



March 30, 2017

Via Federal Express
Tap Rock Resources LLC
602 Park Point Dr, Suite 200
Golden CO 80401

copy

Re **Sidewinder Federal Com #4H**
 Lot 1 and NW/4 NW/4 Section 32 T26S R29E
 and W/2 W/2 Section 29 T26S R29E
 Eddy County New Mexico

To Whom It May Concern

COG Operating LLC (COG) hereby proposes the drilling of the above referenced horizontal well The Sidewinder Federal Com #4H well will be drilled to a depth sufficient to adequately test the Wolfcamp formation at a total measured depth of approximately 17 800' The surface location for this well is proposed at a legal location in Lot 1 Section 32 T26S R29E with a bottom hole location at a legal location in Unit D, Section 29 T26S R29E, with the dedicated project area being Lot 1 2 and the N/2 NW/4 of Section 32 and the W/2 of Section 29 Township 26 South Range 29 East Eddy County New Mexico

Included herewith is our Authority for Expenditure (AFE) for the Sidewinder Fed Com #4H in the gross amount of \$8 886,998, being the total estimated cost to drill and complete said well

COG is proposing to drill this well under a new Operating Agreement which will follow shortly under separate cover

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 for the proposed well

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements to my attention at the letterhead address or by email to aroush@concho.com Should you have any questions please do not hesitate to contact me at 432 818 2358

Sincerely

COG Operating LLC

Ashley Roush

Ashley Roush, RPL
Landman

AR bh
Enc

BEFORE THE OIL CONSERVATION
COMMISSION
Santa Fe New Mexico
Exhibit No 5
Submitted by COG Operating LLC
Hearing Date May 11 2017

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_____ I/We hereby elect to participate in the Sidewinder Federal Com #4H

_____ I/We hereby elect not to participate in the Sidewinder Fed Com #4H

Company _____
By _____
Name _____
Title _____
Date _____

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME	Sidewinder Federal Com #4H	PROSPECT NAME	#717049	SL WC	o PH 1 5M
SHL	SEC 32 1970 FNL & 950 FWL	STATE & COUNTY	New M Ico, Eddy		
BHL	SEC 29 200 FNL & 660 FWL	OBJECTIVE	O II & Compl te		
FORMATION	WF	DEPTH	17 800		
LEGAL	32 26S-29E	TVD	10 704		

		Drill Rig Release(D)	C mpletion(C)	Tank Btty Construct (TB)	Pmpgs Eq ipment(PEQ)	TOTAL
INTANGIBLE COSTS						
Title/Curtail/Perm	20	1 000				11 000
Insurance	202	000	302			4 000
Damages/Rght of W y	203	5 000	303	351		5 000
Survey/Stake Location	204	0 000		352		8 000
Location/Pits/Road Expense	205	130 000	305	53 848	353	268 648
Drilling / Completion Overhead	206	8 700	306			8 700
Turnkey Con tract	207	0	307			0
Foot ge Con tract	208	0	308			0
Daywork Con tract	209	875 000	309			875 000
Directional Drilling Services	210	198 000	310			198 000
Fuel & Power	211	67 000	311	354	367	72 000
Water	212	63 850	312		368	862 650
Bds	213	04 400	313		369	3 00
Mud & Chemicals	214	20 000	314		370	1 500 000
Drill S am Tes	215	0	315			0
Corros & Analysis	216	0				0
Cement Surface	217	28 000				28 000
Cement Intermediate	218	40 000				40 000
Cement 2nd In mediate/Production	219	135 000				135 000
Cement Squeeze & Other (Kickoff Plug)	220	0			371	0
Float Equipment & Centralizers	221	17 800				17 800
Casing Crews & Equipment	222	50 000				50 000
Fishing Tools & Service	223	0	323		372	0
Geologic/Engineering	224	0	32	355	373	0
Contract Labor	225	5 500	325	8 200	356	95 700
Company Supervision	226	52 200	326	30 000	357	82 200
Contract Supervision	227	87 000	327	90 000	358	177 000
Testing Casing/Tubing	228	20 000	328	5 000	377	25 000
Mud Logging Unit	229	33 000	329			33 000
Logging	230	0			378	0
Perforating/Wireline Services	231	800	331	287 000	379	29 000
Stimulation/Treating			332	2 5 2 400	380	2 512 400
Completion Unit			333	60 000	381	60 000
Swabbing Unit			334		382	0
Rentals-Surface	235	170 000	335	198 000	359	368 000
Rentals-Subsurface	236	125 000	336	65 000		190 000
Trucking/Forklift/Rig Mobilization	237	40 000	337	22 500	360	162 500
Welding Services	238	4 000	338	5 000	361	9 000
W or Disposal	239	0	339	60 000	362	50 000
Plug to Abandon	240	0	340			0
Seismic Analysis	241	0	341			0
Miscellaneous	242	0	342		369	0
Contingency	243	51 000	343	25 000	363	76 000
Closed Loop & Environmental	244	195 000	344	5 000	364	200 000
Coil Tubing			346	90 000		90 000
Flowbac Crews & Equip			347	98 000		98 000
Offsite Directional/Frac	248	0	348			0
TOTAL INTANGIBLES		2 7 8 250	450 748	257 000	0	7 455 998
TANGIBLE COSTS						
Surface Casing	01	50 000				50 000
Intermediate Casing	402	312 000				312 000
Production Casing/Lane	03	275 000				275 000
Tubing			504	43 000	530	43 000
Wellhead Equipment	405	65 000	505	25 000	531	90 000
Pumping Unit				0	508	0
Prime Mover				0	507	0
Rods				0	508	0
Pumps-S Bu (B)			509	0	532	0
Tanks				78 000		75 000
Flowlines				5 000		45 000
Heater Trailer/Separator				95 000		95 000
Electrical System				75 000	533	75 000
Packers/Anchors/Hangers	41	0	51	8 000	534	8 000
Couplings/Fittings/Valves	415	0		220 000		220 000
Dehydration				0		0
Injection Plant/CO2 Equipment				0		0
Pumps-Surface				25 000		25 000
Instrumentation/SCADA/POC				0	529	0
Miscellaneous	9	0	519	0	535	0
Contingency	420	0	520	0	538	0
Materials/LACT				30 000		30 000
Flares/Combustors/Emission				50 000		50 000
Gas Lift/Compression			527	15 000	528	48 000
TOTAL TANGIBLES		702 000	89 000	640 000	0	1 431 000
TOTAL WELL COSTS		3 450 250	4 539 748	897 000	0	8 886 998

COG Operating LLC % of Total Well Cost 39% 5 % 0% 0%

Date Prepared

COG Operating LLC

W approve
% Working Interest

TS IV TC

Company
By

Printed Name
Title
Date

This AFE is only an estimate of the actual costs incurred. By signing you agree to pay your share of the actual costs incurred.