

CERTIFIED MAIL & FEDERAL EXPRESS

April 28, 2015

Kelly Van Zandt 6265 C.R. 423 Grandview, TX 76050

Re: Well Proposal - Salvador Fee #4H

W/2 W/2 of Section 10:T24S-R34E: Unit Area

SHL: 190' FSL & 660' FWL, or a legal location in Unit M BHL: 330' FNL & 660' FWL, or a legal location in Unit D

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Salvador Fee 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 10,985' and a MD of 15,600' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$6,905,040.00 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/2 of Section 10 T24S-R34E. It has the following general provisions:

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

If you do not wish to participate in the Operation, COG would like to lease your minerals under the following general terms:

- \$750/Net Mineral Acre
- 3 Yr. Primary Term
- Delivery of an 80% NRI, proportionately reduced (1/5 Royalty)

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

Respectfully,	
Mike Wallace Senior Landman	
	I/We hereby elect to participate in the Salvador Fee No. 4H.
	I/We hereby elect <u>not</u> to participate in the Salvador Fee No. 4H.
Company or Individual Name:	Kelly Van Zandt
By:	·
Title:	
Date:	

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME: SALVADOR FEE #4H SHL: 190 FSL & 660 FWL		PROSPECT NAME	E: BULLDOG 2434 (71)	7040)
BHL: 330 FNL & 660 FWL		OBJECTIVE:	DRILL & COMPLETE	
FORMATION: DBSS/2ND BSS LEGAL: 10-245-34E		DEPTH: TVD:	15,600 10,985	PH: 12200
INTANGIBLE COSTS		ВСР	ACP	TOTAL
Title/Curative/Permit	201	11,000		11,000
Insurance Damages/Right of Way	202 203	5,000 30		4,000 5,000
Survey/Stake Location	204	7,000 30	×	7,000
Location/Pits/Road Expense Driting / Completion Overhead	205 206	80,000 30 8,000 30		100,000
Turnkey Contract	207	0 30	77	0,000
Footage Contract Daywork Contract	208 209	400,000 30		400,000
Directional Drilling Services	210	145,000 31	10	145,000
Fuel & Power Weter	211 212	58,000 31 53,000 31		86,500 423,000
Bits	213	64,000 31	3 8,000	70,000
Mud & Chemicals Drill Stem Test	214 215	50,000 31		71,250
Coring & Analysis	216			
Cement Intermediate	217	33,000		33,000
Cement 2nd Intermediate/Production	21B 218	55,000	19 135,000	55,000 135,000
Cament Squeeze & Other (Kickoff Plug) Floet Equipment & Centralizere	220	0 32		0 0000
Casing Craws & Equipment	221 222	22,000 33 15,000 33		38,000 32,000
Fishing Tools & Service Geologic/Engineering	223	0 32		0
Contract Labor	224 225		25 176,500	184,500
Company Supervision Contract Supervision	226 227	0 33 38,000 33		0
Testing Casing/Tubing	228		27 <u>70,000</u> 29	108,000
Mud Logging Unit	229		29	21,000
Logging Perforating/Wireline Services	230 231		30 31	250,000 198,000
Stimulation/Treating		0 3:	32 2,200,000	2,200,000
Completion Unit Swabbing Unit			33 80,000 34	80,000
Rentals-Surface	235	55,000 3	185,000	270,000
Rentals-Subsurface Trucking/ForkilfVRig Mobilization	236 237		36 <u>20,000</u> 37 45,000	105,000
Welding Services	238	4,000 3:	5,000	9,000
Water Bisposel Plug to Abandon	239 240		39 <u>362,000</u>	382,000
Seismic Analysis	241	o s	41	0
Closed Loop & Environmental Miscellaneous	244 242		44 <u>5,000</u>	145,000
Contingency	243	38,000 3	43 50,000	000,88
TOYAL INTANGIBLES		1,808,000	3,982,250	5,790,250
TANGIBLE COSTS				
Surface Casing	401	54,000	———	54,000
intermediate Casing Production Casing	402		03 234,000	138,000
Tubing			04 85,000	85,000
Weithead Equipment	405		15,000	30,000
Prime Mover			08 <u>103,500</u> 07	103,500
Rods			08 55,000	55,000
Pumps -		о-б		35,000
Tanks Flowlines			10 <u>90,000</u> 11 27,000	90,000 27,000
Heater Treater/Separator			12 54,000	54,000
Electrical System	4		13 38,000	36,000
Packers/Anchors/Hangers Couplings/Fittings/Valves	414 415		14 <u>0</u> 15 135,000	135,000
Gas Compressors/Meters			18 7,290	7,290
Dehydrator			17	
injection Plant/CO2 Equipment Miscellaneous	. 419		18	
Contingency	420	0 5		50,000
TOTAL TANGESLES		207,000	907,780	1,114,790
TOTAL WELL COSTS		2,015,000	4,890,040	6,905,040
COG Operating LLC			•	
		Data Prepared: 4/1	14/2015	
		Service 40		
		COG Operating LLC		
We approve:% Working Interest		By: ALEX KORZENEV	VSKI	KG
		J. A. WALEREY	7-21-2	'```
Company: Kelly Van Zandt				
Ву:				
Printed Name:				
Title:		This AFE is only an ea	timate. By signing you agree	to pay your share
Date:		of the actual costs inci	urred.	



