



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 ½ of the W ½ 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

INTANGIBLE COSTS	BCP	ACP	TOTAL
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-rts @ \$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	226 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	BCP	ACP	TOTAL
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# LB0)		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 Bird

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.