

## FEDERAL EXPRESS

July 16, 2015

Katherine Ross Madera Sharbutt 408 Bosque Tularosa, NM 88352

Re:

Well Proposal – Viking Heimet State Com 1H Sec 29: E/2 E/2 - T24S-R35E

Sec 29: E/2 E/2 - T24S-R35E Sec 32: E/2 NE/4 - T24S-R35E

SHL: 190' FNL/380' FEL, or a legal location in Sec 29 (Unit A) BHL: 2310' FNL/380' FEL, or a legal location in Sec 32 (Unit H)

Lea County, New Mexico

Dear Sir/Madam;

COG Operating LLC (COG), as Operator, hereby proposes to drill the Viking Helmet State Com No. 1H 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 12,432' and a MD of 19,500' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$11,686,790.00 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 Sec 29: E/2 E/2 - T24S-R35E and Sec 32: E/2 NE/4 - T24S-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 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)

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

Respectfully.

Mike Wallace Senior Landman

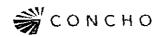
One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 | P 432 583 7443 | F 432 583 7441

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case Nos. 15373 & 15374 Exhibit 3
Submitted by: COG OPERATING LLC

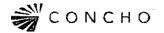
Hearing Date: September 17, 2015



	I/We hereby elect to participate in the Viking Helmet State Com No. 1H.						
	I/We hereby elect <u>not</u> to participate in the Viking Helmet State Com No. 1H.						
Company or Individual Name:							
By: Name:							
Title:							
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One (	Concho Center   600 West Illinois Avenue   Midland, Texas 79701   P 432 583 7443   F 432 583 7441						

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

HL: 190' FNL/380' FEL		STATE & COU	8	
HL: 2310 FNL/380 FEL		OBJECTIVE:	Drill and Comple	ete
ORMATION: Bone Spring		DEPTH:	19,500	
EGAL: 29; E/2 E/2 & 32; E/2 NE/4 - T24S-R3;	šΕ	TVD;	12,432	
TANGIBLE COSTS		BCP	<u>ACP</u>	TOTAL
Ide/Curathe/Permit	201	11,000		11,00
EURS/C6	202	4,000	302	4,00
amages/Right of Way	203	5,000	303	5,00
urvey/Stake Location	204	7.000	304	7,00
ocation/Pits/Road Expense	205	80.000	30525,000	105,00
rilling / Completion Overhead	206	8.000	300	8,00
ankey Contract	207	0	307	
oolage Contract	208	0	308	
aywork Contract	209	1,035,000	300	1,035,00
frectional Ording Services	218	221,000	310	221,00
uet & Power	211	118,000	311 10,000	129,00
/aler	212	54,000	312 725,000	760,0
is .	213	73,000	313 9,000	52,0
ut & Chemicals	214	150,000	314 25,000	175,0
	215			170,00
rill Stem Test	210		315	
oring & Analysis		0		
ernent Surface	217	20,000		20,0
oment transmediate	218	40,000		40,00
ement 2nd Intermediate/Production	218	80,000		215,0
emeni Squeeza & Other (Kickoli Plug)	220	0	320 0	
out Equipment & Centralizers	271	10,000	321 25,000	35,0
asing Crews & Equipment	722	30,000	322 24,000	54,0
shing Tools & Service	223	0	323	
eologic/Engineering	224	0	324	<del></del>
ontract Labor	225	8,000	325 200,000	208,0
ompany Supervision	226	0,455	326	
ontract Supervision	227	138,000	327 70,000	208,0
esting Casing/Tubing	228	10,000	329 10,000	20,0
ud Logging Unit	229	45,000	329 10,000	45.0
	230	43,000	330	45,0
aging	731			200
erforsting/Wireline Services	431	6,000	331 350,000	350,0
timulation/Treating		0	332 4,800,000	4,800,0
empletion Unit		0	333 125,000	125,0
wabbling Unit		0	334	<u></u>
entals-Surface	235	160,000	335 275,000	435.0
antals-Subsurface	236	192,000	336 55,000	247,0
nicking/Forkill/Riig Mobilization	237	125,000	33725,000	150.0
Velding Services	238	4,000	338 5,000	9,0
Vater Disposal	239	0	339 473,000	473,0
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ANGIBLE COSTS  ANGIBLE COSTS  Inface Casting  Inface Mover  Inface M	244 242 243 401 402 405 414 415	160,000 0 0 56,000 2,850,000 16,000 476,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	344	106.0 10,272,0 16.0 479.0 207.0 65.0 45.0 103.5 55.0 90.0 22.0 54.0 30.9 9.0 125.0 7.2
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## **FEDERAL EXPRESS**

July 16, 2015

Working Interest Owners Listed on Exhibit "A"

Re:

Well Proposal - Viking Helmet State Com 2H

Sec 29: W/2 E/2 - T24S-R35E Sec 32: W/2 NE/4 - T24S-R35E

SHL: 190' FNL/1980' FEL, or a legal location in Sec 29 (Unit B) BHL: 2310' FNL/1980' FEL, or a legal location in Sec 32 (Unit G)

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, hereby proposes to drill the Viking Helmet State Com No. 2H 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 12,478, a MD of 19,600 and a Pilot Hole TVD of 12,750 to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$12,347,790.00 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 Sec 29: W/2 E/2 - T24S-R35E and Sec 32: W/2 NE/4 - T24S-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

One Concho Center | 600 West lilinois Avenue | Midland, Texas 79701 | P 432 683 7443 | F 432 683,7441



