



Sent Certified Mail
Receipt No. 91-7199-9991-7033-2437-5785

November 3, 2014

Oxy Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046
Attn: Permian Basin Land Manager

RE: **Well Proposal – Bragg 10 Fee #3H**
SHL: 150' FSL & 2310' FEL (Unit O)
BHL: 330' FNL & 2310' FEL (Unit B)
Section 10, T19S, R26E, Eddy County, New Mexico

To Whom It May Concern:

COG Operating LLC ("COG"), as Operator, proposes to drill the Bragg 10 Fee #3H well as a horizontal well at the above-captioned location or at an approved surface location within location unit letter O, to a depth of approximately 3,450' TVD, 7,615' MD to the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$3,267,000 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 March 1, 2015.

COG is proposing to drill this well under the form of Operating Agreement ("OA") attached as an exhibit to the Development Agreement dated June 1, 2011, between Yates Petroleum Corporation and COG. Enclosed is our proposed OA with an additional set of signature pages.

If you wish to participate, please sign and return a copy of the AFE and the signature pages to the OA. 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

Pedie Monta
Landman

BEFORE THE OIL CONVERSATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG Operating LLC
Hearing Date: January 8, 2015