



COPY

January 20, 2014

Via Certified Mail, Return Receipt Requested

WORKING INTEREST OWNERS LISTED ON ATTACHED EXHIBIT "A"

Re: Revised Well Proposal and AFE
Airstrip Fee Com #1H
Section 6 & 7, T19S-R35E
Lea County, New Mexico

Gentlemen:

COG Operating LLC ("COG") respectfully rescinds its initial Well Proposal Letter dated April 17, 2013, regarding the Airstrip Fee Com #1H, and hereby re-proposes the drilling of the referenced well to a depth sufficient to adequately test the 3rd Bone Spring formation at a total measured depth being approximately 17,853'. The surface location for this well is proposed at a legal location in Unit P of Section 7, Township 19 South, Range 35 East, with a bottom hole location at a legal location in Unit I of Section 6, Township 19 South, Range 35 East, with the dedicated project area being the E/2 SE/4 of Section 6 and the E/2 E/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico (refer to attached plat for further detail). Included herewith is our revised Authority for Expenditure ("AFE") in the gross amount of \$9,231,500.00, being the total estimated cost to drill and complete said well.

COG is proposing to drill this well under the terms of a modified 1989 A.A.P.L. Form 610 Model Form Operating Agreement, which is enclosed herewith for your review and execution. The Operating Agreement covers the E/2 SE/4 of Section 6 and the E/2 E/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico. It has the following general provisions:

- 100% / 300% / 300% Non-consenting penalty
- \$7,000 / \$700 Drilling and Producing rate
- COG named as Operator

Please have the appropriate party execute, notarize and return one original of each signatory page, being the Operating Agreement and Recording Memorandum. If you do not wish to participate in the proposed operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- Two (2) year primary term
- Delivering an 80% NRI, proportionately reduced
- \$1,500 / net acre bonus consideration

The Term Assignment offer is subject to the approval of COG's management and verification of title.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 3

Submitted by: COG OPERATING LLC

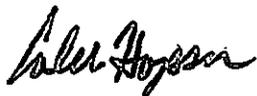
Hearing Date: March 20, 2014

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic requirements, to my attention at the letterhead address. You may also fax your response to 432.221.0856 or by email to chopson@concho.com.

Should you have any questions, please do not hesitate to contact me at 432.686.3049.

Sincerely,

COG Operating LLC



Caleb Hopson, RPL
Landman

CH:bh
Enc

_____ I/We hereby elect to participate in the Airstrip Fee Com #1H.

_____ I/We hereby elect not to participate in the Airstrip Fee Com #1H.

Company: _____
By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

COG Operating LLC
600 W. Illinois Ave.
Midland, Texas 79701

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4709

LYN Lynx Petroleum Consultants
P.O. Box 1708
Hobbs, New Mexico 88241

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4716

Bright Hawk/Burkard Venture
P.O. Box 79790
Houston, Texas 77279

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4723

AYCO Energy LLC
2909 Hillcroft Ave, Suite 103
Houston, Texas 77057

Participating

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4730

JAMES James I. Riddle Estate
c/o Jane A. Lancaster,
901 Main St.
Suite 6000, Dallas, Texas 75202

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4747

JAMES James I. Riddle Estate
8920 Chatsworth
Houston, Texas 77024

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4754

JAMES James I. Riddle Estate
4246 Goodfellow
Dallas, Texas 75229

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4761

W.A. Stockard Estate
2008 Kirby Dr., Suite 510
Houston, Texas 77019

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4778

W.A. Stockard Estate
2001 Kirby Dr., Suite 605
Houston, TX 77019

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4785

Big "6" Drilling Company
7500 San Felipe St., Suite 250
Houston, Texas 77063

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4792

CHESTER Chester B. Bengé, Jr.
7500 San Felipe St., Suite 250
Houston, Texas 77063