	// I/We hereby elect to participate in the Viking Helmet State Com No. 2H.						
	I/We hereby elect <u>not</u> to participate in the Viking Helmet State Com No. 2H.						
Company or Individual Nam	e:						
Title:							
Date:							
•							
	·						
<del></del>	One Concho Center   600 West Illmois Avenue   M:dland, Toxes 79701   P 432 563 7443   F 432 583 7441						

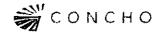


Exhibit "A"

COG Operating LLC 600 West Illinois Ave Midland, TX 79701

Chevron U.S.A., Inc.
Mid-Continent Business Unit
Chevron North America Exploration
and Production
1400 Smith St.
Houston, TX 77002
Attention: Jason Levine

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE ORILLING

WELL NAME: Viking Helmet State Com 2H SHi: 190' FNL/1980' FEL						
BHL: 2310' FNL/1980' FEL			4			
FORMATION: Bone Spring		OBJECTIVE: DEPTH:		Drill and Complet 19,600	+PH 12,750	
LEGAL: 29: W/2 E/2 & 32: E/2 NE/4 - T245-R3	ISE	TVD:		12,478	TPT1 (2,730	
CEGRE. 28. 4812 512 8 32. 112 1104 - 1243-113	172	140.		(2,4(0		
INTANGIBLE COSTS		BCP		ACP	TOTAL	
Tice/Curzilve/Permit	20 f	11,000		<del>L</del>	11,000	
Insurance	202	4,000	302		4,000	
Damages/Right of Way	203	5,000	303		5,000	
Survey/State Location	204	7,000	301		7,000	
Location/Pits/Road Expense	205	000,08	305	25.000	105,000	
Orizing / Completion Overhead	206	8,000	306		8,000	
Turnkey Contract	207	0	307		0	
Footage Contract	208		305		0	
Daywork Contract	209	1,193,000	309		1,193,000	
Directional Orlling Services	210	239,000	310		239,000	
Fuel & Power	211	138,000	311	10,000	148,000	
Water	212	54.000	312	726,000	780,000	
8 <b>4s</b>	213	B2.000	313	9,000	91,000	
Mari & Chemicals	214	175,000	314	25,000	200,000	
Orth Stem Test	215	0	315		0	
Coring & Analysis	215	30,000	•		30,000	
Cement Surface	217	20,000			20,000	
Cament Intermediate	218	40,000			40,000	
Cament 2nd Intermediate/Production	218	50,000	319	135,000	215,000	
Cornent Squeeze & Other (IGckoff Plug)	220	45,000	320	0	45,000	
Float Equipment & Centralizers	221	10,000	321	25,000	35,000	
Casing Crews & Equipment	222	30,000	322	24,000	54,000	
Fishing Tools & Service	223	D	323		0	
Geologic/Engineering	224		324		0	
Contract Labor	225	8,000	325	200,000	208,000	
Company Supervision	220	0	328		0	
Contract Supervision	227	159,000	327	70,000	229,000	
Testing Casing/Tubing	229	10,000	323	10,000	20,000	
Alud Logging Unit	229	54,000	329	<del></del>	54,000	
Logging	230	250,000	330		250,000	
Perforating/Wireline Services	231	5,000	331	350,000	358,000	
Stimulation/Treating		0	332	4,800,000	4,800,000	
Completion Unit		0	333	125,000	125,000	
Swabbing Unit		Q	334		0	
Rentals-Surface	235	180,000	335	275,000	455,000	
Remais-Subsurface	236	235,000	330	55,000	290,000	
Trucking/Forkit//Rig Mobilization	237	125,000	337	25,000	150,000	
Welding Services	238	4,000	338	5,000	9,000	
Water Disposal	538	0	339	473,000	473,000	
Plug to Abandon	240	0	340		. 0	
Seisurit: Analysis	241	0	341	·	0	
Ciosed Loop & Environmental	244	160,000	344	5,000	165,000	
MEscalianeous	242		342		<u>0</u>	
Contingency	243	89.000	343	50,000	119,000	
TOTAL INTANGIBLES		3,511,000		7,422,000	10,933,000	
TANCINI E CORTE						
TANGIBLE COSTS						
Surface Casing	401	16,000			18,000	
Intermediate Casing	402	479,000	503		479,000	
Production Casing			503	207,000	207,000	
Tubing	ANE	0	504	65.000	65,000	
Wetherd Equipment	405	30,000	505	15,000	45,000	
Pumping Unit			500	103,500	103,500	
Prime Mover Rods		<u>0</u>	507	tr non	0	
			508	55,000 36,000	55,000	
Pumps Tanks		0	509 510	90,000	36,000 90,000	
Florities			511	27,000	27,000	
Heater Treater/Separator			512	54,000	54,000	
Electrical System			513	36,000	38,000	
Packers/Anchors/Hangers	414		514	000,0	9,000	
Complings/Fittings/Valves	415		515	135,000	135,000	
Gas Compressors/Metens			516	7,290	7,290	
Desprisor			517		- 7,220	
Injection Plant/CO2 Equipment			518		- 0	
Miscellorsous	419	0	519		0	
Contingency	420			50,000	50,000	
TOTAL TANGIBLES		525,000		889,790	1,414,790	
TOTAL WELL COSTS		4,036,000		8,311,790	12,347,790	
COG Operating LLC						
		Date Prepared:	5/20/	15		
				<del></del>		
		COG Operating LLC				
We approve:		_				
% Worlding Interest		By:	Trav	Newman		
_						
Company: Chevron U.S.A., Inc.						
By:						
P. and Maria						
Psicaed touse:						
Title:				ate. By signing you ag	use to bay your share	
Date:		of the actual costs is	CLITT	10.		