

CASE NO:  
14706-14718  
EXHIBIT 2

June 20, 2011

U.S. Certified Mail  
Return Receipt Requested

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

COPY

RE: New Well Proposal  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #1H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

*Stuart Dirks cju*  
Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)  
DRE/rc

Confirmation Services	Package ID: 9171999991703040428154	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	
	Recipient: <i>Burnett</i>	PBP Account #: 41592288
	Address: <i>Puckett 12 Fedl H.</i>	Serial #: 1364097
		JUN 20 2011 4:20 PM

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
(Consolidated) Case No.'s 14706-14718  
Exhibit No. 2  
Submitted by:  
COG OPERATING, LLC  
Hearing Date: August 29, 2011

**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature <i>M. Berger</i>	<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
E. Received by (Printed Name) <i>M. Berger</i>	F. Date of Delivery <i>6/12/11</i>
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No	

3. Service Type	
<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes
-------------------------------------	------------------------------

Article Number (Transfer from service label) **91 7199 9991 7030 4042 8154**

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Lower Blinbry  
 WO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry
WO/Pilot, 160 Acre	

<b>INTANGIBLE COSTS</b>		<b>BCP</b>		<b>ACP</b>		<b>TOTAL</b>
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203		303			0
Survey/Stake Location	204		304			0
Location/Pits/Road Expense	205	10,000	305	10,000		20,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000		195,000
Directional Drilling Services, With RS	210	350,000	310			350,000
Fuel & Power	211	68,000	311	17,000		85,000
Water	212	25,000	312	75,000		100,000
Bits	213	30,000	313	1,000		31,000
Mud & Chemicals	214	15,000	314			15,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217					0
Cement Intermediate	218					0
Cement 2nd Intermediate 7"	218		319			0
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221		321			0
Casing Crews & Equipment	222		322	13,000		13,000
Fishing Tools & Service	223	100,000	323			100,000
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	17,000	327	4,200		21,200
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	12,000	329			12,000
Logging	230		330			0
Perforating/Wireline Services	231	15,000	331	12,500		27,500
Stimulation/Treating			332	950,000		950,000
Completion Unit		12,000	333	45,000		57,000
Swabbing Unit			334			0
Rentals-Surface	235	15,000	335	45,000		60,000
Rentals-Subsurface	236	60,000	336	10,000		70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000		60,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	50,000	344			50,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	105,000	343	131,300		236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>		<b>1,436,000</b>		<b>2,587,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing	401					1,200
Intermediate Casing	402		503			0
Production Casing/Liner 4200' - 4.5"			503	51,000		51,000
Tubing			504			0
Wellhead Equipment	405		505			0
Pumping Unit			506			0
Prime Mover			507			0
Rods			508			0
Pumps			509			0
Tanks			510			0
Flowlines			511			0
Heater Treater/Separator			512			0
Electrical System			513			0
Packers/Anchors/Hangers	414		514	230,000		230,000
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	1,000	520	32,000		33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>		<b>343,000</b>		<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>		<b>1,779,000</b>		<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205	10,000	10,000
Drilling / Completion Overhead	206	5,000	5,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	156,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	68,000
Water	212	25,000	25,000
Bits	213	30,000	30,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322	13,000
Fishing Tools & Service	223	100,000	100,000
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	10,000	10,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	17,000	17,000
Testing Casing/Tubing	228	4,000	4,000
Mud Logging Unit	229	12,000	12,000
Logging	230	330	0
Perforating/Wireline Services	231	15,000	15,000
Stimulation/Treating		332	950,000
Completion Unit		12,000	12,000
Swabbing Unit		333	45,000
Rentals-Surface	235	15,000	15,000
Rentals-Subsurface	236	60,000	60,000
Trucking/Forklift/Rig Mobilization	237	40,000	40,000
Welding Services	238	3,000	3,000
Water Disposal	239	339	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244	50,000	50,000
Miscellaneous	242	5,000	5,000
Contingency	243	105,000	105,000
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>
TANGIBLE COSTS			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514	230,000
Couplings/Fittings/Valves	415	2,000	2,000
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plan/CO2 Equipment		518	0
Miscellaneous	419	1,000	1,000
Contingency	420	1,000	1,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

June 20, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #1H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

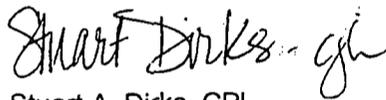
Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure  
DRE/rc

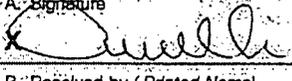
Confirmation Services	Package ID: 9171999991703040428178	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Javalina</u>	Serial #: 1364097
	Address: <u>Puckett - 12 - Fed # 1H</u>	JUN 20 2011 4:19 PM

**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:  
Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature 		<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name) Olivia	C. Date of Delivery 6-22	
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number (Transfer from service label) 91 7199 9991 7030 4042 8178

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry  
 WO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 26,000	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311 11,250	123,750
Water	212	30,000	312 75,000	105,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330 5,000	5,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335 100,000	120,000
Rentals-Subsurface	236	30,000	336 10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC:

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating	232	332 950,000	950,000
Completion Unit	233 12,000	333 45,000	57,000
Swabbing Unit	234	334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"	403	503 51,000	51,000
Tubing	404	504	0
Wellhead Equipment	405	505	0
Pumping Unit	406	506	0
Prime Mover	407	507	0
Rods	408	508	0
Pumps	409	509	0
Tanks	410	510	0
Flowlines	411	511	0
Heater Treater/Separator	412	512	0
Electrical System	413	513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters	416	516 4,000	4,000
Dehydrator	417	517	0
Injection Plant/CO2 Equipment	418	518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating	231	332 950,000	950,000
Completion Unit	231 12,000	333 45,000	57,000
Swabbing Unit	231	334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"	402	503 51,000	51,000
Tubing	402	504	0
Wellhead Equipment	405	505	0
Pumping Unit	405	506	0
Prime Mover	405	507	0
Rods	405	508	0
Pumps	405	509	0
Tanks	405	510	0
Flowlines	405	511	0
Heater Treater/Separator	405	512	0
Electrical System	405	513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters	415	516 4,000	4,000
Dehydrator	415	517	0
Injection Plant/CO2 Equipment	415	518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC:

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

June 20, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #1H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)  
DRE

Confirmation Services	Package ID: 9171999991703040428161	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>ZORRO</u>	Serial #: 1364097
	Address: <u>Puckett 12 Fed #1H</u>	JUN 20 2011 4:19 PM

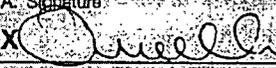
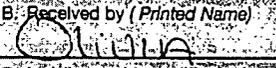
**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature 		<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
B. Received by (Printed Name) C. Date of Delivery		
D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No		

3. Service Type

<input type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number (Transfer from service label) 91 7199 9991 7030 4042 8161

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/Stake Location	204	3,000	3,000
Location/Pits/Road Expense	205	40,000	105,000
Drilling / Completion Overhead	206	5,000	6,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	286,000
Directional Drilling Services, With RS	210	400,000	400,000
Fuel & Power	211	112,500	123,750
Water	212	30,000	105,000
Bits	213	45,000	46,000
Mud & Chemicals	214	25,000	25,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217	16,000	16,000
Cement Intermediate	218	16,000	16,000
Cement Production 7"x5.5"	218	319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	3,500	18,500
Casing Crews & Equipment	222	7,000	20,000
Fishing Tools & Service	223		0
Geologic/Engineering	224	10,000	11,000
Contract Labor	225	10,000	40,000
Company Supervision	226	2,000	4,000
Contract Supervision	227	28,000	32,000
Testing Casing/Tubing	228	4,000	5,500
Mud Logging Unit	229	16,000	16,000
Logging	230	0	5,000
Perforating/Wireline Services	231	3,500	128,500
Stimulation/Treating			760,000
Completion Unit			40,000
Swabbing Unit			0
Rentals-Surface	235	20,000	120,000
Rentals-Subsurface	236	30,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	140,000
Welding Services	238	3,000	4,500
Water Disposal	239		25,000
Plug to Abandon	240		0
Seismic Analysis	241		0
Closed Loop & Environmental	244	120,000	120,000
Miscellaneous	242	5,000	6,000
Contingency	243	131,500	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401	20,000	1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			260,000
Tubing 6200' 2 7/8"			38,000
Wellhead Equipment	405	30,000	48,000
Pumping Unit			97,000
Prime Mover			0
Rods			39,000
Pumps			4,500
Tanks			20,000
Flowlines			15,000
Heater Treater/Separator			25,000
Electrical System			0
Packers/Anchors/Hangers	414		0
Couplings/Fittings/Valves	415	2,000	27,000
Gas Compressors/Meters			4,000
Dehydrator			0
Injection Plan/CO2 Equipment			0
Miscellaneous	419	1,000	2,000
Contingency	420	11,000	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbery
WO/Pilot, 160 Acre	

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305 10,000	20,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309 39,000	195,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311 17,000	85,000
Water	212	25,000	312 75,000	100,000
Bits	213	30,000	313 1,000	31,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322 13,000	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	17,000	327 4,200	21,200
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331 12,500	27,500
Stimulation/Treating			332 950,000	950,000
Completion Unit		12,000	333 45,000	57,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335 45,000	60,000
Rentals-Subsurface	236	60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 20,000	60,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<u>TANGIBLE COSTS</u>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503 51,000	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514 230,000	230,000
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC:

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #1H	PROSPECT NAME: Puckett
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 330' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating		332 950,000	950,000
Completion Unit	12,000	333 45,000	57,000
Swabbing Unit		334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503 51,000	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 660' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter M in Section 12.
- The approximate BHL has been moved to 660' FNL and 330' FWL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4, if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A: Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>M. Berger</i></p> <p>B: Received by / Printed Name C: Date of Delivery</p> <p><i>M. Berger 8/15/11</i></p>
<p>1: Article Addressed to:</p> <p>Burnett Oil Company          Burnett Plaza, Unit 9          801 Cherry Street, Suite 1500          Fort Worth, Texas 73102          Puckett 12 Federal #1H</p>	<p>D: Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below.</p> <p>3: Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4: Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2: Article Number (transfer from sender) <b>91 7199 9991 7030 4047 8395</b></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102585-02-M-1540</p>	

PLACE STICKER AT TOP OF ENVELOPE TO BE OPENED TO THE RIGHT  
DO NOT WRITE OR PRINT IN THIS SPACE

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 73102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
**X**  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number **91 7199 9991 7030 4047 8395**  
(Transfer from sen)



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Javelina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 660' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter M in Section 12.
- The approximate BHL has been moved to 660' FNL and 330' FWL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  


B. Received by (Printed Name)  Date of Delivery  
Steve AUG 15 2011

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below.

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from) 91 7199 9991 7030 4047 8388

FOR THE GENERAL OFFICE OF THE POSTAL SERVICE  
UNITED STATES DEPARTMENT OF COMMERCE

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #1H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
**X**

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from) **91 7199 9991 7030 4047 8388**



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #1H  
SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E  
BHL: 660' FNL & 330' FWL, (Unit D) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter M in Section 12.
- The approximate BHL has been moved to 660' FNL and 330' FWL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature   <input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name): <u>Olivia</u> Date of Delivery: <u>AUG 15 2011</u></p>
<p>1. Article Addressed to:</p> <p>Zorro Partners          616 Texas Street          Fort Worth, TX 76102          Puckett 12 Federal #1H</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  <input checked="" type="checkbox"/> No          If YES, enter delivery address below:</p> <p>3. Service Type:  <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered        <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail       <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number: <u>91 7199 9991 7030 4047 8364</u>          (Transfer from ser)</p>	

PLACE STICKER OR LABEL ON ENVELOPE OR THE FRONT OF THE MAIL PIECE. DO NOT WRITE OR PRINT ON THIS AREA.

