



FEDERAL EXPRESS

June 26, 2014

Conoco Phillips Company
[Successor-in-Interest to Burlington Resources]
600 N. Dairy Ashford
Houston, TX 77079
Attention: Mr. Renaldo Works

Re: Well Proposal – Goldfinger 17 Federal Com #2H
E/2W/2 of Section 17, T24S-R32E: Unit Area
SHL: 190' FSL & 1980' FWL, or a legal location in Unit N
BHL: 330' FNL & 1980' FWL, or a legal location in Unit C
Lea County, New Mexico

Gentlemen:

COG Operating LLC ("COG"), as Operator, proposes to drill the Goldfinger 17 Federal Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 8,480' and a MD of approximately 13,067' to test the Brushy Canyon (Delaware) Formation ("Operation"). The total cost of the Operation is estimated to be \$5,629,000.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG proposes forming a Working Interest Unit covering the E/2 and E/2W/2 Section 17, T24S-R32E, Lea Co., NM. COG proposes to form this Working Interest Unit under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. It has the following general provisions:

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

If you do not wish to participate in the Operation, COG would like to acquire your leasehold via farmout or some other type of mutual agreement. This offer is subject to the approval of COG's management and verification of title.

Please indicate your participation election in the space provided below. Please sign and return this letter, along with a signed copy of the enclosed AFE, a signed copy of the JOA and a copy of your geologic well requirements to my attention at the letterhead address. You may also fax your response to (432) 221-0856 or by email to mwallace@concho.com.

If you have any questions, please do not hesitate to contact me at (432) 221-0465.

Sincerely,

Mike Wallace
Sr. Landman

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 10

Submitted by: COG OPERATING LLC

Hearing Date: July 24, 2014

ConocoPhillips Company

June 26, 2014

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_____ I/We hereby elect to participate in the Goldfinger 17 Federal Com #2H.

_____ I/We hereby elect **not** to participate in the Goldfinger 17 Federal Com #2H.

Company: _____

By: _____

Name: _____

Title: _____

Date: _____

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: GOLDFINGER 17 FED COM #2H PROSPECT NAME: BULLDOG 2432
 SHL: 190 FSL & 1980 FWL STATE & COUNTY: New Mexico, Lea
 BHL: 330 FNL & 1980 FWL OBJECTIVE: DRILL AND COMPLETE
 FORMATION: BRUSHY DEPTH: 13,067
 LEGAL: 17-T24S-R32E TVD: 8,480

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	11,000		11,000
Insurance	202	5,000		5,000
Damages/Right of Way	203	15,000		15,000
Survey/Stake Location	204	7,000		7,000
Location/Pits/Road Expense	205	100,000	25,000	125,000
Drilling / Completion Overhead	206	6,000		6,000
Turnkey Contract	207	0		0
Footage Contract	208	0		0
Daywork Contract	209	385,000		385,000
Directional Drilling Services	210	178,000		178,000
Fuel & Power	211	85,000	10,000	95,000
Water	212	70,000	175,000	245,000
Bits	213	78,000	4,500	82,500
Mud & Chemicals	214	65,000		65,000
Drill Stem Test	215	0		0
Coring & Analysis	216	0		0
Cement Surface	217	35,000		35,000
Cement Intermediate	218	55,000		55,000
Cement 2nd Intermediate/Production	218	0	100,000	100,000
Cement Squeeze & Other (Kickoff Plug)	220	0		0
Float Equipment & Centralizers	221	15,000	15,000	30,000
Casing Crews & Equipment	222	20,000	20,000	40,000
Fishing Tools & Service	223	0		0
Geologic/Engineering	224			
Contract Labor	225	15,000	125,000	140,000
Company Supervision	226	0		0
Contract Supervision	227	41,600	50,000	91,600
Testing Casing/Tubing	228	7,000		7,000
Mud Logging Unit	229	21,000		21,000
Logging	230	75,000	10,000	85,000
Perforating/Wireline Services	231	5,000	120,000	125,000
Stimulation/Treating		0	1,400,000	1,400,000
Completion Unit		0	50,000	50,000
Swabbing Unit		0		0
Rentals-Surface	235	85,000	250,000	335,000
Rentals-Subsurface	236	105,000	25,000	130,000
Trucking/Forklift/Rig Mobilization	237	125,000	25,000	150,000
Welding Services	238	5,000	7,500	12,500
Water Disposal	239	0	150,000	150,000
Plug to Abandon	240	0		0
Seismic Analysis	241	0		0
Closed Loop & Environmental	244	180,000	10,000	190,000
Miscellaneous	242	0		0
Contingency	243	90,400	150,000	240,400
TOTAL INTANGIBLES		1,885,000	2,622,000	4,507,000
TANGIBLE COSTS				
Surface Casing	401	39,000		39,000
Intermediate Casing	402	116,000		116,000
Production Casing		0	208,000	208,000
Tubing		0	44,000	44,000
Wellhead Equipment	405	15,000	35,000	50,000
Pumping Unit		0	115,000	115,000
Prime Mover		0	20,000	20,000
Rods		0	40,000	40,000
Pumps		0	37,000	37,000
Tanks		0	75,000	75,000
Flowlines		0	70,000	70,000
Heater Treater/Separator		0	65,000	65,000
Electrical System		0		0
Packers/Anchors/Hangers	414	0	10,000	10,000
Couplings/Fittings/Valves	415	0	170,000	170,000
Gas Compressors/Meters		0	8,100	8,100
Dehydrator		0		0
Injection Plant/CO2 Equipment		0		0
Miscellaneous	419	0		0
Contingency	420	9,000	45,900	54,900
TOTAL TANGIBLES		319,000	843,000	1,162,000
TOTAL WELL COSTS		2,064,000	3,565,000	5,629,000

COG Operating LLC

Date Prepared: 6/26/2014

COG Operating LLC

By: TIM SMITH SH

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.