



**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**  
**NO. 91 7199 9991 7030 0513 6698**

November 6, 2013

Mr. Clyde Archibeque  
Property Asset Management Manager  
New Mexico Department of Transportation  
1120 Cerrillos Rd.  
Santa Fe, NM 87504

Re: **Well Proposal – Sebastian Fed Com No. 3H**  
W/2 E/2, Section 18-T24S-R34E: Unit Area  
SHL: 190' FNL & 1770' FEL, or a legal location in Unit B  
BHL: 330' FSL & 1770' FEL, or a legal location in Unit O  
Lea County, New Mexico

Dear Mr. Archibeque:

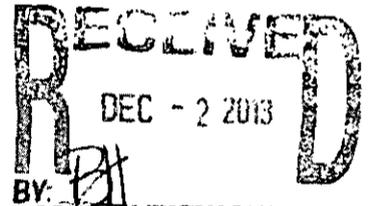
COG Operating LLC (COG), recently learned through title curative that the New Mexico Department of Transportation has unleased minerals in Sec. 18-T24S-R34E, Lea Co., NM.

In this regard, COG, as Operator, proposes to drill the Sebastian Fed Com No. 3H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 10,865' and a MD of 15,400' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$7,063,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

If you do not wish to participate in the Operation, COG would like to lease your minerals under the following general terms:

- \$750/Net Mineral Acre
- 3 Yr. Primary Term
- Delivery of an 80% NRI, proportionately reduced

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience.



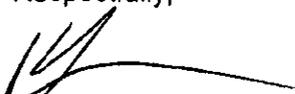
Corporate Address: One Concho Center 600 West Illinois Avenue Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 5  
Submitted by: **COG OPERATING LLC**  
Hearing Date: **December 19, 2013**

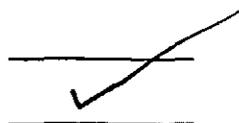
Sebastian Fed Com No. 3H  
November 6, 2013  
Page 2

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0465.

Respectfully,



Mike Wallace  
Senior Landman



I/We hereby elect to participate in the Sebastian Fed Com No. 3H.

I/We hereby elect **not** to participate in the Sebastian Fed Com No. 3H.

Company or  
Individual Name: New Mexico Department of Transportation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**  
**NO. 91 7199 9991 7030 0513 6704**

November 6, 2013

Mr. Clyde Archibeque  
Property Asset Management Manager  
New Mexico Department of Transportation  
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Santa Fe, NM 87504

Re: **Well Proposal – Sebastian Fed Com No. 4H**  
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Lea County, New Mexico

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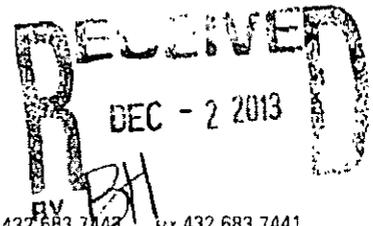
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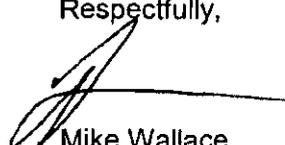


Corporate Address: One Concho Center 600 West Illinois Avenue Midland, Texas 79701 PHONE 432.683.7442 FAX 432.683.7441

Sebastian Fed Com No. 4H  
November 6, 2013  
Page 2

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Respectfully,



Mike Wallace  
Senior Landman

\_\_\_\_\_ I/We hereby elect to participate in the Sebastian Fed Com No. 4H.

\_\_\_\_\_ I/We hereby elect not to participate in the Sebastian Fed Com No. 4H.