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span> <b>X</b></p> <p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p>
<p>1. Article Addressed to:</p> <p>Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #1H</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from sender)</p>	<p>91 7199 9991 7030 4047 8364</p>



August 3, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **New Well Proposal**  
Puckett "12" Federal #2H  
SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)

COPY

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H      PROSPECT NAME: Puckett  
 Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E      OBJECTIVE: 9900' MD (5500' TVD) Paddock

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H	PROSPECT NAME: Puckett
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry
WO/Pilot, 160 Acre	

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205	10,000	10,000
Drilling / Completion Overhead	206	5,000	5,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	156,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	68,000
Water	212	25,000	25,000
Bits	213	30,000	30,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	13,000	13,000
Fishing Tools & Service	223	100,000	100,000
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	10,000	10,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	17,000	17,000
Testing Casing/Tubing	228	4,000	4,000
Mud Logging Unit	229	12,000	12,000
Logging	230	330	0
Perforating/Wireline Services	231	15,000	15,000
Stimulation/Treating	332	950,000	950,000
Completion Unit	333	45,000	45,000
Swabbing Unit	334		0
Rentals-Surface	235	15,000	15,000
Rentals-Subsurface	236	60,000	60,000
Trucking/Forklift/Rig Mobilization	237	40,000	40,000
Welding Services	238	3,000	3,000
Water Disposal	239	25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244	50,000	50,000
Miscellaneous	242	5,000	5,000
Contingency	243	105,000	105,000
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,151,000</b>
<u>TANGIBLE COSTS</u>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514	230,000
Couplings/Fittings/Valves	415	2,000	25,000
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419	1,000	1,000
Contingency	420	1,000	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,494,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H      PROSPECT NAME: Puckett  
 Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Lower Blinetry  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
Title/Curalive/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	40,000	305	65,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000		286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311	11,250		123,750
Water	212	30,000	312	75,000		105,000
Bits	213	45,000	313	1,000		46,000
Mud & Chemicals	214	25,000	314			25,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	16,000				16,000
Cement Intermediate	218	16,000				16,000
Cement Production 7"x5.5"	218		319	70,000		70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000		20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	28,000	327	4,000		32,000
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	16,000	329			16,000
Logging	230	0	330	5,000		5,000
Perforating/Wireline Services	231	3,500	331	125,000		128,500
Stimulation/Treating			332	760,000		760,000
Completion Unit			333	40,000		40,000
Swabbing Unit			334			0
Rentals-Surface	235	20,000	335	100,000		120,000
Rentals-Subsurface	236	30,000	336	10,000		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000		140,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	120,000	344			120,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	131,500	343	149,750		281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>		<b>1,633,000</b>		<b>3,066,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000		260,000
Tubing 6200' 2 7/8"			504	38,000		38,000
Wellhead Equipment	405	30,000	505	18,000		48,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	20,000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			0
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plan/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	11,000	520	55,500		66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>		<b>602,000</b>		<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>		<b>2,235,000</b>		<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801Cherry Plaza, Unit 9  
 Fort Worth, Texas 76102  
 Puckett 12 Fed #2H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 X  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article (Trans) 91 7199 9991 7030 0515 2124

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

  
 550 West Texas Avenue, Stee 100  
 Midland, Texas 79701

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801Cherry Plaza, Unit 9  
 Fort Worth, Texas 76102  
 Puckett 12 Fed #2H

  
 91 7199 9991 7030 0515 2124



August 3, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #2H  
SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

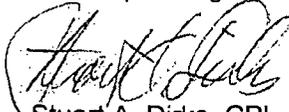
Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H	PROSPECT NAME: Puckett
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating		332 950,000	950,000
Completion Unit		333 45,000	57,000
Swabbing Unit		334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
TANGIBLE COSTS			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503 51,000	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H	PROSPECT NAME: Puckett
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbry
WO/Pilot, 160 Acre	

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203		0
Survey/Stake Location	204		0
Location/Pits/Road Expense	205	10,000	10,000
Drilling / Completion Overhead	206	5,000	5,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	156,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	68,000
Water	212	25,000	25,000
Bits	213	30,000	30,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	319
Cement Squeeze & Other (NO Kickoff Plug)	220	320	320
Float Equipment & Centralizers	221	321	321
Casing Crews & Equipment	222		13,000
Fishing Tools & Service	223	100,000	100,000
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	10,000	10,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	17,000	17,000
Testing Casing/Tubing	228	4,000	4,000
Mud Logging Unit	229	12,000	12,000
Logging	230		0
Perforating/Wireline Services	231	15,000	15,000
Stimulation/Treating		332	950,000
Completion Unit		333	45,000
Swabbing Unit		334	0
Rentals-Surface	235	15,000	15,000
Rentals-Subsurface	236	60,000	60,000
Trucking/Forklift/Rig Mobilization	237	40,000	40,000
Welding Services	238	3,000	3,000
Water Disposal	239		25,000
Plug to Abandon	240		0
Seismic Analysis	241		0
Closed Loop & Environmental	244	50,000	50,000
Miscellaneous	242	5,000	5,000
Contingency	243	105,000	105,000
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514	230,000
Couplings/Fittings/Valves	415	2,000	25,000
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419	1,000	1,000
Contingency	420	1,000	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H PROSPECT NAME: Puckett  
 Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E OBJECTIVE: 11021" MD (6600' TVD) Lower Blinebry  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	40,000	305	65,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000		286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311	11,250		123,750
Water	212	30,000	312	75,000		105,000
Bits	213	45,000	313	1,000		46,000
Mud & Chemicals	214	25,000	314			25,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	16,000				16,000
Cement Intermediate	218	16,000				16,000
Cement Production 7"x5.5"	218		319	70,000		70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000		20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	28,000	327	4,000		32,000
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	16,000	329			16,000
Logging	230	0	330	5,000		5,000
Perforating/Wireline Services	231	3,500	331	125,000		128,500
Stimulation/Treating			332	760,000		760,000
Completion Unit			333	40,000		40,000
Swabbing Unit			334			0
Rentals-Surface	235	20,000	335	100,000		120,000
Rentals-Subsurface	236	30,000	336	10,000		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000		140,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	120,000	344			120,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	131,500	343	149,750		281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>		<b>1,633,000</b>		<b>3,066,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000		260,000
Tubing 6200' 2 7/8"			504	38,000		38,000
Wellhead Equipment	405	30,000	505	18,000		48,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	20,000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			0
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	11,000	520	55,500		66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>		<b>602,000</b>		<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>		<b>2,235,000</b>		<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
 616 Texas Street  
 Fort Worth, TX 73102  
 Puckett 12 Fed #2H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
 X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number: 91 7199 9991 7030 4043 7859

PS Form 3811, February 2004

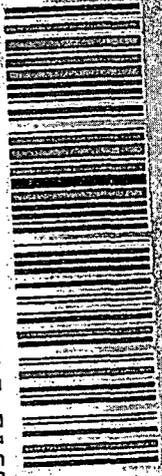
Domestic Return Receipt

102595-02-M-1540

  
 550 West Texas Avenue, Suite 100  
 Midland, Texas 79701

Javalina Partners  
 616 Texas Street  
 Fort Worth, TX 73102  
 Puckett 12 Fed #2H

91 7199 9991 7030 4043 7859





August 3, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #2H  
SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

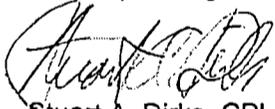
Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H	PROSPECT NAME: Puckett
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating		332 950,000	950,000
Completion Unit	12,000	333 45,000	57,000
Swabbing Unit		334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503 51,000	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H	PROSPECT NAME: Puckett
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry
WO/Pilot, 160 Acre	

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating	231	332 950,000	950,000
Completion Unit	231 12,000	333 45,000	57,000
Swabbing Unit	231	334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<u>TANGIBLE COSTS</u>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"	402	503 51,000	51,000
Tubing	402	504	0
Wellhead Equipment	405	505	0
Pumping Unit	405	506	0
Prime Mover	405	507	0
Rods	405	508	0
Pumps	405	509	0
Tanks	405	510	0
Flowlines	405	511	0
Heater Treater/Separator	405	512	0
Electrical System	405	513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters	415	516 4,000	4,000
Dehydrator	415	517	0
Injection Plant/CO2 Equipment	415	518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #2H PROSPECT NAME: Puckett  
 Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31E COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 990' FWL, Sec 12, 17S-31E OBJECTIVE: 11021' MD (6600' TVD) Lower Blinetry  
 WO/Pilot, 160 Acre

		BCP	ACP	TOTAL
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	55,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
 616 Texas Street  
 Fort Worth, TX 73102  
 Puckett 12 Fed #2H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
**X**

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

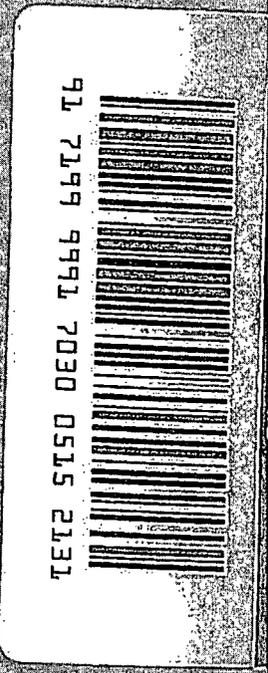
3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer to) **91 7199 9991 7030 0515 2131**

**CONCHO**  
 550 West Texas Avenue, Suite 100  
 Midland, Texas 79701

Zorro Partners  
 616 Texas Street  
 Fort Worth, TX 73102  
 Puckett 12 Fed #2H



June 20, 2011

U.S. Certified Mail  
Return Receipt Requested

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

COPY

COPY

RE: New Well Proposal  
Puckett "12" Federal #3H  
SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)  
DRE/rc

Confirmation Services	Package ID: 9171999991703005118298	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Burnett</u>	Serial #: 1364097
	Address: <u>Puckett 12 Fed 3H</u>	JUN 20 2011 4:16 PM

**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:

Turnett Oil Company  
Turnett Plaza, Unit 9  
1111 Cherry Street, Suite 1500  
Fort Worth, Texas 76102  
Turnett 12 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature <i>[Handwritten Signature]</i>	E. Agent <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name) <i>[Handwritten Name]</i>	C. Date of Delivery <i>[Handwritten Date]</i>
D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number 91 7199 9991 7030 0511 8298  
Transfer from service label

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Lower Blinbry  
 WO/Pilot, 160 Acre

INTANGIBLE COSTS		BCP		ACP		TOTAL
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	40,000	305	65,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000		286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311	11,250		123,750
Water	212	30,000	312	75,000		105,000
Bits	213	45,000	313	1,000		46,000
Mud & Chemicals	214	25,000	314			25,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	16,000				16,000
Cement Intermediate	218	16,000				16,000
Cement Production 7"x5.5"	218		319	70,000		70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000		20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	28,000	327	4,000		32,000
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	16,000	329			16,000
Logging	230	0	330	5,000		5,000
Perforating/Wireline Services	231	3,500	331	125,000		128,500
Stimulation/Treating			332	760,000		760,000
Completion Unit			333	40,000		40,000
Swabbing Unit			334			0
Rentals-Surface	235	20,000	335	100,000		120,000
Rentals-Subsurface	236	30,000	336	10,000		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000		140,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	120,000	344			120,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	131,500	343	149,750		281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>		<b>1,633,000</b>		<b>3,066,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000		260,000
Tubing 6200' 2 7/8"			504	38,000		38,000
Wellhead Equipment	405	30,000	505	18,000		48,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	20,000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			0
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	11,000	520	55,500		66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>		<b>602,000</b>		<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>		<b>2,235,000</b>		<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbry  
 WO/Pilot, 160 Acre

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000		22,000
Damages/Right of Way	203			0
Survey/Stake Location	204			0
Location/Pits/Road Expense	205	10,000	10,000	20,000
Drilling / Completion Overhead	206	5,000	1,000	6,000
Tumkey Contract	207			0
Footage Contract	208			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	39,000	195,000
Directional Drilling Services, With RS	210	350,000		350,000
Fuel & Power	211	68,000	17,000	85,000
Water	212	25,000	75,000	100,000
Bits	213	30,000	1,000	31,000
Mud & Chemicals	214	15,000		15,000
Drill Stem Test	215			0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett #12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 9900' MD (5500' TVD) Paddock  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	155,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

June 20, 2011

U.S. Certified Mail  
Return Receipt Requested

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #3H  
SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

*S. Dirks - gjh*

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (e)  
DRE/rc

Confirmation Services	Package ID: 9171999991703005118311	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <i>Javalina</i>	Serial #: 1364097
	Address: <i>Puckett 12 # 3H</i>	JUN 20 2011 4:14 PM

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature <i>[Handwritten Signature]</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
B. Received by (Printed Name) <i>[Handwritten Name]</i>	C. Date of Delivery <i>[Handwritten Date]</i>
D. Is delivery address different from item 1? If YES, enter delivery address below:	<input type="checkbox"/> Yes <input type="checkbox"/> No

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 91 7199 9991 7030 0511 8311

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry  
 WO/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 26,000	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311 11,250	123,750
Water	212	30,000	312 75,000	105,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330 5,000	5,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335 100,000	120,000
Rentals-Subsurface	236	30,000	336 10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbery  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305 10,000	20,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309 39,000	195,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311 17,000	85,000
Water	212	25,000	312 75,000	100,000
Bits	213	30,000	313 1,000	31,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 77	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322 13,000	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	17,000	327 4,200	21,200
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331 12,500	27,500
Stimulation/Treating			332 950,000	950,000
Completion Unit		12,000	333 45,000	57,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335 45,000	60,000
Rentals-Subsurface	236	60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 20,000	60,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503 51,000	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514 230,000	230,000
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett #12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 9900' MD (5500' TVD) Paddock  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC:

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

June 20, 2011

U.S. Certified Mail  
Return Receipt Requested

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #3H  
SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (2)  
DRE/rc