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4808

MARGUERITE Marguerite B. Griffith
5416 Sugar Hill Drive
Houston, Texas 77056

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4815

MICHAEL Michael Stone
7500 San Felipe St., Suite 250
Houston, Texas 77063

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4822

JACK Jack Burnett
983 Cash Road
Kountze, Texas 77625

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4839

60 Jack Burnett
7500 San Felipe St., Suite 250
Houston, TX 77063

Via Certified Mail, Return Receipt Requested

60 *No. 91 7199 9991 7030 0514 4846*
W.H. Smith Estate
c/o Rowena Reynolds
1311 N. Rusk
Wharton, Texas 77488

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4853

Felix A. Fishman and Henry Schneider under
a Trust Indenture by Lucy G. Moses dated
12/24/58
c/o Deutsche Bank Tr. Co.
P.O. Box 1297
New York, New York 10008-1297

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4860

60 Featherstone Development Corporation
P.O. Box 429
Roswell, New Mexico 88202 *participating*

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4877

60 Prospector LLC
P.O. Box 429
Roswell, New Mexico 88202 *participating*

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4884

60 Big Three Energy Group LLC
P.O. Box 429
Roswell, New Mexico 88202 *participating*

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4891

ExxonMobil
P.O. Box 2024
Houston, Texas 77252-2024

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4907

C Chevron U.S.A. Inc.
Attn: Land Department
P.O. Box 4538
Houston, Texas 77210

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4914

60 Harvard Petroleum Corporation
200 E., 2nd Street
Roswell, New Mexico 88201-6212

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4945

X Compound Properties, LLC
P.O. Box 2990
Ruidoso, NM 88355-2990

DISTRICT I
1623 N. FREEDOM DR., EDGES, NM 86240
Phone: (505) 522-6181 Fax: (505) 522-0720

DISTRICT II
191 W. GRAND AVENUE, ARTESIA, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-3460 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name AIRSTRIP FEE COM	Well Number 1H
GRID No.	Operator Name COG OPERATING, LLC	Elevation 3853.4

