



Via Certified Mail

Receipt No. 91-7199-9991-7033-5100-6789

November 22, 2013

ESV Enterprises
P.O. Box 1952
Roswell, NM 88202

RE: Well Proposal – Lee 3 Fee #1H
SHL: 330' FSL & 380' FWL (Unit M)
BHL: 330' FNL & 380' FWL (Unit D)
Section 3, T19S, R26E, Eddy County, New Mexico

Dear Madam or Sir:

COG Operating LLC ("COG"), as Operator, proposes to drill the Lee 3 Fee #1H well as a horizontal well at the above-captioned location or at an approved surface location within location unit letter M, to a depth of approximately 3000' TVD, 7144' MD to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$3,548,000 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 on or before April 1, 2014.

COG is proposing to drill this well under the terms of the modified 1989 AAPL Model Form Operating Agreement ("OA") covering the W ½ of the W ½ of Section 3, T-19-S, R-26-E, with the following general provisions:

- 200/500 Non-consenting penalty
- Drilling and Producing rate:
\$4500/\$450 for vertical wells from surface to 8000'
\$5450/\$545 for vertical wells below 8000' and horizontal wells all depths
- COG named as Operator

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

- Three year primary term
- 74% net revenue interest delivered, proportionately reduced
- \$1000 per net acre bonus consideration

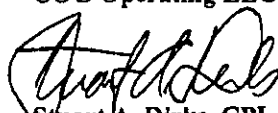
This offer to acquire your interest is subject to the approval of COG's management and verification of title.

COG will apply to the New Mexico Oil Conservation Division for compulsory pooling for the proposed well. If we do not reach an agreement within 30 days of the date of this letter, your interest will be named in the application.

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

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 5

Submitted by: COG OPERATING LLC

Hearing Date: January 22, 2014

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

| | | | |
|------------|-------------------------------------|-----------------|---------------------|
| WELL NAME: | LEE 3 FEE #1H | PROSPECT NAME: | LAKEWOOD/CEMETARY |
| SHL: | 330' FSL & 380' FWL UL: M | STATE & COUNTY: | New Mexico, Eddy |
| BHL: | 330' FNL & 380' FWL UL: LOT 4 | OBJECTIVE: | SH9 Yeso Horizontal |
| FORMATION: | YESO | DEPTH: | 7,144 |
| LEGAL: | SEC. 3 T19S R26E API#: 30-015-39586 | TVD: | 3,000 |