Confirmation Services	Package ID: 9171999991703005118304	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Zorro</u>	Serial #: 1364097
	Address: <u>Puckett 12 Fed 3H</u>	JUN 20 2011 4:15 PM

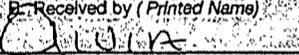
**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:

Zorzo Partners  
516 Texas Street  
Fort Worth, TX 76102  
Aircraft 12 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature 		<input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee
B. Received by (Printed Name) 	C. Date of Delivery 6-22	
D. Is delivery address different from item 1? If YES, enter delivery address below:		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

3. Service Type

<input checked="" type="checkbox"/> Certified Mail	<input type="checkbox"/> Express Mail
<input type="checkbox"/> Registered	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Insured Mail	<input type="checkbox"/> C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number 91 7199 9991 7030 0511 8304  
(Transfer from service label)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry  
 WO/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett 12" Federal #3H      PROSPECT NAME: Puckett  
 Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E      OBJECTIVE: 9900' MD (5500' TVD) Paddock  
 WO/Pilot, 160 Acre

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #3H  
SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

- The well will be drilled at an approved surface location within location unit letter C in Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

UNITED STATES POSTAL SERVICE  
DOMESTIC RETURN RECEIPT

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 73102  
Puckett 12 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
**X**  Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number **91 7199 9991 7030 4047 8371**  
(Transfer from service label)



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Javelina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: Amendment to New Well Proposal  
Puckett "12" Federal #3H  
SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

- The well will be drilled at an approved surface location within location unit letter C in Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

UNITED STATES POSTAL SERVICE  
FIRST CLASS PERMIT NO. 1000 WASHINGTON, DC 20540

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>		A. Signature <b>X</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:  Javalina Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H		B. Received by (Printed Name)	C. Date of Delivery
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
91 7199 9991 7030 4047 8357			
PS Form 3811, February 2004		Domestic Return Receipt 102595-02-M-1540	



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #3H  
SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E  
BHL: 330' FSL & 1650' FWL, (Unit N) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

- The well will be drilled at an approved surface location within location unit letter C in Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

UNITED STATES POSTAL SERVICE  
FIRST CLASS PERMIT NO. 1000 FORT WORTH, TX 76102

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><li>■ Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>■ Print your name and address on the reverse so that we can return the card to you.</li><li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span> <b>X</b></p> <p>B. Received by (<i>Printed Name</i>) <span style="float: right;">C. Date of Delivery</span></p>
<p>1. Article Addressed to:</p>  <p>Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (<i>Extra Fee</i>) <input type="checkbox"/> Yes</p>
<p>2. Article Number <span style="float: right;">91 7199 9991 7030 4047 8340</span> (<i>Transfer from serv</i>)</p>	

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 73102  
Puckett 17 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature: *M. Berger*  Agent  Addressee  
B. Received By (Printed Name): *M. Berger* Date of Delivery: *8/15/11*  
D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type:  Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number: *91 7199 9991 7030 4042 8321*  
(Transfer from service label)

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #3H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
*[Handwritten Signature]*

B. Received by (Printed Name)  Agent  Addressee  
*[Handwritten Name]* Date of Delivery **AUG 15 2011**

D. Is delivery address different from Item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) **91 7199 9991 7030 4047 8357**

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature: <i>[Handwritten Signature]</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p>Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H</p>	<p>B. Received by (Printed Name): <i>[Handwritten Name]</i> C. Date of Delivery: <b>AUG 15 2011</b></p>
<p>2. Article Number: (Transfer from servit)</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>
<p>91 7199 9991 7030 4047 8340</p>	<p>3. Service Type:  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>PS Form 3811, February 2004</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> <p>Domestic Return Receipt</p> <p>102595-02-M-1540</p>

June 20, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

**COPY**

RE: **New Well Proposal**  
Puckett "12" Federal #5H  
SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E  
BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

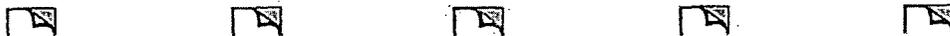
Yours truly,

COG Operating LLC



Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)  
DRE/rc



Confirmation Services	Package ID: 9171999991703040142975	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Burnett</u>	Serial #: 1364097
	Address: <u>Puckett 12 # 5H</u>	JUN 20 2011 4:17 PM

**SENDER: COMPLETE THIS SECTION**

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.

Article Addressed to:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort worth, Texas 76102  
Puckett 12 Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

Signature: *M. Berger*  Agent  Addressee  
Received by (Printed Name): *M. Berger* Date of Delivery: *1/21/11*

D: Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3: Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4: Restricted Delivery? (Extra Fee)  Yes

Article Number (Transfer from service label) 91 7199 9991 7030 4014 2975

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 11021' MD (6600' TVD) Lower Blinbry
WO/Pilot, 160 Acre	

<u>INTANGIBLE COSTS</u>		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	40,000	305	65,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000		286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311	11,250		123,750
Water	212	30,000	312	75,000		105,000
Bits	213	45,000	313	1,000		46,000
Mud & Chemicals	214	25,000	314			25,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	16,000				16,000
Cement Intermediate	218	16,000				16,000
Cement Production 7"x5.5"	218		319	70,000		70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000		20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	28,000	327	4,000		32,000
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	16,000	329			16,000
Logging	230	0	330	5,000		5,000
Perforating/Wireline Services	231	3,500	331	125,000		128,500
Stimulation/Treating			332	760,000		760,000
Completion Unit			333	40,000		40,000
Swabbing Unit			334			0
Rentals-Surface	235	20,000	335	100,000		120,000
Rentals-Subsurface	236	30,000	336	10,000		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000		140,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	120,000	344			120,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	131,500	343	149,750		281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>		<b>1,633,000</b>		<b>3,066,000</b>
<u>TANGIBLE COSTS</u>						
Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000		260,000
Tubing 6200' 2 7/8"			504	38,000		38,000
Wellhead Equipment	405	30,000	505	18,000		48,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	20,000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			0
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	11,000	520	55,500		66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>		<b>602,000</b>		<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>		<b>2,235,000</b>		<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry
WO/Pilot, 160 Acre	

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating		332 950,000	950,000
Completion Unit	12,000	333 45,000	57,000
Swabbing Unit		334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200" - 4.5"		503 51,000	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>		<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>						
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203		303			0
Survey/Stake Location	204		304			0
Location/Pits/Road Expense	205	10,000	305	10,000		20,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000		195,000
Directional Drilling Services, With RS	210	350,000	310			350,000
Fuel & Power	211	68,000	311	17,000		85,000
Water	212	25,000	312	75,000		100,000
Bits	213	30,000	313	1,000		31,000
Mud & Chemicals	214	15,000	314			15,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217					0
Cement Intermediate	218					0
Cement 2nd Intermediate 7"	218		319			0
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221		321			0
Casing Crews & Equipment	222		322	13,000		13,000
Fishing Tools & Service	223	100,000	323			100,000
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	17,000	327	4,200		21,200
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	12,000	329			12,000
Logging	230		330			0
Perforating/Wireline Services	231	15,000	331	12,500		27,500
Stimulation/Treating			332	950,000		950,000
Completion Unit		12,000	333	45,000		57,000
Swabbing Unit			334			0
Rentals-Surface	235	15,000	335	45,000		60,000
Rentals-Subsurface	236	60,000	336	10,000		70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000		60,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	50,000	344			50,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	105,000	343	131,300		236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>		<b>1,436,000</b>		<b>2,587,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing	401					1,200
Intermediate Casing	402		503			0
Production Casing/Liner 4200' - 4.5"			503	51,000		51,000
Tubing			504			0
Wellhead Equipment	405		505			0
Pumping Unit			506			0
Prime Mover			507			0
Rods			508			0
Pumps			509			0
Tanks			510			0
Flowlines			511			0
Heater Treater/Separator			512			0
Electrical System			513			0
Packers/Anchors/Hangers	414		514	230,000		230,000
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	1,000	520	32,000		33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>		<b>343,000</b>		<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>		<b>1,779,000</b>		<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

June 20, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #5H  
SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E  
BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (s)  
DRE/rc

Confirmation Services	Package ID: 9171999991703040142951	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Javalina</u>	Serial #: 1364097
	Address: <u>Puckett 12 Fed # 5H</u>	JUN 20 2011 4:18 PM

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee  
*[Handwritten Signature]*

B. Received by (Printed Name)  Agent  Addressee  
*[Handwritten Name]*

C. Date of Delivery  
*[Handwritten Date]*

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

Article Number (Transfer from service label) 91 7199 9991 7030 4014 2951

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 11021' MD (6600' TVD) Lower Blinetry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/Stake Location	204	3,000	3,000
Location/Pits/Road Expense	205	40,000	65,000
Drilling / Completion Overhead	206	5,000	1,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	26,000
Directional Drilling Services, With RS	210	400,000	310
Fuel & Power	211	112,500	11,250
Water	212	30,000	75,000
Bits	213	45,000	1,000
Mud & Chemicals	214	25,000	314
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217	16,000	16,000
Cement Intermediate	218	16,000	16,000
Cement Production 7"x5.5"	218	319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	3,500	321
Casing Crews & Equipment	222	7,000	322
Fishing Tools & Service	223	323	0
Geologic/Engineering	224	10,000	324
Contract Labor	225	10,000	325
Company Supervision	226	2,000	326
Contract Supervision	227	28,000	327
Testing Casing/Tubing	228	4,000	328
Mud Logging Unit	229	16,000	329
Logging	230	0	330
Perforating/Wireline Services	231	3,500	331
Stimulation/Treating			332
Completion Unit			333
Swabbing Unit			334
Rentals-Surface	235	20,000	335
Rentals-Subsurface	236	30,000	336
Trucking/Forklift/Rig Mobilization	237	40,000	337
Welding Services	238	3,000	338
Water Disposal	239	339	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244	120,000	344
Miscellaneous	242	5,000	342
Contingency	243	131,500	343
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401	20,000	501
Intermediate Casing 1850' 9 5/8"	402	48,000	503
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503
Tubing 6200' 2 7/8"			504
Wellhead Equipment	405	30,000	505
Pumping Unit			506
Prime Mover			507
Rods			508
Pumps			509
Tanks			510
Flowlines			511
Heater Treater/Separator			512
Electrical System			513
Packers/Anchors/Hangers	414		514
Couplings/Fittings/Valves	415	2,000	515
Gas Compressors/Meters			516
Dehydrator			517
Injection Plant/CO2 Equipment			518
Miscellaneous	419	1,000	519
Contingency	420	11,000	520
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205	10,000	10,000
Drilling / Completion Overhead	206	5,000	5,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	156,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	68,000
Water	212	25,000	25,000
Bits	213	30,000	30,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322	13,000
Fishing Tools & Service	223	100,000	100,000
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	10,000	30,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	17,000	4,200
Testing Casing/Tubing	228	4,000	1,500
Mud Logging Unit	229	12,000	12,000
Logging	230	330	0
Perforating/Wireline Services	231	15,000	12,500
Stimulation/Treating		332	950,000
Completion Unit		333	45,000
Swabbing Unit		334	0
Rentals-Surface	235	15,000	45,000
Rentals-Subsurface	236	60,000	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	20,000
Welding Services	238	3,000	1,500
Water Disposal	239		25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244	50,000	50,000
Miscellaneous	242	5,000	1,000
Contingency	243	105,000	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514	230,000
Couplings/Fittings/Valves	415	2,000	25,000
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plan/CO2 Equipment		518	0
Miscellaneous	419	1,000	1,000
Contingency	420	1,000	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203		0
Survey/Stake Location	204		0
Location/Pits/Road Expense	205	10,000	20,000
Drilling / Completion Overhead	206	5,000	6,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	195,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	85,000
Water	212	25,000	100,000
Bits	213	30,000	31,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218		0
Cement Squeeze & Other (NO Kickoff Plug)	220		0
Float Equipment & Centralizers	221		0
Casing Crews & Equipment	222	13,000	13,000
Fishing Tools & Service	223	100,000	100,000
Geologic/Engineering	224	10,000	11,000
Contract Labor	225	10,000	40,000
Company Supervision	226	2,000	4,000
Contract Supervision	227	17,000	21,200
Testing Casing/Tubing	228	4,000	5,500
Mud Logging Unit	229	12,000	12,000
Logging	230		0
Perforating/Wireline Services	231	15,000	27,500
Stimulation/Treating			950,000
Completion Unit		12,000	57,000
Swabbing Unit			0
Rentals-Surface	235	15,000	60,000
Rentals-Subsurface	236	60,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	60,000
Welding Services	238	3,000	4,500
Water Disposal	239		25,000
Plug to Abandon	240		0
Seismic Analysis	241		0
Closed Loop & Environmental	244	50,000	50,000
Miscellaneous	242	5,000	6,000
Contingency	243	105,000	236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402		0
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405		0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414		230,000
Couplings/Fittings/Valves	415	2,000	27,000
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419	1,000	2,000
Contingency	420	1,000	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>2,934,000</b>