Surface Location

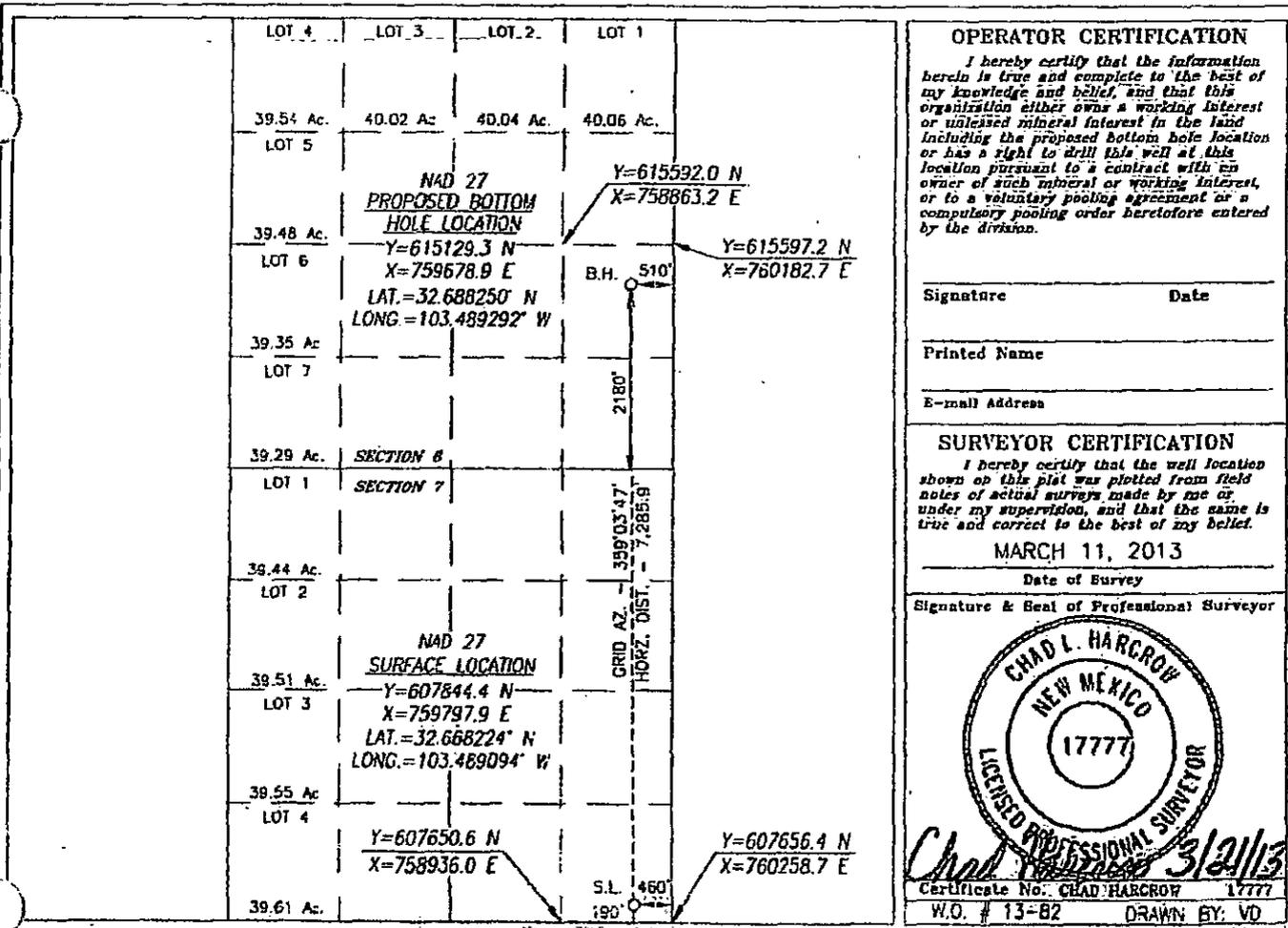
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	19-S	35-E		190	SOUTH	460	EAST	LEA

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	6	19-S	35-E		2180	SOUTH	510	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with the owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
E-mail Address _____

