



US Certified Mail - 91 7199 9991 7036 0804 9098

February 24 2017

Nadel and Gussman Delaware LLC
15 E 5th St
Tulsa OK 74103
Attn: Land Department

Re Well Proposal - Stove Pipe Federal Com #1H
Sec 6 E/2 E/2 T25S R35E
Sec 7 E/E E/2 T25S-R35E
SHL 420 FNL/ 515 FEL or a legal location in Sec 6 (Unit A)
BHL 200 FSL/ 330 FEL or a legal location in Sec 7 (Unit P)
Lea County New Mexico

Dear Sir/Madam

COG Operating LLC (COG) as Operator proposes to drill the Stove Pipe Federal Com #1H well as a horizontal well at the above-captioned location to a TVD of approximately 12 514 and a MD of 22 200 to test the Wolfbone Pool (Operation) The total cost of the Operation is estimated to be \$11 060 103 00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure (AFE)

COG is proposing to drill this well under the terms of the AAPL Form 610 1989 Operating Agreement The Operating Agreement covers Sec 6 E/2 E/2 and Sec 7 E/2 E/2 T25S R35E Lea County NM a fully executable copy will be sent for your execution if you shall choose to participate with the following general provisions

- 100/300 Non-consenting penalty
\$7 000/\$700 Drilling and Producing rate
- COG Operating LLC named as Operator

If you do not wish to participate in the Operation COG proposes to acquire your interest via farmout The Farmout offer is subject to the approval of COG's management and verification of title

If an agreement cannot be reached 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 if uncommitted at such time

If you have any questions please do not hesitate to contact the undersigned at 432-685-2588

Respectfully

Megan Flanagan

Landman

O e Co cho Ce t | 600 W st III s A e | Md | d Te as 79701 | P 432 683 7443 | F 432 683 74 1

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe New Mexico
Exhibit No 4
Submitted by
COG OPERATING LLC
Hearing Date April 27, 2017

_____ I/We hereby elect to participate in the Stove Pipe Federal Com #1H

_____ I/We hereby elect not to participate in the Stove Pipe Federal Com #1H

Company _____

By _____

Name _____

Title _____

Date _____

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME	STOVE PIPE FEDERAL COM #1H	PROSPECT NAME	BULLDOG 2535 (717109)
SHL	SEC 8 420 FNL & 515 FEL	STATE & COUNTY	New Mexico, Lea
BHL	SEC 7 200 FSL & 330 FEL	OBJECTIVE	DRILL & COMPLETE
FORMATION	WOLFBONE	DEPTH	22,200
LEGAL	6-25S-35E	TVD	12,514

		Drill Rls	Completion(C)	Tank Bty	Pmpa	TOTAL
		Release(D)		Constrcn(TB)	Equipment(PEQ)	
INTANGIBLE COSTS						
Title/Curtain/Permit	201	11 000				11 000
Insurance	202	4 000	302			4 000
Damages/Right of Way	203	5 000	303			5 000
Survey/State Location	204	8 000				8 000
Location/Pile/Road Expense	205	130 000	305	53 848	353	401 000
Drilling / Completion Overhead	206	9 900	306			9 900
Turnkey Contract	207	0	307			0
Footage Contract	208	0	308			0
Daywork Contract	209	565 000	309			665 000
Directional Drilling Services	210	229 000	310			229 000
Fuel & Power	211	77 000	311	5 000	354	82 000
Water	212	68 833	312	1 100 000	358	1 168 833
Bits	213	114 000	313	4 500	359	118 500
Mud & Chemicals	214	140 000	314	25 000	370	165 000
Drill Stem Test	215	0	315			0
Coring & Analysis	216	0				0
Cement Surface	217	28 000				28 000
Cement Intermediate	218	40 000				40 000
Cement 2nd Intermediate/Production	219	60 000				60 000
Cement Squeezes & Other (Rackoff Plug)	220	55 000			371	55 000
Flood Equipment & Centralizers	221	17 800				17 800
Casing Crows & Equipment	222	60 000				60 000
Fishing Tools & Service	223	0	323			0
Geologic/Engineering	224	0	324	355		0
Contract Labor	225	9 500	325	8 200	356	194 500
Company Supervisors	226	58 400	326	30 000	357	89 400
Contract Supervision	227	98 000	327	65 000	358	163 000
Testing Casing/Tubing	228	20 000	328	10 000		30 000
Mud Logging Unit	229	37 000	329			37 000
Logging	230	0				0
Perforating/Wireline Services	231	4 000	331	404 000		408 000
Stimulation/Treating			332	3 200 000		3 200 000
Completion Unit			333	138 000		145 000
Swabbing Unit			334			0
Rentals-Surface	235	180 000	335	315 000	359	811 000
Rentals-Subsurface	236	140 000	336	75 000		215 000
Trucking/Port/Rig Mobilization	237	140 000	337	20 000		160 000
Welding Services	238	4 000	338	5 000	361	9 000
Water Disposal	239	0	339	60 000	362	150 000
Plug to Abandon	240	0	340			0
Seismic Analysis	241	0	341			0
Miscellaneous	242	0	342			0
Contingency	243	47 000	343	125 000	363	172 000
Closed Loop & Environmental	244	198 000	344	6 000	364	203 000
Coil Tubing			345	500 000		500 000
Flowback Crews & Equip			347	98 000		98 000
Offset Directional/Frac	249	0	349			0
TOTAL INTANGIBLES		2,571,433	6,268,348	488,152	23,000	9,348,933

TANGIBLE COSTS						
Surface Casing	401	113 200				113 200
Intermediate Casing	402	528 000				528 000
Production Casing/Liner	403	368 000				368 000
Tubing			504	43 000	530	43 000
Wellhead Equipment	405	65 000	605	20 000	631	85 000
Pumping Unit				0	608	100 470
Prime Mover				0	507	0
Rods				0	508	45 000
Pumps-Sub Surface (BH)			509		532	8 000
Tanks				510		37 500
Flowlines				511		60 000
Heater Treater/Separator				512		7 500
Electrical System				513		32 500
Packers/Anchors/Hangers	414	0	514	6 000	534	6 000
Couplings/Fittings/Valves	415	0		515		1 5 000
Dehydration				517		0
Injection Plant/CO2 Equipment				518		0
Pumps-Surface				521		0
Instrumentation/SCADA/POC				522		4 000
Miscellaneous	419	0	519		523	40 000
Contingency	420	0	520		524	0
Meters/LACT				525		0
Flares/Combustors/Emission				526		25 000
Gas Lift/Compression			527	15 000	528	45 000
TOTAL TANGIBLES		1 094,200	84,000	372,500	180,470	1,711,170
TOTAL WELL COSTS		3,665,633	6,352,348	860,652	183,470	11,060,103

COG Operating LLC	% of Total Well Cost	33%	57%	8%	2%
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Date Prepared /29/2017

COG Operating LLC

By ROB LACEY/KEEN LAFORTUNE

We approve
% Working Interest

Company
By
Printed Name
Title
Date

to agree to pay your share