



Sent Certified Mail
Receipt No. 91-7199-9991-7035-3159-4511

May 23, 2016

OXY Y-1 Company
PO Box 4294
Houston, TX 77210-4294
Attn: Permian Land Manager – New Mexico

RE: Ratification and Amendment of Operating Agreement & Workover Proposal
T19S-R2E, Sec. 6: Lot 3, SENW, E2SW (E2W2)
Eddy County, New Mexico

To Whom It May Concern,

The above mentioned Operating Agreement, between COG Operating LLC, as Operator, and OXY Y-1 Company, as Non-operator, was made effective with the drilling of the Arabian 6 Fee #6H in 2013. The Operating Agreement has terminated under its own provisions due to mechanical issues that have caused a cessation of production.

COG Operating LLC (“COG) desires to ratify and revive the Operating Agreement and to amend the provisions of Article XIII. COG respectfully requests that you review and fully execute the above mentioned document at your earliest convenience in order to return the well to production.

COG’s proposed operation to bring the well back to production is detailed in the enclosed Authority for Expenditure (“AFE”). If you wish to participate in the operation, please execute the AFE and returned to the undersigned.

COG will apply to the New Mexico Oil Conservation Division for compulsory pooling to pool all uncommitted owners. We plan to appear at the July 7th, 2016 hearing, your attention to this matter is appreciated.

Please direct all land questions to Joseph Scott at (432) 688-6601 or jscott@concho.com and technical questions to Jay Herrera at (432) 685-4381 or jherrera@concho.com.

Sincerely,

COG Operating LLC

Jessica K. Froman
Land Tech, NM Shelf

Enclosure(s)

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG OPERATING LLC
Hearing Date: August 4, 2016



Sent Certified Mail
Receipt No. 91-7199-9991-7036-0795-9824

May 31, 2016

Glen E. Thompson
PO Box 542
Seagraves, TX 79359

RE: **Well Proposal – Arabian 6 Fee #6H**
Township 19 South, Range 26 East
Section 6: E2W2
SHL: 183' FSL & 2267' FEL (Unit N)
BHL: 352' FNL & 2184' FWL (Unit C)
Eddy County, New Mexico

Dear Mr. Thompson,

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #6H well as a horizontal well at the above-captioned location to a MD of approximately 7400' and a TVD of approximately 2867' to test the Yeso Formation ("Operation"). The total cost of the Operation to date is \$3,768,179.80.

The lease between Glen E. Thompson, as lessor and COG, as lessee dated March 27, 2012 (Book 893, Page 655) has expired under its own terms. COG would like to acquire a new lease pursuant to the offer letter dated May 31, 2016 with an effective lease date of May 25, 2016. If you choose not to lease, you have the option to participate in the above Operation. If you shall choose to participate, then COG will provide a 610-1989 model form JOA with horizontal modifications for your review.

If you wish to participate in the Operation, you will need to sign below and sign the AFE within 30 days of receipt of this letter. Our records credit you with a 0.069588% unleased mineral interest in this well and your cost to participate is approximately \$2,622.20. Should you choose to participate we can provide a breakdown of the associated costs per your request.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit/project area for the well.

Should you have any questions please contact the undersigned direct at 432-818-2390, or via email at jfroman@concho.com.

Sincerely,

COG Operating LLC

A handwritten signature in black ink, appearing to read "J. Froman", written over the typed name.

Jessica K. Froman
Land Tech, NM Shelf

Glen E Thompson
August 2, 2016

I elect to participate in the above Operation. _____

I do not elect to participate in the above Operation. _____

Name: Glen E Thompson

Date: _____