COG Operating LLC:

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

June 20, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #5H  
SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E  
BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed 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

Enclosure (e)  
DRE/rc

Confirmation Services	Package ID: 9171999991703040142968	Electronic Certified
	Destination ZIP Code: 76102	First Class Large Envelope
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>Zorro</u>	Serial #: 1364097
	Address: <u>Puckett 12 # 5H</u>	JUN 20 2011 4:17 PM

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p>B. Received by (Printed Name) <span style="float: right;">C. Date of Delivery</span></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p>Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett Federal #5H 12</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered        <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail      <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p>
<p>1. Article Number <span style="float: right;">91 7199 9991 7030 4014 2968</span> (Transfer from service label)</p>	

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H      PROSPECT NAME: Puckett  
 Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E      COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry  
 WO/Pilot, 160 Acre

		BCP	ACP	TOTAL
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 26,000	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311 11,250	123,750
Water	212	30,000	312 75,000	105,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330 5,000	5,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335 100,000	120,000
Rentals-Subsurface	236	30,000	336 10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbery
WO/Pilot, 160 Acre	

<u>INTANGIBLE COSTS</u>		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203		303			0
Survey/Stake Location	204		304			0
Location/Pits/Road Expense	205	10,000	305	10,000		20,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000		195,000
Directional Drilling Services, With RS	210	350,000	310			350,000
Fuel & Power	211	68,000	311	17,000		85,000
Water	212	25,000	312	75,000		100,000
Bits	213	30,000	313	1,000		31,000
Mud & Chemicals	214	15,000	314			15,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217					0
Cement Intermediate	218					0
Cement 2nd Intermediate 7"	218		319			0
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221		321			0
Casing Crews & Equipment	222		322	13,000		13,000
Fishing Tools & Service	223	100,000	323			100,000
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	17,000	327	4,200		21,200
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	12,000	329			12,000
Logging	230		330			0
Perforating/Wireline Services	231	15,000	331	12,500		27,500
Stimulation/Treating			332	950,000		950,000
Completion Unit		12,000	333	45,000		57,000
Swabbing Unit			334			0
Rentals-Surface	235	15,000	335	45,000		60,000
Rentals-Subsurface	236	60,000	336	10,000		70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000		60,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	50,000	344			50,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	105,000	343	131,300		236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>		<b>1,436,000</b>		<b>2,587,000</b>
<u>TANGIBLE COSTS</u>						
Surface Casing	401					1,200
Intermediate Casing	402		503			0
Production Casing/Liner 4200' - 4.5"			503	51,000		51,000
Tubing			504			0
Wellhead Equipment	405		505			0
Pumping Unit			506			0
Prime Mover			507			0
Rods			508			0
Pumps			509			0
Tanks			510			0
Flowlines			511			0
Heater Treater/Separator			512			0
Electrical System			513			0
Packers/Anchors/Hangers	414		514	230,000		230,000
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	1,000	520	32,000		33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>		<b>343,000</b>		<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>		<b>1,779,000</b>		<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>						
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203		303			0
Survey/Stake Location	204		304			0
Location/Pits/Road Expense	205	10,000	305	10,000		20,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000		195,000
Directional Drilling Services, With RS	210	350,000	310			350,000
Fuel & Power	211	68,000	311	17,000		85,000
Water	212	25,000	312	75,000		100,000
Bits	213	30,000	313	1,000		31,000
Mud & Chemicals	214	15,000	314			15,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217					0
Cement Intermediate	218					0
Cement 2nd Intermediate 7"	218		319			0
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221		321			0
Casing Crews & Equipment	222		322	13,000		13,000
Fishing Tools & Service	223	100,000	323			100,000
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	17,000	327	4,200		21,200
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	12,000	329			12,000
Logging	230		330			0
Perforating/Wireline Services	231	15,000	331	12,500		27,500
Stimulation/Treating			332	950,000		950,000
Completion Unit		12,000	333	45,000		57,000
Swabbing Unit			334			0
Rentals-Surface	235	15,000	335	45,000		60,000
Rentals-Subsurface	236	60,000	336	10,000		70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000		60,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	50,000	344			50,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	105,000	343	131,300		236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>		<b>1,436,000</b>		<b>2,587,000</b>
<b>TANGIBLE COSTS</b>						
Surface Casing	401					1,200
Intermediate Casing	402		503			0
Production Casing/Liner 4200' - 4.5"			503	51,000		51,000
Tubing			504			0
Wellhead Equipment	405		505			0
Pumping Unit			506			0
Prime Mover			507			0
Rods			508			0
Pumps			509			0
Tanks			510			0
Flowlines			511			0
Heater Treater/Separator			512			0
Electrical System			513			0
Packers/Anchors/Hangers	414		514	230,000		230,000
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plan/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	1,000	520	32,000		33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>		<b>343,000</b>		<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>		<b>1,779,000</b>		<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_ % Working Interest

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.



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #5H  
SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E  
BHL: 660' FNL & 1980' FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

PLACE STICKER AT TOP OF ENVELOPE OR TO THE FRONT OF MAILER WITH ADDRESS KEPT AND FOLD TO THE RIGHT

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 73102  
Puckett 12 Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
X  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
(Transfer from service label)

91 7199 9991 7030 4047 8333



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Javelina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #5H  
SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E  
BHL: 660' FNL & 1980' FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
**X**  Addressee

B. Received by (*Printed Name*) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (*Extra Fee*)  Yes

2. Article Number  
(*Transfer from service label*)

91 7199 9991 7030 4047 8326

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



August 11, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #5H  
SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E  
BHL: 660' FNL & 1980' FEL, of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COO Operating LLC

A handwritten signature in black ink, appearing to read "Stuart A. Dirks".

Stuart A. Dirks, CPL  
Senior Landman

UNITED STATES POSTAL SERVICE

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett 12 Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
**X**  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number: 91 7199 9991 7030 4047 8319  
(Transfer from service)

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature: <i>M. Banger</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name): <i>M. Banger</i> C. Date of Delivery: <i>8/15/01</i></p>
<p>1. Article Addressed to:</p> <p>Burnett Oil Company          Burnett Plaza, Unit 9          801 Cherry Street, Suite 1500          Fort Worth, Texas 73102          Puckett 12 Federal #5H</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No          If YES, enter delivery address below:</p> <p>3. Service Type:  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number: <i>91 7199 9991 7030 4047 8333</i>          (Transfer from service tag)</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett 12 Federal #5H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  Addressee

B. Received by (Printed Name) *Olivia* C. Date of Delivery *AUG 15 2007*

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) **91 7199 9991 7030 4047 8326**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece or on the front if space permits.</li> </ul>	<p>A. Signature: <i>[Signature]</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name): <i>[Signature]</i> C. Date of Delivery: <b>AUG 15 2011</b></p>
<p>1. Article Addressed to:</p> <p>Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #5H</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Transfer from service)</p>	<p>4. Restricted Delivery? (Extra Fee) <input checked="" type="checkbox"/> Yes</p> <p>91 7199 9991 7030 4047 8319</p>



May 25, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **New Well Proposal**  
Puckett "12" Federal #7H  
SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depths of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

*David R. Evans*

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
COUNTY & STATE: **Eddy Co, NM**  
OBJECTIVE: **YESO (11, 021' MD) (5500' TVD) Paddock**

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203 15,000	303	15,000
Survey/Stake Location	204 3,000	304	3,000
Location/Pits/Road Expense	205 40,000	305 65,000	105,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 20:2 @ \$13000/day	209 260,000	309 26,000	286,000
Directional Drilling Services, With RS	210 400,000	310	400,000
Fuel & Power	211 112,500	311 11,250	123,750
Water	212 30,000	312 75,000	105,000
Bits	213 45,000	313 1,000	46,000
Mud & Chemicals	214 25,000	314	25,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217 16,000		16,000
Cement Intermediate	218 16,000		16,000
Cement Production 7"x5.5"	218	319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221 3,500	321 15,000	18,500
Casing Crews & Equipment	222 7,000	322 13,000	20,000
Fishing Tools & Service	223	323	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 28,000	327 4,000	32,000
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 16,000	329	16,000
Logging	230 0	330 5,000	5,000
Perforating/Wireline Services	231 3,500	331 125,000	128,500
Simulation/Treating		332 760,000	760,000
Completion Unit		333 40,000	40,000
Swabbing Unit		334	0
Rentals-Surface	235 20,000	335 100,000	120,000
Rentals-Subsurface	236 30,000	336 10,000	40,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 100,000	140,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 120,000	344	120,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>	<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401 20,000		20,000
Intermediate Casing 1850' 9 5/8"	402 48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"		503 260,000	260,000
Tubing 6200' 2 7/8"		504 38,000	38,000
Wellhead Equipment	405 30,000	505 18,000	48,000
Pumping Unit		506 97,000	97,000
Prime Mover		507	0
Rods		508 39,000	39,000
Pumps		509 4,500	4,500
Tanks		510 20,000	20,000
Flowlines		511 15,000	15,000
Heater Treater/Separator		512 25,000	25,000
Electrical System		513	0
Packers/Anchors/Hangers	414	514	0
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>	<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
COUNTY & STATE: **Eddy Co, NM**  
OBJECTIVE: **YESO (11, 021' MD) (5500' TVD) Paddock**

	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>			
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203 15,000	303	15,000
Survey/Stake Location	204 3,000	304	3,000
Location/Pits/Road Expense	205 40,000	305 65,000	105,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 20:2 @ \$13000/day	209 260,000	309 26,000	286,000
Directional Drilling Services, With RS	210 400,000	310	400,000
Fuel & Power	211 112,500	311 11,250	123,750
Water	212 30,000	312 75,000	105,000
Bits	213 45,000	313 1,000	46,000
Mud & Chemicals	214 25,000	314	25,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217 16,000		16,000
Cement Intermediate	218 16,000		16,000
Cement Production 7"x5.5"	218	319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221 3,500	321 15,000	18,500
Casing Crews & Equipment	222 7,000	322 13,000	20,000
Fishing Tools & Service	223	323	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 28,000	327 4,000	32,000
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 16,000	329	16,000
Logging	230 0	330 5,000	5,000
Perforating/Wireline Services	231 3,500	331 125,000	128,500
Stimulation/Treating		332 760,000	760,000
Completion Unit		333 40,000	40,000
Swabbing Unit		334	0
Rentals-Surface	235 20,000	335 100,000	120,000
Rentals-Subsurface	236 30,000	336 10,000	40,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 100,000	140,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 120,000	344	120,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>	<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401 20,000		1,200
Intermediate Casing 1850' 9 5/8"	402 48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"		503 260,000	260,000
Tubing 6200' 2 7/8"		504 38,000	38,000
Wellhead Equipment	405 30,000	505 18,000	48,000
Pumping Unit		506 97,000	97,000
Prime Mover		507	0
Rods		508 39,000	39,000
Pumps		509 4,500	4,500
Tanks		510 20,000	20,000
Flowlines		511 15,000	15,000
Heater Treater/Separator		512 25,000	25,000
Electrical System		513	0
Packers/Anchors/Hangers	414	514	0
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>	<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Sismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	55,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

# Transmission Report

Date/Time 05-25-2011 03:44:55 p.m. Transmt Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Failed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Burnett Oil Company-Attn: Land Manager  
 FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COO Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Pickett "12" Federal 7-6

Total Pages Scanned : 5

Total Pages Confirmed : 0

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	183	818173327832	03:00:51 p.m. 05-25-2011	00:00:00	0/5	1	--	HS	FA

**Abbreviations:**

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct

# Transmission Report

Date/Time 05-25-2011 02:02:54 p.m. Transmt Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Failed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Burnett Oil Company-Attn: Land Manager  
 FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Puckett "12" Federal 7-H

Total Pages Scanned : 5

Total Pages Confirmed : 0

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	142	818173327832	02:01:02 p.m. 05-25-2011	00:00:00	0/5	1	--	HS	FA

**Abbreviations:**

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE   1   OF   5   PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

# Transmission Report

Date/Time: 05-25-2011 03:44:55 p.m. TransmIt Header Text  
 Local ID 1: 4326863000 Local Name 1 Land

This document : Failed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Burnett Oil Company-Attn: Land Manager  
 FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Pockett "12" Federal 7-U

Total Pages Scanned : 5

Total Pages Confirmed : 0

Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
183	818173327832	03:00:51 p.m. 05-25-2011	00:00:00	0/5	1	--	HS	FA

**Abbreviations:**

- |                |                   |                   |                        |                          |
|----------------|-------------------|-------------------|------------------------|--------------------------|
| : Host send    | PL: Polled local  | MP: Mailbox print | CP: Completed          | TS: Terminated by system |
| : Host receive | PR: Polled remote | RP: Report        | FA: Fail               | G3: Group 3              |
| : Waiting send | MS: Mailbox save  | FF: Fax Forward   | TU: Terminated by user | EC: Error Correct        |