Company or  
Individual Name: \_\_\_\_\_ New Mexico Department of Transportation \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: SEBASTIAN FEDERAL COM #4H	PROSPECT NAME: BULLDOG 717040
SHL: 190 FNL & 380 FEL	STATE & COUNTY: New Mexico, Lea
BHL: 330 FSL & 380 FEL	OBJECTIVE: DRILL AND COMPLETE
FORMATION: 2ND BSS	DEPTH: 15400 PH-TD: 12150
LEGAL: 18-24S-34E	TVD: 10875

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	11,000		11,000
Insurance	202	5,000	302	5,000
Damages/Right of Way	203	15,000	303	15,000
Survey/Stake Location	204	7,000	304	7,000
Location/Pits/Road Expense	205	100,000	305 25,000	125,000
Drilling / Completion Overhead	206	6,000	306	6,000
Turnkey Contract	207	0	307	0
Footage Contract	208	0	308	0
Daywork Contract	209	672,000	309	672,000
Directional Drilling Services	210	186,000	310	186,000
Fuel & Power	211	191,000	311 10,000	201,000
Water	212	100,000	312 210,000	310,000
Bits	213	69,000	313 4,500	73,500
Mud & Chemicals	214	80,000	314	80,000
Drill Stem Test	215	0	315	0
Coring & Analysis	216	0		0
Cement Surface	217	40,000		40,000
Cement Intermediate	218	100,000		100,000
Cement 2nd Intermediate/Production	218	0	319 110,000	110,000
Cement Squeeze & Other (Kickoff Plug)	220	35,000	320	35,000
Float Equipment & Centralizers	221	35,000	321 20,000	55,000
Casing Crews & Equipment	222	20,000	322 20,000	40,000
Fishing Tools & Service	223	0	323	0
Geologic/Engineering	224	0	324	0
Contract Labor	225	10,000	325 125,000	135,000
Company Supervision	226	0	326	0
Contract Supervision	227	45,000	327 50,000	95,000
Testing Casing/Tubing	228	7,000	328	7,000
Mud Logging Unit	229	42,000	329	42,000
Logging	230	100,000	330 10,000	110,000
Perforating/Wireline Services	231	15,000	331 150,000	165,000
Stimulation/Treating		0	332 2,100,000	2,100,000
Completion Unit		0	333 125,000	125,000
Swabbing Unit		0	334	0
Rentals-Surface	235	125,000	335 250,000	375,000
Rentals-Subsurface	236	120,000	336 65,000	185,000
Trucking/Forklift/Rig Mobilization	237	200,000	337 25,000	225,000
Welding Services	238	5,000	338 7,500	12,500
Water Disposal	239	0	339 150,000	150,000
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	244	160,000	344 10,000	170,000
Miscellaneous	242	0	342	0
Contingency	243	126,000	343 50,000	176,000
<b>TOTAL INTANGIBLES</b>		<b>2,627,000</b>	<b>3,517,000</b>	<b>6,144,000</b>

<u>TANGIBLE COSTS</u>				
Surface Casing	401	58,000		58,000
Intermediate Casing	402	144,000	503	144,000
Production Casing		0	503 244,000	244,000
Tubing		0	504 65,000	65,000
Wellhead Equipment	405	20,000	505 35,000	55,000
Pumping Unit		0	506 115,000	115,000
Prime Mover		0	507 20,000	20,000
Rods		0	508 55,000	55,000
Pumps		0	509 75,000	75,000
Tanks		0	510 75,000	75,000
Flowlines		0	511 30,000	30,000
Heater Treater/Separator		0	512 80,000	80,000
Electrical System		0	513	0
Packers/Anchors/Hangers	414	0	514 10,000	10,000
Couplings/Fittings/Valves	415	0	515 135,000	135,000
Gas Compressors/Meters		0	516 8,100	8,100
Dehydrator		0	517	0
Injection Plant/CO2 Equipment		0	518	0
Miscellaneous	419	0	519	0
Contingency	420	12,000	520 48,900	60,900
<b>TOTAL TANGIBLES</b>		<b>234,000</b>	<b>996,000</b>	<b>1,230,000</b>
<b>TOTAL WELL COSTS</b>		<b>2,861,000</b>	<b>4,513,000</b>	<b>7,374,000</b>

COG Operating LLC

Date Prepared: 10/30/2013

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

COG Operating LLC

By: SETH WILD

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.