



Sent Certified Mail
Receipt No. 91-7199-9991-7034-5786-2053

August 13, 2015

Janet M. Hanley
5422 Beaver Lodge Drive
Kingwood, TX 77345

RE: Well Proposal – Bone Yard 11 Fee #12H
SHL: 170' FSL & 1460' FWL (Unit N), Section 2
BHL: 330' FSL & 1660' FWL (Unit N), Section 11
T20S, R25E, Eddy County, New Mexico

Dear Ms. Hanley:

COG Operating LLC ("COG"), as Operator, proposes to drill the Bone Yard 11 Fee #12H as a horizontal well at the above-captioned location or at an approved surface location within location unit letter N, to a depth of approximately 2855' TVD, 7825' MD to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$2,786,000 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 November 1, 2015.

COG is proposing to drill this well under the terms of a modified 1989 AAPL Model Form Operating Agreement ("OA") covering the E 1/2 of the W 1/2 of Section 11, T-20-S, R-25-E, with the following general provisions:

- 100/300 Non-consenting penalty
- \$6000 per month drilling rate - \$600 per month producing rate
- COG named as Operator
(a draft of our proposed OA is enclosed)

If you wish to participate in the Operation, please sign and return the AFE. If you desire to receive well information regarding the subject operations, please include a Well Information Requirements list with the AFE. Upon receipt of your signed AFE, we will send an executable copy of the OA.

If you do not wish to participate in the Operation, COG would like to acquire a Lease of your interest for the following general terms:

- Three year primary term
- 3/16 Royalty Interest, proportionately reduced
- \$150 per net acre bonus consideration

COG will apply to the New Mexico Oil Conservation Division for compulsory pooling for the proposed well. If we do not reach an agreement within 30 days of the date of this letter, your interest will be named in the application.

Please direct any technical questions to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

Stuart A. Dirks, CPL
Senior Landman

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 8
Submitted by: COG OPERATING LLC
Hearing Date: October 1, 2015

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

| | |
|--|---|
| WELL NAME: BONE YARD 11 FEE #12H | PROSPECT NAME: LAKEWOOD/CEMETARY |
| SHL: 170' FSL 1460' FWL (UL N - Sec 2) | STATE & COUNTY: New Mexico, Eddy |
| BHL: 330' FSL 1660' FWL (UL N - Sec 11) | OBJECTIVE: Yeso Horizontal |
| FORMATION: Yeso | DEPTH: 7,825 |
| LEGAL: T20S-R25E, SEC. 11 | TVD: 2,855 |