# Transmission Report

Date/Time: 05-25-2011 02:02:54 p.m. Transmit Header Text  
 Local ID 1: 4326863000 Local Name 1 Land

This document : Failed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Burnett Oil Company-Attn: Land Manager  
 FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Puckett "12" Federal 7-B

Total Pages Scanned : 5

Total Pages Confirmed : 0

Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
142	818173327832	02:01:02 p.m. 05-25-2011	00:00:00	0/5	1	--	HS	FA

**Abbreviations:**

: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE   1   OF   5   PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

Electronic Certified  
 Priority Envelope or package CBP  
 BFP Account #: 41592258  
 Serial #: 1364097  
 MAY 25 2011 4:33PM

Package ID: 917199991703005145607  
 Destination ZIP Code: 76102  
 Customer Reference:

Confirmation Services

Recipient Address:

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, TX 76102  
 Puckett "12" Federal #7H

2. Article Number  
 (Transfer from service label)  
 91 7199 9991 7030 0514 5607

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, TX 76102  
 Puckett "12" Federal #7H

2. Article Number  
 (Transfer from service label)  
 91 7199 9991 7030 0514 5607

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
 Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery  
 M. Bergen 5/11/11

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**Lisa Wilson**

---

**From:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:26 PM  
**To:** 'dsrhodes@burnettoil.com'  
**Cc:** David Evans  
**Subject:** Puckett Well Proposals  
**Attachments:** Burnett\_Puckett 24 Fed 2H.pdf; Burnett\_Puckett 24 Fed 6H.pdf; Burnett\_Puckett 12 Fed 7H.pdf; Burnett\_Puckett 12 Fed 9H.pdf; Burnett\_Puckett 13 Fed 1H.pdf; Burnett\_Puckett 13 Fed 7H.pdf

Tracking:	Recipient	Delivery	Read
	'dsrhodes@burnettoil.com'		
	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Thank you,

**Lisa Wilson (Oetting)**  
Land Assistant  
COG OPERATING LLC  
550 W. Texas Avenue, Suite 100  
Midland, Texas 79701  
p.432.685.4366  
f.432.686.3000



**Lisa Wilson**

---

**From:** David Rhodes [dsrhodes@burnettoil.com]  
**To:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:29 PM  
**Subject:** Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).



May 25, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #7H  
SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depths of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinbry lateral), and 6,600' TVD (Lower Blinbry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinbery

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	55,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
 SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
 BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
 WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
 COUNTY & STATE: Eddy Co, NM  
 OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinbery

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

Company: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling/ Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	
Drill Stem Test	215		315	
Coring & Analysis	216			
Cement Surface	217	16,000		
Cement Intermediate	218	16,000		
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	
Seismic Analysis	241		341	
Closed Loop & Environmental	244	120,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	
Packers/Anchors/Hangers	414		514	
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	
Injection Plan/CO2 Equipment			518	
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	55,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_ % Working Interest

Company:

By:

Printed Name:

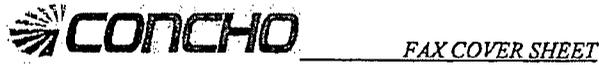
Title:

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

# Transmission Report

Date/Time: 05-25-2011 03:21:33 p.m. Transmt Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Confirmed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Javelina Partners-Mr. E. Randall Hudson III  
 FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummings  
 Concho Resources Inc. - COO Oil & Gas LP / COO Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Puckett "12" Federal 7-B

Total Pages Scanned : 5

Total Pages Confirmed : 5

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
01	168	8173340442	02:33:26 p.m. 05-25-2011	00:05:17	5/5	1	EC	H5	CP14400

**Abbreviations:**

H: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
R: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
S: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

# Transmission Report

Date/Time 05-25-2011 03:21:33 p.m. Transmit Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Confirmed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Javelins Partners-Mr. E. Randall Hudson III  
 FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Curran  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Puckett "12" Federal 7-B

Total Pages Scanned : 5

Total Pages Confirmed : 5

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	168	8173340442	02:33:26 p.m. 05-25-2011	00:05:17	5/5	1	EC	HS	CP14400

**Abbreviations:**

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

Confirmation Services

Package ID: 9171999991703005145539  
 Destination ZIP Code: 76102  
 Customer Reference:  
 Recipient:  
 Address:

Electronic Certified  
 Priority Envelope or package CBP

PBP Account #: 41562288  
 Serial #: 1364097  
 MAY 25 2011 4:42pm

**SENDER: COMPLETE THIS SECTION**

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:

Javelina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett "12" Federal #7H

2. Article Number (Transfer from service label) **91 7199 9991 7030 0514 5539**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  Express Mail  
 Certified Mail  Return Receipt for Merchandise  
 Registered  Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

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:

Javelina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett "12" Federal #7H

2. Article Number (Transfer from service label) **91 7199 9991 7030 0514 5539**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) **OLIVIA** Date of Delivery **MAY 27 2011**

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



May 25, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #7H  
SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E  
BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
COUNTY & STATE: **Eddy Co, NM**  
OBJECTIVE: **YESO (11, 021' MD) (6600' TVD) Lower Blinbery**

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000		22,000
Damages/Right of Way	203	15,000		15,000
Survey/Stake Location	204	3,000		3,000
Location/Pits/Road Expense	205	40,000	65,000	105,000
Drilling / Completion Overhead	206	5,000	1,000	6,000
Turnkey Contract	207			0
Footage Contract	208			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	26,000	286,000
Directional Drilling Services, With RS	210	400,000		400,000
Fuel & Power	211	112,500	11,250	123,750
Water	212	30,000	75,000	105,000
Bits	213	45,000	1,000	46,000
Mud & Chemicals	214	25,000		25,000
Drill Stem Test	215			0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220			0
Float Equipment & Centralizers	221	3,500	15,000	18,500
Casing Crews & Equipment	222	7,000	13,000	20,000
Fishing Tools & Service	223			0
Geologic/Engineering	224	10,000	1,000	11,000
Contract Labor	225	10,000	30,000	40,000
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	28,000	4,000	32,000
Testing Casing/Tubing	228	4,000	1,500	5,500
Mud Logging Unit	229	16,000		16,000
Logging	230	0	5,000	5,000
Perforating/Wireline Services	231	3,500	125,000	128,500
Stimulation/Treating			760,000	760,000
Completion Unit			40,000	40,000
Swabbing Unit				0
Rentals-Surface	235	20,000	100,000	120,000
Rentals-Subsurface	236	30,000	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	100,000	140,000
Welding Services	238	3,000	1,500	4,500
Water Disposal	239		25,000	25,000
Plug to Abandon	240			0
Seismic Analysis	241			0
Closed Loop & Environmental	244	120,000		120,000
Miscellaneous	242	5,000	1,000	6,000
Contingency	243	131,500	149,750	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			260,000	260,000
Tubing 6200' 2 7/8"			38,000	38,000
Wellhead Equipment	405	30,000	18,000	48,000
Pumping Unit			97,000	97,000
Prime Mover				0
Rods			39,000	39,000
Pumps			4,500	4,500
Tanks			20,000	20,000
Flowlines			15,000	15,000
Heater Treater/Separator			25,000	25,000
Electrical System				0
Packers/Anchors/Hangers	414			0
Couplings/Fittings/Valves	415	2,000	25,000	27,000
Gas Compressors/Meters			4,000	4,000
Dehydrator				0
Injection Plant/CO2 Equipment				0
Miscellaneous	419	1,000	1,000	2,000
Contingency	420	11,000	55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6600' TVD) Lower Blinetry

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	
Footage Contract	208		308	
Daywork Contract 20:2 @ \$13000/day	209	250,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	
Drill Stem Test	215		315	
Coring & Analysis	216			
Cement Surface	217	16,000		
Cement Intermediate	218	16,000		
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	
Seismic Analysis	241		341	
Closed Loop & Environmental	244	120,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	
Packers/Anchors/Hangers	414		514	
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	
Injection Plant/CO2 Equipment			518	
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	55,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

Company:

By:

Printed Name:

Title:

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

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #7H**  
 SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E  
 BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E  
 WO/Pilot, 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
 COUNTY & STATE: **Eddy Co, NM**  
 OBJECTIVE: **YESO (11, 021' MD) (6600' TVD) Lower Blinbry**

**INTANGIBLE COSTS**

		<u>BCP</u>		<u>ACP</u>		<u>TOTAL</u>
Title/Curative/Permit	201	10,000				10,000
Insurance	202	22,000	302			22,000
Damages/Right of Way	203	15,000	303			15,000
Survey/Stake Location	204	3,000	304			3,000
Location/Pits/Road Expense	205	40,000	305	65,000		105,000
Drilling / Completion Overhead	206	5,000	306	1,000		6,000
Turnkey Contract	207		307			0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000		286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311	11,250		123,750
Water	212	30,000	312	75,000		105,000
Bits	213	45,000	313	1,000		46,000
Mud & Chemicals	214	25,000	314			25,000
Drill Stem Test	215		315			0
Coring & Analysis	216					0
Cement Surface	217	16,000				16,000
Cement Intermediate	218	16,000				16,000
Cement Production 7"x5.5"	218		319	70,000		70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000		20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324	1,000		11,000
Contract Labor	225	10,000	325	30,000		40,000
Company Supervision	226	2,000	326	2,000		4,000
Contract Supervision	227	28,000	327	4,000		32,000
Testing Casing/Tubing	228	4,000	328	1,500		5,500
Mud Logging Unit	229	16,000	329			16,000
Logging	230	0	330	5,000		5,000
Perforating/Wireline Services	231	3,500	331	125,000		128,500
Stimulation/Treating			332	760,000		760,000
Completion Unit			333	40,000		40,000
Swabbing Unit			334			0
Rentals-Surface	235	20,000	335	100,000		120,000
Rentals-Subsurface	236	30,000	336	10,000		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000		140,000
Welding Services	238	3,000	338	1,500		4,500
Water Disposal	239		339	25,000		25,000
Plug to Abandon	240		340			0
Seismic Analysis	241		341			0
Closed Loop & Environmental	244	120,000	344			120,000
Miscellaneous	242	5,000	342	1,000		6,000
Contingency	243	131,500	343	149,750		281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>		<b>1,633,000</b>		<b>3,066,000</b>

**TANGIBLE COSTS**

Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000		260,000
Tubing 6200' 2 7/8"			504	38,000		38,000
Wellhead Equipment	405	30,000	505	18,000		48,000
Pumping Unit			506	97,000		97,000
Prime Mover			507			0
Rods			508	39,000		39,000
Pumps			509	4,500		4,500
Tanks			510	20,000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			0
Couplings/Fittings/Valves	415	2,000	515	25,000		27,000
Gas Compressors/Meters			516	4,000		4,000
Dehydrator			517			0
Injection Plant/CO2 Equipment			518			0
Miscellaneous	419	1,000	519	1,000		2,000
Contingency	420	11,000	520	55,500		66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>		<b>602,000</b>		<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>		<b>2,235,000</b>		<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_  
 % Working Interest

Company: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

# Transmission Report

Date/Time 05-25-2011 02:26:30 p.m. Transmit Header Text  
Local ID 1 4326863000 Local Name 1 Land

This document : Confirmed  
(reduced sample and details below)  
Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummings  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Packet "12" Federal 7-H

Total Pages Scanned : 5

Total Pages Confirmed : 5

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	157	8173340442	02:18:08 p.m. 05-25-2011	00:04:14	5/5	1	EC	HS	CP9600

Abbreviations:

HS: Host send      PL: Polled local      MP: Mailbox print      CP: Completed      TS: Terminated by system  
HR: Host receive      PR: Polled remote      RP: Report      FA: Fall      G3: Group 3  
WS: Waiting send      MS: Mailbox save      FF: Fax Forward      TU: Terminated by user      EC: Error Correct



FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

# Transmission Report

Date/Time 05-25-2011 02:26:30 p.m. Transmit Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Confirmed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Zorro Partners-Mr. William A. Hudson II  
 FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy this facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Puckett "12" Federal 7-H

Total Pages Scanned : 5 Total Pages Confirmed : 5

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	157	8173340442	02:18:08 p.m. 05-25-2011	00:04:14	5/5	1	EC	HS	CP9600

Abbreviations:

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fall	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 7-H

