacing unit for the proposed web.

If you have any questions, please do not hesitate to contact the undersigned at 432-818-2230.

Respectfully,

Sean Johnson

Landman

Enclosure(s) cp