| | BCP | ACP | TOTAL |
|--|----------------|------------------|------------------|
| INTANGIBLE COSTS | | | |
| Title/Curative/Permit | 201 11,000 | | 11,000 |
| Insurance | 202 4,000 | 302 0 | 4,000 |
| Damages/Right of Way | 203 40,000 | 303 0 | 40,000 |
| Survey/Stake Location | 204 7,000 | 304 0 | 7,000 |
| Location/Pits/Road Expense | 205 85,000 | 305 25,000 | 110,000 |
| Drilling / Completion Overhead | 206 3,000 | 306 2,000 | 5,000 |
| Turnkey Contract | 207 | 307 | 0 |
| Footage Contract | 208 | 308 | 0 |
| Daywork Contract (0 days /spud-rs @ \$0) | 209 156,000 | 309 0 | 156,000 |
| Directional Drilling Services (0 dir days @ \$0) | 210 99,000 | 310 | 99,000 |
| Fuel & Power | 211 24,000 | 311 5,000 | 29,000 |
| Water | 212 29,000 | 312 85,000 | 114,000 |
| Bits | 213 20,000 | 313 5,000 | 25,000 |
| Mud & Chemicals | 214 34,000 | 314 0 | 34,000 |
| Drill Stem Test | 215 | 315 0 | 0 |
| Coring & Analysis | 216 | | 0 |
| Cement Surface | 217 32,000 | | 32,000 |
| Cement Intermediate | 218 0 | | 0 |
| Cement 2nd Intermediate/Production | 218 0 | 319 38,000 | 38,000 |
| Cement Squeeze & Other (Kickoff Plug) | 220 | 320 0 | 0 |
| Float Equipment & Centralizers | 221 1,100 | 321 7,000 | 8,100 |
| Casing Crews & Equipment | 222 3,800 | 322 9,000 | 12,800 |
| Fishing Tools & Service | 223 | 323 | 0 |
| Geologic/Engineering | 224 | 324 | 0 |
| Contract Labor | 225 5,000 | 325 42,000 | 47,000 |
| Company Supervision | 228 2,000 | 326 2,000 | 4,000 |
| Contract Supervision | 227 18,000 | 327 46,000 | 64,000 |
| Testing Casing/Tubing | 228 2,490 | 328 4,500 | 6,990 |
| Mud Logging Unit | 229 18,000 | 329 | 18,000 |
| Logging | 230 18,000 | 330 | 18,000 |
| Perforating/Wireline Services | 231 1,500 | 331 118,000 | 119,500 |
| Stimulation/Treating | | 332 824,000 | 824,000 |
| Completion Unit | | 333 35,000 | 35,000 |
| Swabbing Unit | | 334 | 0 |
| Rentals-Surface | 235 15,000 | 335 220,000 | 235,000 |
| Rentals-Subsurface | 236 28,000 | 336 15,000 | 43,000 |
| Trucking/Forklift/Rig Mobilization | 237 44,000 | 337 60,000 | 104,000 |
| Welding Services | 238 5,000 | 338 3,000 | 8,000 |
| Water Disposal | 239 0 | 339 20,000 | 20,000 |
| Plug to Abandon | 240 0 | 340 0 | 0 |
| Seismic Analysis | 241 0 | 341 0 | 0 |
| Closed Loop & Environmental | 244 42,000 | 344 0 | 42,000 |
| Miscellaneous | 242 0 | 342 0 | 0 |
| Contingency 2% | 243 15,110 | 343 32,500 | 47,610 |
| TOTAL INTANGIBLES | 763,000 | 1,598,000 | 2,361,000 |
| TANGIBLE COSTS | | | |
| Surface Casing (8 5/8" 32# J55 LTC) | 401 25,000 | | 25,000 |
| Intermediate Casing (8 5/8" 32# J55 LTC) | 402 0 | 503 0 | 0 |
| Production Casing (5 1/2" 17# L80) | | 503 109,000 | 109,000 |
| Tubing | | 504 15,000 | 15,000 |
| Wellhead Equipment | 405 5,790 | 505 18,000 | 23,790 |
| Pumping Unit | | 506 54,000 | 54,000 |
| Prime Mover | | 507 0 | 0 |
| Rods | | 508 11,000 | 11,000 |
| Pumps | | 509 63,000 | 63,000 |
| Tanks | | 510 19,000 | 19,000 |
| Flowlines | | 511 11,000 | 11,000 |
| Heater Treater/Separator | | 512 29,000 | 29,000 |
| Electrical System | | 513 18,000 | 18,000 |
| Packers/Anchors/Hangers | 414 0 | 514 2,000 | 2,000 |
| Couplings/Fittings/Valves | 415 500 | 515 36,000 | 36,500 |
| Gas Compressors/Meters | | 516 4,000 | 4,000 |
| Dehydrator | | 517 | 0 |
| Injection Plant/CO2 Equipment | | 518 | 0 |
| Miscellaneous | 419 500 | 519 4,000 | 4,500 |
| Contingency | 420 210 | 520 0 | 210 |
| TOTAL TANGIBLES | 32,000 | 393,000 | 425,000 |
| TOTAL WELL COSTS | 795,000 | 1,991,000 | 2,786,000 |

COG Operating LLC

By: Carl Blid

Date Prepared: 8/10/2015

We approve:
% Working Interest

COG Operating LLC

By:

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.