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett "12" Federal #7H

2. Article Number  
(Transfer for)

91 7199 9991 7030 0514 5591

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

Agent

Addressee

B. Received by: (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett "12" Federal #7H

2. Article Number  
(Transfer for)

91 7199 9991 7030 0514 5591

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *[Signature]*

Agent

Addressee

B. Received by: (Printed Name)

*[Signature]*

C. Date of Delivery

MAY 27 2011

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes



91 7199 9991 7030 0514 5591



550 West Texas Avenue, Suite 100  
Midland, Texas 79701

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102



August 5, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: Amendment to New Well Proposal  
Puckett "12" Federal #9H  
SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'.
- The two subsequent laterals will be drilled to approximately 9900' MD for the Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs (Authority for Expenditure) are enclosed to replace those sent previously.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H      PROSPECT NAME: Puckett  
 Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E      COUNTY & STATE: Eddy Co, NM  
 B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Blinbery  
 W/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 24:2 @ \$13000/day	209	312,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	135,000	311	11,250
Water	212	34,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (Kickoff Plug)	220	25,000	320	25,000
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	20,000	329	20,000
Logging	230	30,000	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	24,000	335	100,000
Rentals-Subsurface	236	35,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	135,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	147,000	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,610,000</b>	<b>1,633,000</b>	<b>3,243,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prima Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System:			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	65,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,722,000</b>	<b>2,235,000</b>	<b>3,957,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H      PROSPECT NAME: Puckett  
 Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E      COUNTY & STATE: Eddy Co, NM  
 B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E      OBJECTIVE: 10500' MD (6100' TVD) Upper Blinbrey  
 WO/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E	COUNTY & STATE: Eddy Co, NM
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, Texas 73102  
 Puckett 12 Federal #9H

2. Article # **91 7199 9991 7030 4045 3699**  
*(7/2)*

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

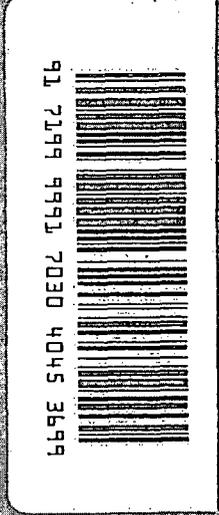
PS Form 3811, February 2004

Domestic Return Receipt

102595-02-44-1540

**CONCHO**  
 550 West Texas Avenue, Suite 100  
 Midland, Texas 79701

Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, Texas 73102  
 Puckett 12 Federal #9H





August 5, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Javelina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**  
Puckett "12" Federal #9H  
SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'.
- The two subsequent laterals will be drilled to approximately 9900' MD for the Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs (Authority for Expenditure) are enclosed to replace those sent previously.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H      PROSPECT NAME: Puckett  
 Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E      COUNTY & STATE: Eddy Co, NM  
 B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E      OBJECTIVE: 11021' MD (6600' TVD) Blinebry  
 W/Pilot, 160 Acre

		BCP	ACP	TOTAL
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 24:2 @ \$13000/day	209	312,000	309 26,000	338,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	135,000	311 11,250	146,250
Water	212	34,000	312 75,000	109,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (Kickoff Plug)	220	25,000	320	25,000
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	20,000	329	20,000
Logging	230	30,000	330 5,000	35,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	24,000	335 100,000	124,000
Rentals-Subsurface	236	35,000	336 10,000	45,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	135,000	344	135,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	147,000	343 149,750	296,750
<b>TOTAL INTANGIBLES</b>		<b>1,610,000</b>	<b>1,633,000</b>	<b>3,243,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,722,000</b>	<b>2,235,000</b>	<b>3,957,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E	COUNTY & STATE: Eddy Co, NM
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205	10,000	10,000
Drilling / Completion Overhead	206	5,000	1,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	39,000
Directional Drilling Services, With RS	210	350,000	350,000
Fuel & Power	211	68,000	17,000
Water	212	25,000	75,000
Bits	213	30,000	1,000
Mud & Chemicals	214	15,000	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322	13,000
Fishing Tools & Service	223	100,000	323
Geologic/Engineering	224	10,000	324
Contract Labor	225	10,000	325
Company Supervision	226	2,000	326
Contract Supervision	227	17,000	327
Testing Casing/Tubing	228	4,000	328
Mud Logging Unit	229	12,000	329
Logging	230		330
Perforating/Wireline Services	231	15,000	331
Stimulation/Treating			332
Completion Unit		12,000	333
Swabbing Unit			334
Rentals-Surface	235	15,000	335
Rentals-Subsurface	236	60,000	336
Trucking/Forklift/Rig Mobilization	237	40,000	337
Welding Services	238	3,000	338
Water Disposal	239		339
Plug to Abandon	240		340
Seismic Analysis	241		341
Closed Loop & Environmental	244	50,000	344
Miscellaneous	242	5,000	342
Contingency	243	105,000	343
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing	401		1,200
Intermediate Casing	402	503	503
Production Casing/Liner 4200' - 4.5"		503	51,000
Tubing		504	0
Wellhead Equipment	405	505	0
Pumping Unit		506	0
Prime Mover		507	0
Rods		508	0
Pumps		509	0
Tanks		510	0
Flowlines		511	0
Heater Treater/Separator		512	0
Electrical System		513	0
Packers/Anchors/Hangers	414	514	230,000
Couplings/Fittings/Valves	415	2,000	515
Gas Compressors/Meters		516	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419	1,000	519
Contingency	420	1,000	520
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_  
% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H      PROSPECT NAME: Puckett  
 Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E      COUNTY & STATE: Eddy Co, NM  
 B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E      OBJECTIVE: 9900' MD (5500' TVD) Paddock  
 WO/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000		22,000
Damages/Right of Way	203			0
Survey/Stake Location	204			0
Location/Pits/Road Expense	205	10,000	10,000	20,000
Drilling / Completion Overhead	206	5,000	1,000	6,000
Turnkey Contract	207			0
Footage Contract	208			0
Daywork Contract 12:3 @ \$13000/day	209	156,000	39,000	195,000
Directional Drilling Services, With RS	210	350,000		350,000
Fuel & Power	211	68,000	17,000	85,000
Water	212	25,000	75,000	100,000
Bits	213	30,000	1,000	31,000
Mud & Chemicals	214	15,000		15,000
Drill Stem Test	215			0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218			0
Cement Squeeze & Other (NO Kickoff Plug)	220			0
Float Equipment & Centralizers	221			0
Casing Crews & Equipment	222		13,000	13,000
Fishing Tools & Service	223	100,000		100,000
Geologic/Engineering	224	10,000	1,000	11,000
Contract Labor	225	10,000	30,000	40,000
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	17,000	4,200	21,200
Testing Casing/Tubing	228	4,000	1,500	5,500
Mud Logging Unit	229	12,000		12,000
Logging	230			0
Perforating/Wireline Services	231	15,000	12,500	27,500
Stimulation/Treating			950,000	950,000
Completion Unit		12,000	45,000	57,000
Swabbing Unit				0
Rentals-Surface	235	15,000	45,000	60,000
Rentals-Subsurface	236	60,000	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	20,000	60,000
Welding Services	238	3,000	1,500	4,500
Water Disposal	239		25,000	25,000
Plug to Abandon	240			0
Seismic Analysis	241			0
Closed Loop & Environmental	244	50,000		50,000
Miscellaneous	242	5,000	1,000	6,000
Contingency	243	105,000	131,300	236,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>

<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402			0
Production Casing/Liner 4200' - 4.5"			51,000	51,000
Tubing				0
Wellhead Equipment	405			0
Pumping Unit				0
Prime Mover				0
Rods				0
Pumps				0
Tanks				0
Flowlines				0
Heater Treater/Separator				0
Electrical System				0
Packers/Anchors/Hangers	414		230,000	230,000
Couplings/Fittings/Valves	415	2,000	25,000	27,000
Gas Compressors/Meters			4,000	4,000
Dehydrator				0
Injection Plant/CO2 Equipment				0
Miscellaneous	419	1,000	1,000	2,000
Contingency	420	1,000	32,000	33,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Javalina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett 12 Federal #9H

2. Article Number  
 (Transfer from serv

91 7199 9991 7030 4045 3682

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- Agent  
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type

- Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes



Javalina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett 12 Federal #9H





August 5, 2011

*U.S. Certified Mail  
Return Receipt Requested*

Zorro Partners, Ltd.  
616 Texas Street  
Fort Worth, TX 76102

RE: **Amendment to New Well Proposal**

Puckett "12" Federal #9H

SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E

BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E

Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'.
- The two subsequent laterals will be drilled to approximately 9900' MD for the Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs (Authority for Expenditure) are enclosed to replace those sent previously.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL  
Senior Landman

Enclosure (s)

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E	COUNTY & STATE: Eddy Co, NM
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E	OBJECTIVE: 11021' MD (6600' TVD) Blineby
W/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203 15,000	303	15,000
Survey/Stake Location	204 3,000	304	3,000
Location/Pits/Road Expense	205 40,000	305 65,000	105,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 24:2 @ \$13000/day	209 312,000	309 26,000	338,000
Directional Drilling Services, With RS	210 400,000	310	400,000
Fuel & Power	211 135,000	311 11,250	146,250
Water	212 34,000	312 75,000	109,000
Bits	213 45,000	313 1,000	46,000
Mud & Chemicals	214 25,000	314	25,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217 16,000		16,000
Cement Intermediate	218 16,000		16,000
Cement Production 7"x5.5"	218	319 70,000	70,000
Cement Squeeze & Other (Kickoff Plug)	220 25,000	320	25,000
Float Equipment & Centralizers	221 3,500	321 15,000	18,500
Casing Crews & Equipment	222 7,000	322 13,000	20,000
Fishing Tools & Service	223	323	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 28,000	327 4,000	32,000
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 20,000	329	20,000
Logging	230 30,000	330 5,000	35,000
Perforating/Wireline Services	231 3,500	331 125,000	128,500
Stimulation/Treating		332 760,000	760,000
Completion Unit		333 40,000	40,000
Swabbing Unit		334	0
Rentals-Surface	235 24,000	335 100,000	124,000
Rentals-Subsurface	236 35,000	336 10,000	45,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 100,000	140,000
Welding Services	238 3,000	338	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 135,000	344	135,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 147,000	343 149,750	296,750
<b>TOTAL INTANGIBLES</b>	<b>1,610,000</b>	<b>1,633,000</b>	<b>3,243,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401 20,000		1,200
Intermediate Casing 1850' 9 5/8"	402 48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"		503 260,000	260,000
Tubing 6200' 2 7/8"		504 38,000	38,000
Wellhead Equipment	405 30,000	505 18,000	48,000
Pumping Unit		506 97,000	97,000
Prime Mover		507	0
Rods		508 39,000	39,000
Pumps		509 4,500	4,500
Tanks		510 20,000	20,000
Flowlines		511 15,000	15,000
Heater Treater/Separator		512 25,000	25,000
Electrical System		513	0
Packers/Anchors/Hangers	414	514	0
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>	<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,722,000</b>	<b>2,235,000</b>	<b>3,957,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H      PROSPECT NAME: Puckett  
 Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E      COUNTY & STATE: Eddy Co, NM  
 B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E      OBJECTIVE: 10500' MD (6100' TVD) Upper Blinetry  
 WO/Pilot, 160 Acre

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>				
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203		303	0
Survey/Stake Location	204		304	0
Location/Pits/Road Expense	205	10,000	305	10,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	350,000
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000	314	15,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217			0
Cement Intermediate	218			0
Cement 2nd Intermediate 7"	218		319	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221		321	0
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000	323	100,000
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	17,000	327	4,200
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	12,000	329	12,000
Logging	230		330	0
Perforating/Wireline Services	231	15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000	333	45,000
Swabbing Unit			334	0
Rentals-Surface	235	15,000	335	45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	50,000	344	50,000
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
<b>TOTAL INTANGIBLES</b>		<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing	401			1,200
Intermediate Casing	402		503	0
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing			504	0
Wellhead Equipment	405		505	0
Pumping Unit			506	0
Prime Mover			507	0
Rods			508	0
Pumps			509	0
Tanks			510	0
Flowlines			511	0
Heater Treater/Separator			512	0
Electrical System			513	0
Packers/Anchors/Hangers	414		514	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	1,000
Contingency	420	1,000	520	32,000
<b>TOTAL TANGIBLES</b>		<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E	COUNTY & STATE: Eddy Co, NM
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock
WO/Pilot, 160 Acre	

