



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 | 0 | | 0 |
| 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 | 50,000 | 140,400 |
| 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 | 137,000 | 137,000 |
| Tanks | | 0 | 75,000 | 75,000 |
| Flowlines | | 0 | 70,000 | 70,000 |
| Heater Treater/Separator | | 0 | 65,000 | 65,000 |
| Electrical System | | 0 | 0 | 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 | | 179,000 | 943,000 | 1,122,000 |
| TOTAL WELL COSTS | | 2,064,000 | 3,565,000 | 5,629,000 |

COG Operating LLC

Date Prepared: 6/28/2014

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.