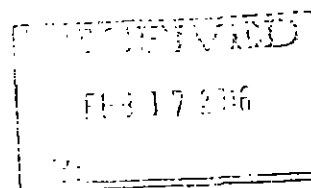


Via Certified Mail
Return Receipt: 91 7199 9991 7035 3278 8018

February 19, 2015

Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102



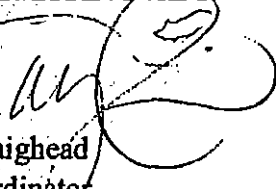
RE: **Order R-13913, as amended by R-13913-A/Case No. 15185**
Application of COG Operating LLC for a non-standard spacing
unit and proration unit and compulsory pooling
Lea County, New Mexico

Dear Mr. Ard:

Pursuant to Ordering Paragraph 11 of Order R-13913, please find enclosed an itemized schedule of actual well costs for the Ivar the Boneless Federal #11H (API: 30-025-42514). By copy of this letter, the itemized schedule of actual well costs is also being sent to the New Mexico Oil Conservation Division.

Should you have any questions, please contact Joseph Scott at 432-688-6601 or jscott@concho.com.

Sincerely,

COG OPERATING LLC

Taylor Craighead
Land Coordinator

COPY

Enclosure(s)

CC:
Mr. David R. Catanach
Attn: Mr. Phillip R. Goetze
Oil Conservation Division
New Mexico Department of Energy, Minerals and Natural Resources
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

OCD Case# 15185-reopened
Ard Energy LLC
October 13, 2016
Ex# 2

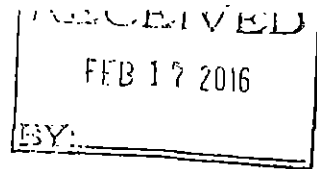
AFE Report (Gross)

AFE Category	Description	Budget	Actual Amount	Variance	% Variance	Current Month Amount	Comment
AFE: 007265 IVAR THE BONELESS FED #11 02/01/2016 Status: ACTIV							
Prospect: IVAR THE BONELESS FED #11H Operator: COG OPERATING LLC Objective: DRLG Completion Date: Beginning Date: 12/01/2014 Remarks: IVAR THE BONELESS FED #11							
IDC - ACP							
305	C-Lctr/Pits/Roads	25,000.00	18,740.45	6,259.55		0.00	
306	C-Completion OH	2,000.00	7,025.18	(5,025.18)		0.00	
311	C-Fuel & Power	5,000.00	0.00	5,000.00		0.00	
312	C-Water	85,000.00	83,110.31	1,889.69		0.00	
313	C-Bits	5,000.00	0.00	5,000.00		0.00	
314	C-Mud & Chemicals	0.00	17,038.02	(17,038.02)		0.00	Generated on Batch
319	C-Cement Productn	48,000.00	54,926.51	(6,926.51)		0.00	
321	C-Float Equipment	7,000.00	5,081.93	1,918.07		0.00	
322	C-Csg Crews & Equip	12,000.00	0.00	12,000.00		0.00	
325	C-Contract Labor	38,000.00	9,253.31	28,746.69		0.00	
326	C-Company Sprvsn	2,000.00	9,000.00	(7,000.00)		0.00	
327	C-Contract Sprvsn	46,000.00	55,264.17	(9,264.17)		0.00	
328	C-Tstg Csg/Tbg	4,500.00	5,558.59	(1,058.59)		0.00	
330	C-Logging	0.00	8,719.60	(8,719.60)		0.00	Generated on Batch
331	C-Perf/Wireline Svc	118,000.00	170,199.44	(52,199.44)		0.00	
332	C-Stimulation/Treating	782,000.00	935,194.35	(153,194.35)		0.00	
333	C-Completion Unit	35,000.00	17,360.28	17,639.72		0.00	
335	C-Rentals-Surface	230,000.00	139,130.36	90,869.64		0.00	
336	C-Rentals-Subsrfc	28,000.00	10,773.00	17,227.00		0.00	
337	C-Trucking/Forklift/Rig Mob	50,000.00	72,452.85	(22,452.85)		0.00	
338	C-Welding Services	3,000.00	0.00	3,000.00		0.00	
339	C-Water Disposal	5,000.00	9,159.57	(4,159.57)		0.00	
342	C-Miscellaneous	0.00	924.69	(924.69)		0.00	Generated on Batch
343	C-Contingency	31,500.00	0.00	31,500.00		0.00	
344	C-Envrmtl/Clsd Loop	0.00	543.04	(543.04)		0.00	Generated on Batch
IDC - ACP Totals		1,562,000.00	1,629,453.65	(67,453.65)		0.00	
IDC - BCP							
200.2000	IDC	0.00	0.00	0.00		0.00	Generated on Batch
200.2100	Complt Cost Accrual	0.00	0.00	0.00		0.00	Generated on Batch
201	D-Title/Permits	11,000.00	215,336.65	(204,336.65)		0.00	
202	D-Insurance	4,000.00	710.83	3,289.07		0.00	
203	D-Damages/ROW	12,000.00	2,798.00	9,202.00		0.00	
204	D-Survey/Stake Lctr	3,000.00	13,319.23	(10,319.23)		0.00	
205	D-Lctr/Pits/Roads	80,000.00	138,828.18	(58,828.18)		0.00	
206	D-Drilling Overhead	4,000.00	5,203.84	(1,203.84)		0.00	
209	D-Daywork Contract	160,000.00	179,086.17	(19,086.17)		0.00	
210	D-Directional Drlg Services	86,000.00	86,935.57	(935.57)		0.00	
211	D-Fuel & Power	26,000.00	26,769.24	(769.24)		0.00	
212	D-Water	31,000.00	64,713.34	(33,713.34)		0.00	
213	D-Bits	43,600.00	44,277.07	(677.07)		0.00	
214	D-Mud & Chemicals	37,000.00	31,432.31	5,567.69		0.00	
217	D-Cement Surface	17,000.00	27,089.30	(10,089.30)		0.00	
218	D-Cement Intermed	22,000.00	19,783.75	2,216.25		0.00	
221	D-Float Equipment & Centralizer	3,000.00	3,969.60	(969.60)		0.00	
222	D-Csg Crews & Equip	8,000.00	11,830.49	(3,830.49)		0.00	
224	D-Geologic/Engnrg	0.00	0.00	0.00		0.00	
225	D-Contract Labor	5,000.00	206,898.07	(201,898.07)		0.00	
226	D-Company Sprvsn	0.00	3,200.00	(3,200.00)		0.00	
227	D-Contract Sprvsn	19,000.00	27,690.65	(8,690.65)		0.00	
228	D-Tstg Csg/Tbg	2,490.00	8,218.99	(5,728.99)		0.00	

