



**CERTIFIED MAIL**

March 17, 2015

Edge Petroleum Exploration Co.  
1301 Travis  
Suite 200  
Houston, TX 77002

Re: **Well Proposal – Coachman Fee Com No. 4H**  
W/2 W/2, Section 21 –T25S-R35E  
SHL: 190' FNL & 380' FWL or a legal location in Sec 21 (Unit D)  
BHL: 330' FSL & 380' FWL or a legal location in Sec 21 (Unit M)  
Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Coachman Fee Com No. 4H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,362' and a MD of 17,120' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$12,759,750.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers W/2W/2 of Section 21-T25S-R35E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

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 well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG proposes to acquire your interest via term assignment.

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0465.

Respectfully,

Mike Wallace  
Senior Landman

OCD Case No. 15296

COG OPERATING  
Exhibit # 3