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

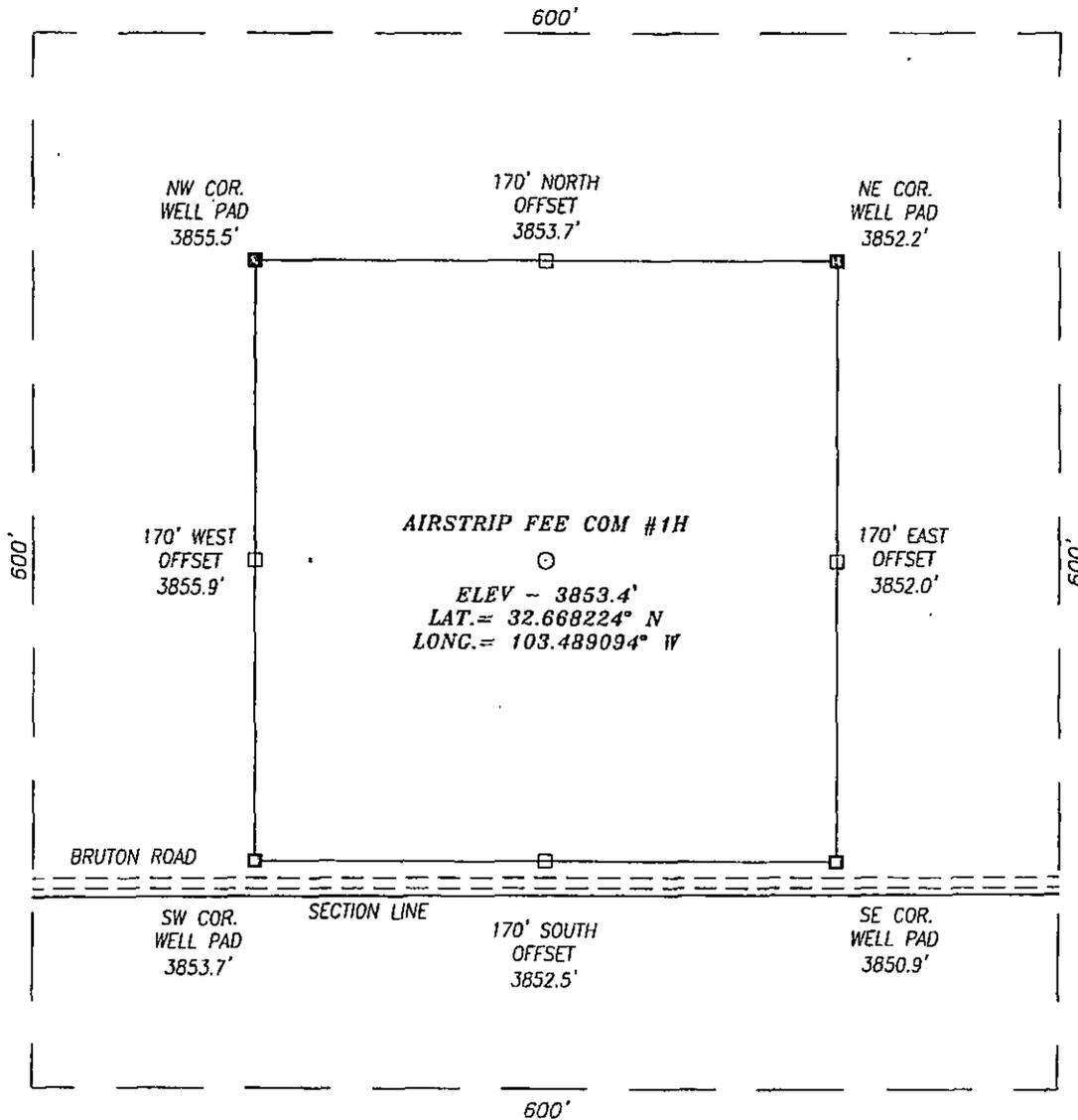
MARCH 11, 2013
Date of Survey
Signature & Seal of Professional Surveyor

CHAD L. HARCROW
NEW MEXICO
LICENSED PROFESSIONAL SURVEYOR
17777
Certificate No. CHAD HARCROW 17777
W.O. # 13-82 DRAWN BY: VD

SECTION 7, TOWNSHIP 19 SOUTH, RANGE 35 EAST, N.M.P.M.,

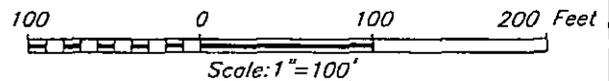
LEA COUNTY

NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF HWY 62/180 AND PEARL VALLEY ROAD GO NORTHWEST ALONG PEARL VALLEY FOR APPROX. 0.1 MILES TURN LEFT (WEST) GO 2.5 MILES AND WELL IS 200 FEET NORTH.