AFE Report (Gross)

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
229	D-Mud Logging Unit	20,000.00	10,079.56	9,920.44	0.00	
230	D-Logging	18,000.00	0.00	18,000.00	0.00	
231	D-Perf/Wireline Svc.	1,500.00	0.00	1,500.00	0.00	
235	D-Rentals-Surface	42,000.00	67,668.05	(25,668.05)	0.00	
236	D-Rentals-Subsrfc	52,000.00	48,958.01	3,043.99	0.00	
237	D-Trucking/Forklift/Rig Mob	58,000.00	97,888.99	(39,888.99)	0.00	
238	D-Welding Services	5,000.00	1,101.24	3,898.76	0.00	
242	D-Miscellaneous	0.00	79,525.62	(79,525.62)	0.00	Generated on Batch
243	D-Contingency	17,410.00	0.00	17,410.00	0.00	
244	D-Envmntl/Clsd Loop	60,000.00	110,170.82	(50,170.82)	0.00	
IDC - BCP Totals		848,000.00	1,533,481.67	(685,481.67)	0.00	
L&W EQUIP - ACP						
503	C-Productn Csg/Liner	199,000.00	186,394.22	12,605.78	0.00	
504	C-Tubing	27,000.00	25,275.18	1,724.82	0.00	
505	C-Wellhead Equip	14,000.00	15,466.92	(1,466.92)	0.00	
506	PEQ-Pumping Unit	72,000.00	0.00	72,000.00	0.00	
508	PEQ-Rods	16,000.00	0.00	16,000.00	0.00	
509	C-Pumps-Bottomhole	63,000.00	28,791.88	34,208.12	0.00	
510	TB-Tanks	19,000.00	85,515.45	(66,515.45)	0.00	
511	TB-Flowlines/Pipelines	11,000.00	38,546.35	(27,546.35)	0.00	
512	TB-Htr Trlr/Septic	29,000.00	175,182.70	(146,182.70)	0.00	
513	TB-Electrical System/Equipment	18,000.00	68,274.91	(50,274.91)	0.00	
514	C-Pckrs/Anchors/Hgrs	2,000.00	0.00	2,000.00	0.00	
515	TB-Couplings/Fittings/Valves	36,000.00	218,934.36	(182,934.36)	0.00	
516	TB-Gas Compressors	4,000.00	1,334.91	2,665.09	0.00	
519	C-Miscellaneous Other Equip	4,000.00	52,728.78	(48,728.78)	0.00	
520	C-Contingency	0.00	0.00	0.00	0.00	
521	TB-Pumps-Surface	0.00	10,736.90	(10,736.90)	0.00	Generated on Batch
522	TB-Instrumentation/SCADA Equip	0.00	4,236.65	(4,236.65)	0.00	Generated on Batch
681	FAC-Flowlines-Pipelines	0.00	0.00	0.00	0.00	Generated on Batch
685	FAC-Couplings/Fittings/Valves	0.00	0.00	0.00	0.00	Generated on Batch
L&W EQUIP - ACP Totals		514,000.00	911,419.21	(397,419.21)	0.00	
L&W EQUIPMENT - BCP						
401	D-Surface Casing	18,000.00	29,553.11	(11,553.11)	0.00	
402	D-Intermed Csg	49,000.00	50,153.15	(1,153.15)	0.00	
405	D-Wellhead Equip	8,200.00	16,543.40	(8,343.40)	0.00	
415	D-Couplings/Fittings/Valves	500.00	0.00	500.00	0.00	
419	D-Miscellaneous	500.00	0.00	500.00	0.00	
420	D-Contingency	800.00	0.00	800.00	0.00	
L&W EQUIPMENT - BCP Totals		77,000.00	96,249.66	(19,249.66)	0.00	
OTHER						
270.2800	Proved Compli Cost Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2900	Proved Property Accrual Account	0.00	0.00	0.00	0.00	Generated on Batch
270.2901	JIB/Unbilled Accrual	0.00	0.00	0.00	0.00	Generated on Batch
270.2902	Suspense Prov Compl Accrual	0.00	0.00	0.00	0.00	Generated on Batch
OTHER Totals		0.00	0.00	0.00	0.00	
Total Well Costs		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	
		3,001,000.00	4,170,604.19	(1,169,604.19)	0.00	