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203	303	0
Survey/Stake Location	204	304	0
Location/Pits/Road Expense	205 10,000	305 10,000	20,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract	207	307	0
Footage Contract	208	308	0
Daywork Contract 12:3 @ \$13000/day	209 156,000	309 39,000	195,000
Directional Drilling Services, With RS	210 350,000	310	350,000
Fuel & Power	211 68,000	311 17,000	85,000
Water	212 25,000	312 75,000	100,000
Bits	213 30,000	313 1,000	31,000
Mud & Chemicals	214 15,000	314	15,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217		0
Cement Intermediate	218		0
Cement 2nd Intermediate 7"	218	319	0
Cement Squeeze & Other (NO Kickoff Plug)	220	320	0
Float Equipment & Centralizers	221	321	0
Casing Crews & Equipment	222	322 13,000	13,000
Fishing Tools & Service	223 100,000	323	100,000
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 17,000	327 4,200	21,200
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 12,000	329	12,000
Logging	230	330	0
Perforating/Wireline Services	231 15,000	331 12,500	27,500
Stimulation/Treating	231	332 950,000	950,000
Completion Unit	231 12,000	333 45,000	57,000
Swabbing Unit	231	334	0
Rentals-Surface	235 15,000	335 45,000	60,000
Rentals-Subsurface	236 60,000	336 10,000	70,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 20,000	60,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 50,000	344	50,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 105,000	343 131,300	236,300
<b>TOTAL INTANGIBLES</b>	<b>1,151,000</b>	<b>1,436,000</b>	<b>2,587,000</b>
TANGIBLE COSTS			
Surface Casing	401		1,200
Intermediate Casing	402	503	0
Production Casing/Liner 4200' - 4.5"	402	503 51,000	51,000
Tubing	402	504	0
Wellhead Equipment	405	505	0
Pumping Unit	405	506	0
Prime Mover	405	507	0
Rods	405	508	0
Pumps	405	509	0
Tanks	405	510	0
Flowlines	405	511	0
Heater Treater/Separator	405	512	0
Electrical System	405	513	0
Packers/Anchors/Hangers	414	514 230,000	230,000
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters	415	516 4,000	4,000
Dehydrator	415	517	0
Injection Plan/CO2 Equipment	415	518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 1,000	520 32,000	33,000
<b>TOTAL TANGIBLES</b>	<b>4,000</b>	<b>343,000</b>	<b>347,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,155,000</b>	<b>1,779,000</b>	<b>2,934,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett 12 Federal #9H

2. Article Number

(Transfer from ser)

91 7199 9991 7030 4045 3675

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?  Yes

If YES, enter delivery address below:  No

3. Service Type

Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

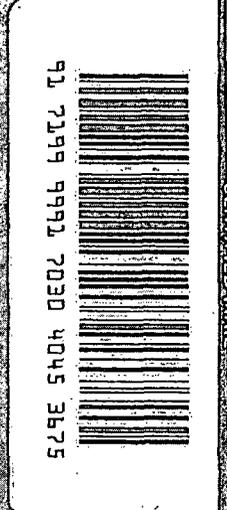
Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

  
 530 West Texas Avenue, Suite 100  
 Midland, Texas 79701  
  
 Zorro Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett 12 Federal #9H





May 25, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Burnett Oil Company  
Burnett Plaza, Unit 9  
801 Cherry Street, Suite 1500  
Fort Worth, Texas 76102

RE: **New Well Proposal**  
Puckett "12" Federal #9H  
SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

*David R. Evans*

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
Pilot- 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
Pilot- 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>

<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
Pilot- 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
COUNTY & STATE: Eddy Co, NM  
OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 26,000	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311 11,250	123,750
Water	212	30,000	312 75,000	105,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330 5,000	5,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335 100,000	120,000
Rentals-Subsurface	236	30,000	336 10,000	40,000
Trucking/Forklift/Rlg Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	131,500	343 149,750	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
\_\_\_\_\_% Working Interest

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.

Confirmation Services  
 Package ID: 9171999991703005145614  
 Destination ZIP Code: 76102  
 Customer Reference:  
 Recipient Address:  
 PBP Account #: 415922288  
 Serial #: 1364097  
 MAY 25 2011 4:36pm  
 Electronic Certified  
 Priority Envelope or package CBP

**SENDER: COMPLETE THIS SECTION**

- 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:  
 Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, TX 76102  
 Puckett "12" Federal #9H

2. Article Number: **91 7199 9991 7030 0514 5614**  
 (Transfer from service)  
 PS Form 3811, February 2004 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

Signature: *M. Berger*  
 Agent Addressed:  Agent Addressed:   
 Received by (Printed Name): *M. Berger*  
 Date of Delivery: *05/11*

3. Service Type:  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No

**SENDER: COMPLETE THIS SECTION**

- 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:  
 Burnett Oil Company  
 Burnett Plaza, Unit 9  
 801 Cherry Street, Suite 1500  
 Fort Worth, TX 76102  
 Puckett "12" Federal #9H

2. Article Number: **91 7199 9991 7030 0514 5614**  
 (Transfer from service)  
 PS Form 3811, February 2004 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature: *M. Berger* Agent Addressed:  Agent Addressed:   
 B. Received by (Printed Name): *M. Berger* C. Date of Delivery: *05/11*

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type:  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes  No

102595-02 M-1540

# Transmission Report

Date/Time 05-25-2011 03:43:07 p.m. Transmt Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Failed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE 1 OF 5 PAGES

DATE: May 25, 2011  
 TO: Burnett Oil Company-Attn: Land Manager  
 FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COO Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4211  
 PHONE: (432) 818-2324 FAX: (432) 686 3000

Re: New Well Proposal Packet "12" Federal 9-H

Total Pages Scanned : 5

Total Pages Confirmed : 0

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	181	818173327832	03:00:05 p.m. 05-25-2011	00:00:00	0/5	1	--	HS	FA

**Abbreviations:**

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fall	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE  1  OF  5  PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 9-H

**Lisa Wilson**

---

**From:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:26 PM  
**To:** 'dsrhodes@burnettoil.com'  
**Cc:** David Evans  
**Subject:** Puckett Well Proposals  
**Attachments:** Burnett\_Puckett 24 Fed 2H.pdf; Burnett\_Puckett 24 Fed 6H.pdf; Burnett\_Puckett 12 Fed 7H.pdf; Burnett\_Puckett 12 Fed 9H.pdf; Burnett\_Puckett 13 Fed 1H.pdf; Burnett\_Puckett 13 Fed 7H.pdf

Tracking:	Recipient	Delivery	Read
	'dsrhodes@burnettoil.com'		
	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Thank you,

**Lisa Wilson (Oetting)**  
Land Assistant  
COG OPERATING LLC  
550 W. Texas Avenue, Suite 100  
Midland, Texas 79701  
p.432.685.4366  
f.432.686.3000



**Lisa Wilson**

---

**From:** David Rhodes [dsrhodes@burnettoil.com]  
**To:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:29 PM  
**Subject:** Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

**Lisa Wilson**

---

**From:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:26 PM  
**To:** 'dsrhodes@burnettoil.com'  
**Cc:** David Evans  
**Subject:** Puckett Well Proposals  
**Attachments:** Burnett\_Puckett 24 Fed 2H.pdf; Burnett\_Puckett 24 Fed 6H.pdf; Burnett\_Puckett 12 Fed 7H.pdf; Burnett\_Puckett 12 Fed 9H.pdf; Burnett\_Puckett 13 Fed 1H.pdf; Burnett\_Puckett 13 Fed 7H.pdf

Tracking:	Recipient	Delivery	Read
	'dsrhodes@burnettoil.com'		
	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Thank you,

**Lisa Wilson (Oetting)**  
Land Assistant  
COG OPERATING LLC  
550 W. Texas Avenue, Suite 100  
Midland, Texas 79701  
p.432.685.4366  
f.432.686.3000



**Lisa Wilson**

---

**From:** David Rhodes [dsrhodes@burnettoil.com]  
**To:** Lisa Wilson  
**Sent:** Wednesday, May 25, 2011 4:29 PM  
**Subject:** Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).



May 25, 2011

**U.S. Certified Mail**  
**Return Receipt Requested**

Javalina Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #9H  
SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

*David R. Evans*

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H PROSPECT NAME: Tamano (Mack) 720017  
 SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E COUNTY & STATE: Eddy Co, NM  
 BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E OBJECTIVE: 11, 021' MD (6600' TVD) Lower Blinbery  
 Pilot, 160 Acre

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305 65,000	105,000
Drilling / Completion Overhead	206	5,000	306 1,000	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 24:2 @ \$13000/day	209	312,000	309 26,000	338,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	135,000	311 11,250	146,250
Water	212	34,000	312 75,000	109,000
Bits	213	45,000	313 1,000	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319 70,000	70,000
Cement Squeeze & Other (Kickoff Plug)	220	25,000	320	25,000
Float Equipment & Centralizers	221	3,500	321 15,000	18,500
Casing Crews & Equipment	222	7,000	322 13,000	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324 1,000	11,000
Contract Labor	225	10,000	325 30,000	40,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	28,000	327 4,000	32,000
Testing Casing/Tubing	228	4,000	328 1,500	5,500
Mud Logging Unit	229	20,000	329	20,000
Logging	230	30,000	330 5,000	35,000
Perforating/Wireline Services	231	3,500	331 125,000	128,500
Stimulation/Treating			332 760,000	760,000
Completion Unit			333 40,000	40,000
Swabbing Unit			334	0
Rentals-Surface	235	24,000	335 100,000	124,000
Rentals-Subsurface	236	35,000	336 10,000	45,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 100,000	140,000
Welding Services	238	3,000	338 1,500	4,500
Water Disposal	239		339 25,000	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	135,000	344	135,000
Miscellaneous	242	5,000	342 1,000	6,000
Contingency	243	147,000	343 149,750	296,750
<b>TOTAL INTANGIBLES</b>		<b>1,610,000</b>	<b>1,633,000</b>	<b>3,243,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 260,000	260,000
Tubing 6200' 2 7/8"			504 38,000	38,000
Wellhead Equipment	405	30,000	505 18,000	48,000
Pumping Unit			506 97,000	97,000
Prime Mover			507	0
Rods			508 39,000	39,000
Pumps			509 4,500	4,500
Tanks			510 20,000	20,000
Flowlines			511 15,000	15,000
Heater Treater/Separator			512 25,000	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515 25,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519 1,000	2,000
Contingency	420	11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,722,000</b>	<b>2,235,000</b>	<b>3,957,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
\_\_\_\_\_ % Working Interest

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.

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Tamano.(Mack) 720017
SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E	OBJECTIVE: 11, 021' MD (6600' TVD) Lower Blinbry
Pilot, 160 Acre	

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201 10,000		10,000
Insurance	202 22,000	302	22,000
Damages/Right of Way	203 15,000	303	15,000
Survey/Stake Location	204 3,000	304	3,000
Location/Pits/Road Expense	205 40,000	305 65,000	105,000
Drilling / Completion Overhead	206 5,000	306 1,000	6,000
Turnkey Contract		307	0
Footage Contract		308	0
Daywork Contract 24:2 @ \$13000/day	209 312,000	309 26,000	338,000
Directional Drilling Services, With RS	210 400,000	310	400,000
Fuel & Power	211 135,000	311 11,250	146,250
Water	212 34,000	312 75,000	109,000
Bits	213 45,000	313 1,000	46,000
Mud & Chemicals	214 25,000	314	25,000
Drill Stem Test		315	0
Coring & Analysis			0
Cement Surface	217 16,000		16,000
Cement Intermediate	218 16,000		16,000
Cement Production 7"x5.5"		319 70,000	70,000
Cement Squeeze & Other (Kickoff Plug)	220 25,000	320	25,000
Float Equipment & Centralizers	221 3,500	321 15,000	18,500
Casing Crews & Equipment	222 7,000	322 13,000	20,000
Fishing Tools & Service		323	0
Geologic/Engineering	224 10,000	324 1,000	11,000
Contract Labor	225 10,000	325 30,000	40,000
Company Supervision	226 2,000	326 2,000	4,000
Contract Supervision	227 28,000	327 4,000	32,000
Testing Casing/Tubing	228 4,000	328 1,500	5,500
Mud Logging Unit	229 20,000	329	20,000
Logging	230 30,000	330 5,000	35,000
Perforating/Wireline Services	231 3,500	331 125,000	128,500
Stimulation/Treating		332 760,000	760,000
Completion Unit		333 40,000	40,000
Swabbing Unit		334	0
Rentals-Surface	235 24,000	335 100,000	124,000
Rentals-Subsurface	236 35,000	336 10,000	45,000
Trucking/Forklift/Rig Mobilization	237 40,000	337 100,000	140,000
Welding Services	238 3,000	338 1,500	4,500
Water Disposal	239	339 25,000	25,000
Plug to Abandon	240	340	0
Seismic Analysis	241	341	0
Closed Loop & Environmental	244 135,000	344	135,000
Miscellaneous	242 5,000	342 1,000	6,000
Contingency	243 147,000	343 149,750	296,750
<b>TOTAL INTANGIBLES</b>	<b>1,610,000</b>	<b>1,633,000</b>	<b>3,243,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401 20,000		1,200
Intermediate Casing 1850' 9 5/8"	402 48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"		503 260,000	260,000
Tubing 6200' 2 7/8"		504 38,000	38,000
Wellhead Equipment	405 30,000	505 18,000	48,000
Pumping Unit		506 97,000	97,000
Prime Mover		507	0
Rods		508 39,000	39,000
Pumps		509 4,500	4,500
Tanks		510 20,000	20,000
Flowlines		511 15,000	15,000
Heater Treater/Separator		512 25,000	25,000
Electrical System		513	0
Packers/Anchors/Hangers	414	514	0
Couplings/Fittings/Valves	415 2,000	515 25,000	27,000
Gas Compressors/Meters		516 4,000	4,000
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419 1,000	519 1,000	2,000
Contingency	420 11,000	520 55,500	66,500
<b>TOTAL TANGIBLES</b>	<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>	<b>1,722,000</b>	<b>2,235,000</b>	<b>3,957,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
\_\_\_\_\_% Working Interest