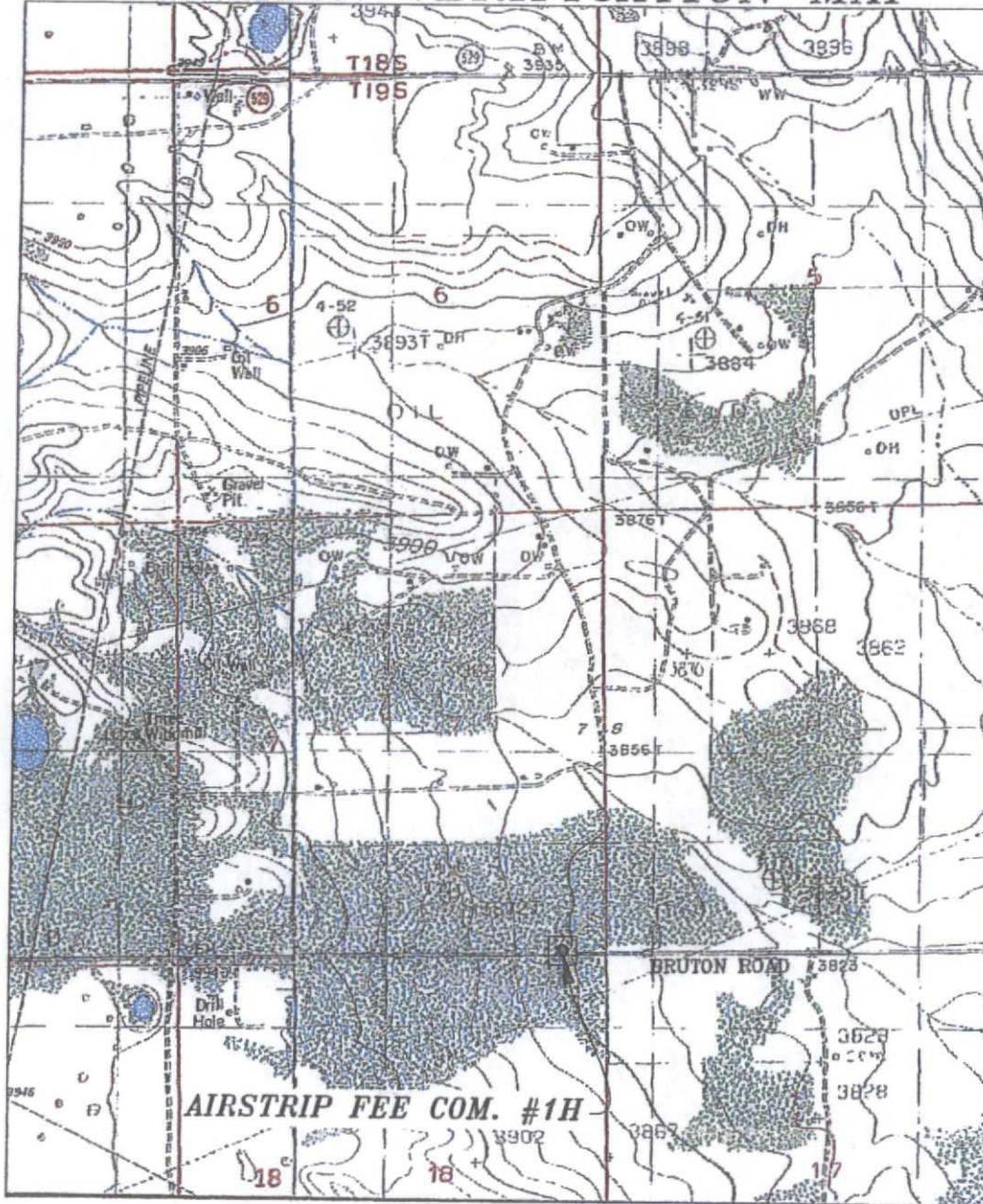


HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA, N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



COG OPERATING, LLC	
AIRSTRIP FEE COM #1H WELL LOCATED 190 FEET FROM THE SOUTH LINE AND 460 FEET FROM THE EAST LINE OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 35 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO	
SURVEY DATE: 03/11/2013	PAGE: 1 OF 1
DRAFTING DATE: 03/13/2013	
APPROVED BY: CH	DRAWN BY: VD FILE: 13-82

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'

SEC. 7 TWP. 19-S RGE. 35-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 190' FSL & 460' FEL
 ELEVATION 3853.4'
 OPERATOR COG OPERATING, LLC
 LEASE AIRSTRIP FEE COM.
 U.S.G.S. TOPOGRAPHIC MAP
IRONHOUSE DRAW, N.M.