FEDERAL EXPRESS

April 28, 2015

Kelly Van Zandt 6265 C.R. 423 Grandview, TX 76050

Re: Well Proposal - Salvador Fee No. 3H

E/2 W/2 of Section 10:T24S-R34E: Unit Area

SHL: 190' FSL & 1,470' FWL, or a legal location in Unit N BHL: 330' FNL & 1,980' FWL, or a legal location in Unit C

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Salvador Fee No. 3H 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 11,000' and a MD of 15,600' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$6,655,040.00 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/2 of Section 10 T24S-R34E. It has the following general provisions:

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

If you do not wish to participate in the Operation, COG would like to lease your minerals under the following general terms:

- \$750/Net Mineral Acre
- 3 Yr. Primary Term
- Delivery of an 80% NRI, proportionately reduced (1/5 Royalty)

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.



SCONCHO

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

Respectfully,	
1_	
Mike Wallace Senior Landman	
	I/We hereby elect to participate in the Salvador Fee No. 3H.
	I/We hereby elect <u>not</u> to participate in the Salvador Fee No. 3H.
Company or	
	Kelly Van Zandt
Ву:	
Name:	
Title:	
Date:	

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

SHL: 190 FSL & 1470 FWL SHL: 330 FNL & 1980 FWL		STATE & COUNTY:	New Mexico, Lea	
ORMATION: DBSS/ZND BSS		OBJECTIVE: DEPTH:	DRIEL & COMPLETE 15,600	<u> </u>
EGAL: 10-24S-34E		TVD:	11,000	
ITANGIBLE COSTS		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
lle/Curative/Permit	201	11,000		11,0
turance tmaget/Right of Way	202	4,000 30		4,1
	203	5,000 30		5,
rvey/Stake Location	204	7,000 30		7,0
cation/Pits/Road Expense	205	80,000 30		100,
lling / Completion Overhead	208	<u>6,000</u> 30		6,
mikey Contract	207	0 30		
otage Contract	208	0 30		
work Contract	209	400,000 30		400,
ectional Oriting Services	210	145,000 31		145,
el & Power	211	58,000 31		56,
1	212	53,000 31		423,
d & Chemicals	— 213 214	64,000 31 50,000 31		70.
Stem Teat	215	0 31	·	71,
ring & Analysis	218		·	
ment Surface	- 217	33,000		33,
ment Intermediate	218	55,000		
ment 2nd Intermediate/Production	218	0 31	9 135,000	135,
ment Squeeze & Other (Kickoff Plug)	220	0 32		130,
et Equipment & Centralizers	- 221	22,000 32		38.
sing Craws & Equipment	- 222	15,000 32		32,
hing Toots & Service	— 223	0 32		
ologic/Engineering	— 224	32		
ntract Labor	225	8,000 32		184.
mpany Supervision	— 228	0 32		
ntract Supervision	— ₂₂₇	38,000 32		108
sting Casing/Tubing		10,000 3		10,
d Logging Unit	— 229	21,000 32		21
oging	230	0 33		
florating/Wireline Services	231	6,000 33		190
mutation/Treating		0 3		2,200
mpletion Unit	_	0 33		80
mbbling Unit		0 33		
ntals-Surface	235	65,000 33	185,000	270,
ntals-Subsurface	236	B5,000 33		105,
ucking/Forklift/Rig Mobilization		115,000 33	7 45,000	160
elding Services	238	4,000 33	5,000	9,
ater Disposal	239	0 33	9 382,00D	362,
ug to Abandon	240	0 34	<u> </u> ο	
sismic Analysis	241	0 34	11	
osed Loop & Environmental	244	140,000 34	5,000	145,
iscellaneous	242	0 34	12	
ontingency	243	38,000 34	50,000	88,
TOTAL INTANGIBLES		1,558,000	3,982,250	5,540,
ANGIBLE COSTS				
urface Casing	401	£4.000		
	402	54,000	<u> </u>	54,
termediate Casing	402	138,000 50		138,
oduction Casing		0 50		234,
bing		0 50	4 85,000	85,
elihead Equipment	405	15,000 50	15,000	30
mping Unit		0 50	8 103,500	103,
me Mover	_	0 50	D7	