Company:

By:

Printed Name:

Title:

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

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Tamano (Mack) 720017
SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E	OBJECTIVE: 11, 021' MD (6600' TVD) Lower Blinbry
Pilot, 160 Acre	

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/Stake Location	204	3,000	3,000
Location/Pits/Road Expense	205	40,000	40,000
Drilling / Completion Overhead	206	5,000	5,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract 24:2 @ \$13000/day	209	312,000	312,000
Directional Drilling Services, With RS	210	400,000	400,000
Fuel & Power	211	135,000	135,000
Water	212	34,000	34,000
Bits	213	45,000	45,000
Mud & Chemicals	214	25,000	25,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217	16,000	16,000
Cement Intermediate	218	16,000	16,000
Cement Production 7"x5.5"	218	319	70,000
Cement Squeeze & Other (Kickoff Plug)	220	25,000	25,000
Float Equipment & Centralizers	221	3,500	3,500
Casing Crews & Equipment	222	7,000	7,000
Fishing Tools & Service	223		0
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	10,000	10,000
Company Supervision	226	2,000	2,000
Contract Supervision	227	28,000	28,000
Testing Casing/Tubing	228	4,000	4,000
Mud Logging Unit	229	20,000	20,000
Logging	230	30,000	30,000
Perforating/Wireline Services	231	3,500	3,500
Stimulation/Treating			0
Completion Unit			0
Swabbing Unit			0
Rentals-Surface	235	24,000	24,000
Rentals-Subsurface	236	35,000	35,000
Trucking/Forklift/Rig Mobilization	237	40,000	40,000
Welding Services	238	3,000	3,000
Water Disposal	239		0
Plug to Abandon	240		0
Seismic Analysis	241		0
Closed Loop & Environmental	244	135,000	135,000
Miscellaneous	242	5,000	5,000
Contingency	243	147,000	147,000
<b>TOTAL INTANGIBLES</b>		<b>1,610,000</b>	<b>1,633,000</b>
<b>TANGIBLE COSTS</b>			
Surface Casing 550' 13 3/8"	401	20,000	20,000
Intermediate Casing 1850' 9 5/8"	402	48,000	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			260,000
Tubing 6200' 2 7/8"			38,000
Wellhead Equipment	405	30,000	30,000
Pumping Unit			97,000
Prime Mover			0
Rods			39,000
Pumps			4,500
Tanks			20,000
Flowlines			15,000
Heater Treater/Separator			25,000
Electrical System			0
Packers/Anchors/Hangers	414		0
Couplings/Fittings/Valves	415	2,000	2,000
Gas Compressors/Meters			4,000
Dehydrator			0
Injection Plant/CO2 Equipment			0
Miscellaneous	419	1,000	1,000
Contingency	420	11,000	11,000
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,722,000</b>	<b>2,235,000</b>

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/24/11

We approve:  
\_\_\_\_\_% Working Interest

Company: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Confirmation Services  
 Package ID: 91719999170300514522  
 Destination ZIP Code: 76102  
 Customer Reference:  
 Recipient Address:  
 BPP Account #: 41592288  
 Serial #: 1364097  
 MAY 25 2011 4:37pm  
 Electronic Certified  
 Priority Envelope or package CBP

**SENDER: COMPLETE THIS SECTION**

- 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.

- COMPLETE THIS SECTION ON DELIVERY**
- A. Signature  Agent  
 Addressee
- B. Received by (Printed Name) \_\_\_\_\_ C. Date of Delivery \_\_\_\_\_
- D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

Javelina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett "12" Federal #9H

2. Article Number **9J 7J99 999J 7030 05J4 5522**  
*(Transfer from service)*  
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**SENDER: COMPLETE THIS SECTION**

- 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.

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature  Agent  
 Addressee
- B. Received by (Printed Name) *Olivia* \_\_\_\_\_ C. Date of Delivery *MAY 27 2011* \_\_\_\_\_
- D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

Javelina Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett "12" Federal #9H

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.
4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number **9J 7J99 999J 7030 05J4 5522**  
*(Transfer from service)*  
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

# Transmission Report

Date/Time 05-25-2011 03:16:16 p.m. Transmit Header Text  
 Local ID 1 4326863000 Local Name 1 Land

This document : Confirmed  
 (reduced sample and details below)  
 Document size : 8.5"x14"



PAGE  1  OF  5  PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
 Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324 FAX: (432) 686-3000

Re: New Well Proposal Packett "12" Federal 9-H

Total Pages Scanned : 5

Total Pages Confirmed : 5

No.	Job	Remote Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	167	8173340442	02:32:35 p.m. 05-25-2011	00:04:57	5/5	1	EC	HS	CP7200

**Abbreviations:**

HS: Host send	PL: Polled local	MP: Mailbox print	CP: Completed	TS: Terminated by system
HR: Host receive	PR: Polled remote	RP: Report	FA: Fail	G3: Group 3
WS: Waiting send	MS: Mailbox save	FF: Fax Forward	TU: Terminated by user	EC: Error Correct



FAX COVER SHEET

PAGE   1   OF   5   PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 9-H



May 25, 2011

**U.S. Certified Mail  
Return Receipt Requested**

Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102

RE: **New Well Proposal**  
Puckett "12" Federal #9H  
SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E  
BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E  
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

*David R. Evans*

David R. Evans  
New Mexico Shelf, Land Lead

Enclosure (s)  
DRE/rc

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
 SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
 BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
 Pilot- 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
 COUNTY & STATE: **Eddy Co, NM**  
 OBJECTIVE: **YESO (11, 021" MD) (5500' TVD) Paddock**

**INTANGIBLE COSTS**

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>

**TANGIBLE COSTS**

Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

Company: \_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

This AFE is only an estimate. By signing you agree to pay your share

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
 SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
 BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
 Pilot- 160 Acre

PROSPECT NAME: **Tamano (Mack) 720017**  
 COUNTY & STATE: **Eddy Co, NM**  
 OBJECTIVE: **YESO (11, 021"MD) (5500' TVD) Paddock**

<b>INTANGIBLE COSTS</b>		<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	105,000
Drilling / Completion Overhead	206	5,000	306	6,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	286,000
Directional Drilling Services, With RS	210	400,000	310	400,000
Fuel & Power	211	112,500	311	123,750
Water	212	30,000	312	105,000
Bits	213	45,000	313	46,000
Mud & Chemicals	214	25,000	314	25,000
Drill Stem Test	215		315	0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	0
Float Equipment & Centralizers	221	3,500	321	18,500
Casing Crews & Equipment	222	7,000	322	20,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	11,000
Contract Labor	225	10,000	325	40,000
Company Supervision	226	2,000	326	4,000
Contract Supervision	227	28,000	327	32,000
Testing Casing/Tubing	228	4,000	328	5,500
Mud Logging Unit	229	16,000	329	16,000
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	128,500
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	0
Rentals-Surface	235	20,000	335	120,000
Rentals-Subsurface	236	30,000	336	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	140,000
Welding Services	238	3,000	338	4,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	0
Seismic Analysis	241		341	0
Closed Loop & Environmental	244	120,000	344	120,000
Miscellaneous	242	5,000	342	6,000
Contingency	243	131,500	343	281,250
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>
<b>TANGIBLE COSTS</b>				
Surface Casing 650' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	48,000
Pumping Unit			506	97,000
Prime Mover			507	0
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	0
Packers/Anchors/Hangers	414		514	0
Couplings/Fittings/Valves	415	2,000	515	27,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	1,000	519	2,000
Contingency	420	11,000	520	66,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

Company: \_\_\_\_\_  
 By: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

This AFE is only an estimate. By signing you agree to pay your share

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: **Puckett "12" Federal #9H**  
 SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E  
 BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E  
 Pilot- 160 Acre

PROSPECT NAME: Tamano (Mack) 720017  
 COUNTY & STATE: Eddy Co, NM  
 OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

**INTANGIBLE COSTS**

		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302	22,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	3,000	304	3,000
Location/Pits/Road Expense	205	40,000	305	65,000
Drilling / Completion Overhead	206	5,000	306	1,000
Turnkey Contract	207		307	
Footage Contract	208		308	
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000
Directional Drilling Services, With RS	210	400,000	310	
Fuel & Power	211	112,500	311	11,250
Water	212	30,000	312	75,000
Bits	213	45,000	313	1,000
Mud & Chemicals	214	25,000	314	
Drill Stem Test	215		315	
Coring & Analysis	216			
Cement Surface	217	16,000		
Cement Intermediate	218	16,000		
Cement Production 7"x5.5"	218		319	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320	
Float Equipment & Centralizers	221	3,500	321	15,000
Casing Crews & Equipment	222	7,000	322	13,000
Fishing Tools & Service	223		323	
Geologic/Engineering	224	10,000	324	1,000
Contract Labor	225	10,000	325	30,000
Company Supervision	226	2,000	326	2,000
Contract Supervision	227	28,000	327	4,000
Testing Casing/Tubing	228	4,000	328	1,500
Mud Logging Unit	229	16,000	329	
Logging	230	0	330	5,000
Perforating/Wireline Services	231	3,500	331	125,000
Stimulation/Treating			332	760,000
Completion Unit			333	40,000
Swabbing Unit			334	
Rentals-Surface	235	20,000	335	100,000
Rentals-Subsurface	236	30,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000
Welding Services	238	3,000	338	1,500
Water Disposal	239		339	25,000
Plug to Abandon	240		340	
Seismic Analysis	241		341	
Closed Loop & Environmental	244	120,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	131,500	343	149,750
<b>TOTAL INTANGIBLES</b>		<b>1,433,000</b>	<b>1,633,000</b>	<b>3,066,000</b>

**TANGIBLE COSTS**

Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503	48,000
Production Casing/Liner 6900' - 7", 4200' - 6.5"			503	260,000
Tubing 6200' 2 7/8"			504	38,000
Wellhead Equipment	405	30,000	505	18,000
Pumping Unit			506	97,000
Prime Mover			507	
Rods			508	39,000
Pumps			509	4,500
Tanks			510	20,000
Flowlines			511	15,000
Heater Treater/Separator			512	25,000
Electrical System			513	
Packers/Anchors/Hangers	414		514	
Couplings/Fittings/Valves	415	2,000	515	25,000
Gas Compressors/Meters			516	4,000
Dehydrator			517	
Injection Plant/CO2 Equipment			518	
Miscellaneous	419	1,000	519	1,000
Contingency	420	11,000	520	155,500
<b>TOTAL TANGIBLES</b>		<b>112,000</b>	<b>602,000</b>	<b>714,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,545,000</b>	<b>2,235,000</b>	<b>3,780,000</b>

**COG Operating LLC**

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:  
 \_\_\_\_\_ % Working Interest

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.

Confirmation Services	Package ID: 9171999991703005145577	Electronic Certified
	Destination ZIP Code: 76102	Priority Envelope or package GBP
	Customer Reference:	PBP Account #: 41592288
	Recipient:	Serial #: 1364097
	Address:	MAY 25 2011 4:40pm

**SENDER: COMPLETE THIS SECTION**

1. Article Addressed to:  
Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett "12" Federal #9H

2. Article Number (Transfer from service label)  
91 7199 9991 7030 0514 5577

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature: *David Puckett*

B. Received by (Printed Name): *David Puckett*

C. Date of Delivery: *MAY 27 2011*

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type:  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.  
 Restricted Delivery (Extra Fee)  Yes

4. Restricted Delivery (Extra Fee)  Yes

**SENDER: COMPLETE THIS SECTION**

1. Article Addressed to:  
Zorro Partners  
616 Texas Street  
Fort Worth, TX 76102  
Puckett "12" Federal #9H

2. Article Number (Transfer from service label)  
91 7199 9991 7030 0514 5577

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature:  Agent  Addressee

B. Received by (Printed Name):  Agent  Addressee

C. Date of Delivery:  Yes  No

D. Is delivery address different from item 1?  Yes  No  
If YES, enter delivery address below:

3. Service Type:  
 Certified Mail  
 Registered  
 Insured Mail  
 Express Mail  
 Return Receipt for Merchandise  
 C.O.D.  
 Restricted Delivery (Extra Fee)  Yes

4. Restricted Delivery (Extra Fee)  Yes





FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM: Robyn Cummins  
Concho Resources Inc. - COG Oil & Gas LP / COG Operating LLC  
550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210

PHONE: (432) 818-2324

FAX: (432) 686 3000

---

Re: New Well Proposal Puckett "12" Federal 9-H

**SENDER: COMPLETE THIS SECTION**

- 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:

Zorro Partners  
 616 Texas Street  
 Fort Worth, TX 76102  
 Puckett "12" Federal #9H

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
 D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
 (Transfer from service label)

91 7199 9991 7030 0514 5577

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540