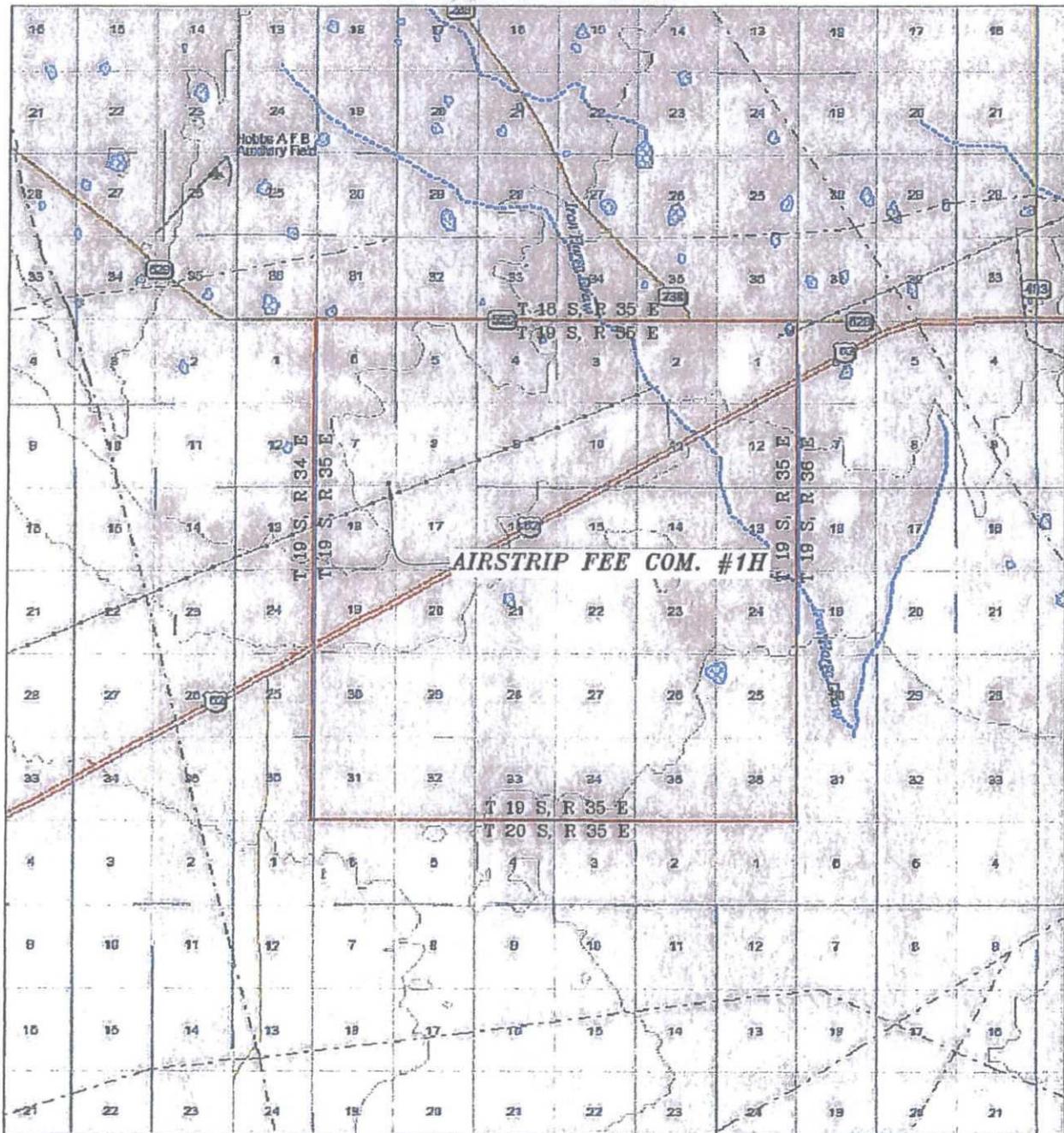
HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