da		0 50	55,000	55,
mps	_	0 50		36
nke		0 5		90
wines		0 5		27
ster Treater/Separator		0 5		51
ctrical System		0 5		
	414	0 5	14 <u>D</u>	
				135
ouplings/Fittings/Valves	415		15 135,000	
ouplings/Fittings/Valves				
ouplings/Fittings/Valves as Compressors/Meters		0 5	16 7,290	7
oupings/Fittings/Valves as Compressors/Maters rhydrator		0 5 0 5	7,290	7
oupings/Fittings/Valves as Compressors/Meters shydrator sotion Ptant/CO2 Equipment		0 5 0 5	16 7,290 17	7
ouplings/Fittings/Valves as Compressors/Metors ehydrator soction Ptant/CO2 Equipment iscellaneous	415	0 5 5 0 5 5 0 5 5 0 5 5 5 5 5 5 5 5 5 5	7,290 17	
oupkings/Fittings/Valves as Compressors/Maters shydrator scotion Plant/CO2 Equipment scotlansous ontingency	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 5 0 5 5 0 5 5	7,290 17 18 19 20 50,000	50
upkings/Fittings/Valves is Compressors/Afsters hydrator scotion Ptsn/CO2 Equipment scotlansous intingericy TOTAL TANGIBLES	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	7,290 17 18 19 20 50,000 907,790	50
upings/Fittings/Valves Is Compressors/Maters rhydrator scribn Plant/CO2 Equipment scellaneous intingency	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 5 0 5 5 0 5 5	7,290 17 18 19 20 50,000	50
uplings/Fittings/Valves 5 Compressors/Matters hydrator iction Ptant/CO2 Equipment scellaneous ritingency TOTAL TANGESLES TOTAL WELL COSTS	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	7,290 17 18 19 20 50,000 907,790	50
pupkings/Fittings/Valves as Compressors/Meters shydrator shydrator section Ptent/CO2 Equipment socialsneous ontingericy TOTAL TANGIBLES TOTAL WELL COSTS	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	7,290 17 18 19 20 50,000 907,790	50
pupings/Fittings/Valves as Compressors/Meters shydrator shydrator shydrator shydrator shydrator socials sous portingency TOTAL TANGIBLES TOTAL WELL COSTS	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 19 19 20 50,000 907,790 4,890,040	50
ouplings/Fittings/Valves as Compressors/Meters ehydrator jection Ptant/CO2 Equipment iscollaneous ontingency TOTAL TANGIBLES	415	0 5 0 5 0 0	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,855
ouplings/Fittings/Valves as Compressors/Maters ehydrator intotion Ptant/CO2 Equipment iscellaneous ontingency TOTAL TANGIBLES TOTAL WELL COSTS OG Operating LLC	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,055
pupkings/Fittings/Valves as Compressors/Meters shydrator scottaneous ordingency TOTAL TANGIBLES TOTAL WELL COSTS DG Operating LLC le approve:% Working Interest	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,055
pupings/Fittings/Valves as Compressors/Maters induction action Ptant/CO2 Equipment acettaneous intingency TOTAL TANGIBLES TOTAL WELL COSTS DG Operating LLC e approve:% Working Interest company: Ketly Van Zandt	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,055
uplings/Fittings/Valves s Compressors/Maters hydrator socion Ptent/CO2 Equipment socilaneous entingency TOTAL TANGIBLES TOTAL WELL COSTS OG Operating LLC s approve: % Working interest empany: Ketly Van Zandt	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,055
pupings/Fittings/Valves as Compressors/Maters induction action Ptant/CO2 Equipment acettaneous intingency TOTAL TANGIBLES TOTAL WELL COSTS DG Operating LLC e approve:% Working Interest company: Ketly Van Zandt	415	0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5 0 5	16 7,290 17 18 18 18 19 19 19 19 19 19 19 19 19 19 19 19 19	50 1,114 6,855