

## FEDERAL EXPRESS

June 25, 2014

ConocoPhillips 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 #4H

E/2E/2 of Section 17, T24S-R32E: Unit Area

SHL: 190' FSL & 660' FEL, or a legal location in Unit P BHL: 330' FNL & 660' FEL, or a legal location in Unit A

Lea County, New Mexico

## Gentlemen:

COG Operating LLC ("COG"), as Operator, proposes to drill the Goldfinger 17 Federal Com #4H well as a horizontal well at the above-captioned location to a TVD of approximately 8,505' and a MD of approximately 13,105' 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.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Mike Wallace Exhibit No. 12

Sr. Landman Submitted by: COG OPERATING LLC

Hearing Date: July 24, 2014

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

ConocoPhillips Company
June 26, 2014
Page 2

I/We hereby elect to participate in the Goldfinger 17 Federal Com #4H.

I/We hereby elect not to participate in the Goldfinger 17 Federal Com #4H.

Company:

By:
Name:
Title:
Date:

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

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