| INTANGIBLE COSTS | | BCP | | ACP | | TOTAL |
|--|-----|---------|-----|-----------|--|-----------|
| Title/Curative/Permit | 201 | 10,000 | | | | 10,000 |
| Insurance | 202 | 22,000 | 302 | 0 | | 22,000 |
| Damages/Right of Way | 203 | 50,000 | 303 | 0 | | 50,000 |
| Survey/Stake Location | 204 | 3,000 | 304 | 0 | | 3,000 |
| Location/Pits/Road Expense | 205 | 55,000 | 305 | 25,000 | | 80,000 |
| Drilling / Completion Overhead | 206 | 2,500 | 306 | 2,000 | | 4,500 |
| Turnkey Contract | 207 | | 307 | | | 0 |
| Footage Contract | 208 | | 308 | | | 0 |
| Daywork Contract (0 days f/spud-ris @ \$0) | 209 | 160,000 | 309 | 29,000 | | 189,000 |
| Directional Drilling Services (0 dir days @ \$0) | 210 | 125,000 | 310 | | | 125,000 |
| Fuel & Power | 211 | 33,000 | 311 | 6,000 | | 39,000 |
| Water | 212 | 27,000 | 312 | 130,000 | | 157,000 |
| Bits | 213 | 25,000 | 313 | 5,000 | | 30,000 |
| Mud & Chemicals | 214 | 21,000 | 314 | 0 | | 21,000 |
| Drill Stem Test | 215 | | 315 | 0 | | 0 |
| Coring & Analysis | 216 | | | | | 0 |
| Cement Surface | 217 | 42,000 | | | | 42,000 |
| Cement Intermediate | 218 | 0 | | | | 0 |
| Cement 2nd Intermediate/Production | 218 | 0 | 319 | 61,000 | | 61,000 |
| Cement Squeeze & Other (Kickoff Plug) | 220 | | 320 | 0 | | 0 |
| Float Equipment & Centralizers | 221 | 2,000 | 321 | 20,000 | | 22,000 |
| Casing Crews & Equipment | 222 | 5,000 | 322 | 12,000 | | 17,000 |
| Fishing Tools & Service | 223 | | 323 | | | 0 |
| Geologic/Engineering | 224 | 8,000 | 324 | | | 8,000 |
| Contract Labor | 225 | 16,000 | 325 | 21,000 | | 37,000 |
| Company Supervision | 226 | 2,000 | 326 | 2,000 | | 4,000 |
| Contract Supervision | 227 | 19,000 | 327 | 20,000 | | 39,000 |
| Testing Casing/Tubing | 228 | 3,000 | 328 | 5,000 | | 8,000 |
| Mud Logging Unit (logging f/24 days) | 229 | 10,000 | 329 | | | 10,000 |
| Logging | 230 | 0 | 330 | | | 0 |
| Perforating/Wireline Services | 231 | 1,500 | 331 | 95,000 | | 96,500 |
| Stimulation/Treating | | | 332 | 1,100,000 | | 1,100,000 |
| Completion Unit | | | 333 | 30,000 | | 30,000 |
| Swabbing Unit | | | 334 | | | 0 |
| Rentals-Surface | 235 | 16,000 | 335 | 200,000 | | 216,000 |
| Rentals-Subsurface | 236 | 28,000 | 336 | 80,000 | | 86,000 |
| Trucking/Forklift/Rig Mobilization | 237 | 43,000 | 337 | 20,000 | | 63,000 |
| Welding Services | 238 | 5,000 | 338 | 2,500 | | 7,500 |
| Water Disposal | 239 | 0 | 339 | 130,000 | | 130,000 |
| Plug to Abandon | 240 | 0 | 340 | 0 | | 0 |
| Seismic Analysis | 241 | 0 | 341 | 0 | | 0 |
| Closed Loop & Environmental | 244 | 55,000 | 344 | 0 | | 55,000 |
| Miscellaneous | 242 | 0 | 342 | 0 | | 0 |
| Contingency 10% | 243 | 79,000 | 343 | 198,500 | | 277,500 |
| TOTAL INTANGIBLES | | 866,000 | | 2,174,000 | | 3,040,000 |

| TANGIBLE COSTS | | | | | | |
|---|-----|---------|-----|-----------|--|-----------|
| Surface Casing (8 5/8" 32# J55 LTC) | 401 | 25,000 | | | | 25,000 |
| Intermediate Casing(2150' 8 5/8" 32# J55 LTC) | 402 | 0 | 503 | 0 | | 0 |
| Production Casing (5 1/2" 17# L80) | | | 503 | 107,000 | | 107,000 |
| Tubing | | | 504 | 15,000 | | 15,000 |
| Wellhead Equipment | 405 | 6,000 | 505 | 20,000 | | 26,000 |
| Pumping Unit | | | 506 | 60,000 | | 60,000 |
| Prime Mover | | | 507 | 20,000 | | 20,000 |
| Rods | | | 508 | 12,000 | | 12,000 |
| Pumps | | | 509 | 70,000 | | 70,000 |
| Tanks | | | 510 | 21,000 | | 21,000 |
| Flowlines | | | 511 | 8,000 | | 8,000 |
| Heater Treater/Separator | | | 512 | 30,000 | | 30,000 |
| Electrical System | | | 513 | 20,000 | | 20,000 |
| Packers/Anchors/Hangers | 414 | 0 | 514 | 2,500 | | 2,500 |
| Couplings/Fittings/Valves | 415 | 500 | 515 | 60,000 | | 60,500 |
| Gas Compressors/Meters | | | 516 | 5,000 | | 5,000 |
| Dehydrator | | | 517 | | | 0 |
| Injection Plant/CO2 Equipment | | | 518 | | | 0 |
| Miscellaneous | 419 | 500 | 519 | 500 | | 1,000 |
| Contingency | 420 | 2,000 | 520 | 23,000 | | 25,000 |
| TOTAL TANGIBLES | | 34,000 | | 474,000 | | 508,000 |
| TOTAL WELL COSTS | | 900,000 | | 2,648,000 | | 3,548,000 |

COG Operating LLC

By: Carl Bird

Date Prepared: 9/9/2013

GB

COG Operating LLC

By:

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.