



Sent Certified Mail
Receipt #: 91-7199-9991-7030-0514-6161

June 7, 2013

Ralph M. Randel., Trust
Under Trust Agreement
Dated March 10, 1995
P.O. Box 821011
North Richland Hills, Texas 76182-1011

Attn: Clifford Randel

RE: **Well Proposal – Dogfish Head State #4H**
T17S, R30E, Section 2: S/2 NE/4 & SE/4 NW/4
SHL: 2310' FNL & 1140' FWL, Unit E
BHL: 2310' FNL & 330' FEL, Unit H
Eddy County, New Mexico

Dear Mr. Randel,

COG Operating LLC ("COG"), as Operator, proposes to drill the Dogfish Head State #4H well as a horizontal well at the above-captioned location to a TVD of approximately 5800' and a MD of 9400' to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,206,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE"). COG anticipates that it will spud the well on or before December 1st, 2013.

COG is proposing to drill this well under the terms of the modified 1982 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers the S/2 NE/4 and SE/4 NW/4 of Sec. 2, Township 17 South and Range 30 East. It has the following general provisions:

- 100/300 Non-consenting penalty
- \$6,000/\$600 Drilling and Producing rate
- COG named as Operator

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 3 year primary term
- 180 Continuous Development
- Difference between Existing Burdens and 21%
- \$800 per net acre bonus consideration

Corporate Address: One Concho Center 600 West Illinois Avenue Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by:
COG OPERATING LLC
Hearing Date: August 22, 2013



This Term Assignment offer is subject to the approval of COG's management and verification of title.

If we do not reach an agreement COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-818-2230.

Respectfully,

COG Operating LLC

Sean Johnson
Senior Landman

Enclosure(s)

June 7, 2013

Well Proposal – Dogfish Head State #4H

**Ralph M. Randel., Trust
Under Trust Agreement Dated March 10, 1995**

_____ Hereby **ELECTS TO PARTICIPATE** in the cost of the proposed Operation.

_____ Hereby **ELECTS NOT TO PARTICIPATE** in the proposed Operation

Approved By:

Signature

Date

Title

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: DOGFISH HEAD STATE #4H	PROSPECT NAME: EMPIRE 720006
SHL: 2310' FNL & 1140' FWL	STATE & COUNTY: New Mexico, Eddy
BHL: 2310' FNL & 330' FEL	OBJECTIVE: SH45-Yeso Horizontal
FORMATION: YESO	DEPTH: 9,400
LEGAL: SEC. 2 T17S R30E UL: E	TVD: 5,800

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	302 0	22,000
Damages/Right of Way	203	15,000	303 0	15,000
Survey/Stake Location	204	3,000	304 0	3,000
Location/Pits/Road Expense	205	60,000	305 25,000	85,000
Drilling / Completion Overhead	206	5,000	306 2,000	7,000
Turnkey Contract	207		307	0
Footage Contract	208		308	0
Daywork Contract (0 days /spud-ris @ \$0)	209	295,000	309 47,000	342,000
Directional Drilling Services (0 dir days @ \$0)	210	140,000	310	140,000
Fuel & Power	211	72,000	311 12,000	84,000
Water	212	50,000	312 130,000	180,000
Bits	213	54,500	313 5,000	59,500
Mud & Chemicals	214	40,000	314 0	40,000
Drill Stem Test	215		315 0	0
Coring & Analysis	216			0
Cement Surface	217	32,000		32,000
Cement Intermediate	218	17,000		17,000
Cement 2nd Intermediate/Production	218	0	319 91,000	91,000
Cement Squeeze & Other (Kickoff Plug)	220		320 0	0
Float Equipment & Centralizers	221	2,000	321 30,000	32,000
Casing Crews & Equipment	222	5,000	322 12,000	17,000
Fishing Tools & Service	223		323	0
Geologic/Engineering	224	10,000	324	10,000
Contract Labor	225	20,000	325 21,000	41,000
Company Supervision	226	2,000	326 2,000	4,000
Contract Supervision	227	33,000	327 20,000	53,000
Testing Casing/Tubing	228	3,000	328 12,000	15,000
Mud Logging Unit (logging /24 days)	229	18,000	329	18,000
Logging	230	25,000	330	25,000
Perforating/Wireline Services	231	3,500	331 50,000	53,500
Stimulation/Treating			332 1,200,000	1,200,000
Completion Unit			333 30,000	30,000
Swabbing Unit			334	0
Rentals-Surface	235	31,000	335 210,000	241,000
Rentals-Subsurface	236	56,000	336 75,000	131,000
Trucking/Forklift/Rlg Mobilization	237	51,000	337 20,000	71,000
Welding Services	238	5,000	338 2,500	7,500
Water Disposal	239	0	339 40,000	40,000
Plug to Abandon	240	0	340 0	0
Selsmic Analysis	241	0	341 0	0
Closed Loop & Environmental	244	124,000	344 0	124,000
Miscellaneous	242	0	342 0	0
Contingency 10%	243	121,000	343 204,500	325,500
TOTAL INTANGIBLES		1,325,000	2,241,000	3,566,000

TANGIBLE COSTS		BCP	ACP	TOTAL
Surface Casing (13 3/8" 48# H40 STC)	401	28,000		28,000
Intermediate Casing (1800' 9 5/8" 40# J55 LTC)	402	56,000	503 0	56,000
Production Casing (7" 26# & 5 1/2" 17# L80)			503 188,000	188,000
Tubing			504 31,000	31,000
Wellhead Equipment	405	6,000	505 20,000	26,000
Pumping Unit			506 80,000	80,000
Prime Mover			507 20,000	20,000
Rods			508 12,000	12,000
Pumps			509 10,000	10,000
Tanks			510 21,000	21,000
Flowlines			511 8,000	8,000
Heater Treater/Separator			512 30,000	30,000
Electrical System			513 20,000	20,000
Packers/Anchors/Hangers	414	0	514 2,500	2,500
Couplings/Fittings/Valves	415	500	515 60,000	60,500
Gas Compressors/Meters			516 5,000	5,000
Dehydrator			517	0
Injection Plant/CO2 Equipment			518	0
Miscellaneous	419	500	519 500	1,000
Contingency	420	5,000	520 26,000	31,000
TOTAL TANGIBLES		96,000	544,000	640,000
TOTAL WELL COSTS		1,421,000	2,785,000	4,206,000

COG Operating LLC

By: Carl Bird

Date Prepared: 5/1/13

GB

COG Operating LLC

We approve:
% Working Interest

By:

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.