COG OPERATING, LLC

SURVEY DATE: MAR. 11, 2013	PAGE: 1 OF 1
DRAFTING DATE: MAR. 13, 2013	
APPROVED BY: CH	DRAWN BY: DDSI FILE: 13-082

VICINITY MAP



SCALE: 1" = 2 MILE

SEC. 7 TWP. 19-S RGE. 35-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 460' FEL & 190' FSL
 ELEVATION 3853.4'
 OPERATOR COG OPERATING, LLC
 LEASE AIRSTRIP FEE COM.

HARCROW SURVEYING, LLC
 1107 WATSON, ARTESIA N.M. 88210
 PH: (575) 513-2570 FAX: (575) 746-2158
 chad_harcrow77@yahoo.com



COG OPERATING, LLC

SURVEY DATE: MAR. 11, 2013	PAGE: 1 OF 1
DRAFTING DATE: MAR. 13, 2013	
APPROVED BY: CH	DRAWN BY: DDSI FILE: 13-082

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WORKING INTEREST OWNERS

COG Operating LLC
600 W. Illinois Avenue
Midland, Texas 79701
Attention: Caleb Hopson

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4709
Lynx Petroleum Consultants
P.O. Box 1708
Hobbs, New Mexico 88241

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4716
Bright Hawk/Burkard Venture
P.O. Box 1708
Hobbs, New Mexico 88241

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4723
AYCO Energy, LLC
2909 Hillcroft Ave, Suite 103
Houston, Texas 77057

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4730
James I. Riddle Estate
c/o Jane A. Lancaster
901 Main Street, Suite 6000
Dallas, Texas 75202

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4747
James I. Riddle Estate
8920 Chatsworth
Houston, Texas 77024

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4754
James I. Riddle Estate
4246 Goodfellow
Dallas, Texas 75229

Via Certified Mail, Return Receipt Requested

Revised Well Proposal and AFE
January 24, 2014
Page 2

No. 91 7199 9991 7030 0514 4761
W.A. Stockard Estate
2008 Kirby Drive, Suite 510
Houston, Texas 77019

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4778
W.A. Stockard Estate
2001 Kirby Drive, Suite 605
Houston, Texas 77019

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4785
Big "6" Drilling Company
7500 San Felipe, Suite 250
Houston, Texas 77063

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Houston, Texas 77063

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7500 San Felipe, Suite 250
Houston, Texas 77063

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Jack Burnett
983 Cash Road
Kountze, Texas 77625

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7030 0514 4839
Jack Burnett
7500 San Felipe, Suite 250
Houston, Texas 77063

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4846

W.H. Smith Estate
c/o Rowena Reynolds
1311 N. Rusk
Wharton, Texas 77488

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4853

Felix A. Fishman and Henry Schneider,
Under a Trust Indenture by Lucy G. Moses,
Dated 12/24/1958
c/o Deutsche Bank Tr Co
P. O. Box 1297
New York, New York 10008-1297

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4860

Featherstone Development Corporation
P.O. Box 429
Roswell, NM 88202

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4877

Prospector LLC
P.O. Box 429
Roswell, NM 88202

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4884

Big Three Energy Group LLC
P.O. Box 429
Roswell, NM 88202

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4891

ExxonMobil
P.O. Box 2024
Houston, TX 77252

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4907

Chevron USA Inc.
Attn: Land Department
P.O. Box 4538
Houston, TX 77210

Via Certified Mail, Return Receipt Requested

Revised Well Proposal and AFE

January 24, 2014

Page 2

No. 91 7199 9991 7030 0514 4914

Harvard Petroleum Corporation

200 E., 2nd Street

Roswell, NM 88201

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7030 0514 4945

Compound Properties, LLC

P.O. Box 2990

Ruidoso, NM 88355