Afe = 007265 (VAR THE
 BONELESS FED #11H
 Current Month =
 2/1/2016 12:00:00 AM



SENDER COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
☐ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ☐ Print your name and address on the reverse so that we can return the card to you. ☐ Attach this card to the back of the mailpiece, or on the front if space permits.	1. Article Addressed to: Ard Oil, Ltd. & Ard Energy, Ltd. Attn: Mr. Julian Ard 222 W. 4th Street PH 5 Fort Worth, TX 76102 Re: Ivar the Bareless Fed #11H - Actual Well Costs	A. Signature X <i>Bonnie Stekton</i> B. Received by (Printed Name) <i>Bonnie Stekton</i> D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No	☐ Agent ☐ Addressee C. Date of Delivery
	3. Service Type ☐ Certified Mail® ☐ Priority Mail Express™ ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ Collect on Delivery 4. Restricted Delivery? (Extra Fee) ☐ Yes		
2. Article Number (Transfer from service label)		91 7199 9991 7035 3278 8018	
PS Form 3811, July 2013		Domestic Return Receipt	

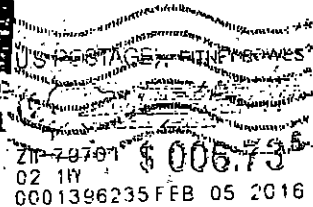
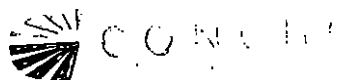
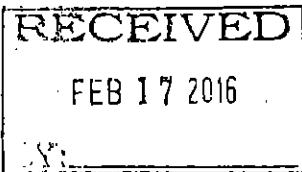
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**COG OPERATING LLC
ATTN: TAYLOR CRAIGHEAD (1CC-7)
600 W. ILLINOIS AVE.
MIDLAND, TX 79701**



91 7199 9991 7035 3278 8018

Ard Oil, Ltd. & Ard Energy, Ltd.
Attn: Mr. Julian Ard
222 W. 4th Street PH 5
Fort Worth, TX 76102

7610283948



From: **Taylor Craighead** TCraighead@concho.com
Subject: Ivar the Boneless Fed #11H_AFE Actual Cost.xlsx
Date: February 18, 2016 at 9:12 AM
To: jomarieardenergy@aol.com
Cc: **Taylor Craighead** TCraighead@concho.com

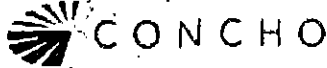


Jo Marie,

Let me know if this works!

Sincerely,

Taylor Craighead | Land Coordinator - NM Shelf | One Concho Center, Floor Seven
600 W. Illinois, CC-1 | Midland, TX 79701 | direct: 432-688-6618 | tcraighead@concho.com



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