



April 16, 2014

RECEIVED

APR 21 2014

**EOG Resources Inc.**  
5509 Champions Drive  
Midland, Texas 79706

Attention: Mr. Matt Phillips

Re: **Well Proposal – Goldfinger Fed Com #2H**  
E/2W/2 of Section 17, T24S-R32E: Unit Area  
SHL: 190' FSL & 1980' FWL, or a legal location in Unit N  
BHL: 330' FNL & 1980' FWL, or a legal location in Unit C  
Lea County, New Mexico

Gentlemen:

COG Operating LLC ("COG"), as Operator, proposes to drill the Goldfinger Fed Com #4H well as a horizontal well at the above-captioned location to a TVD of approximately 8,456' and a MD of approximately 13,400' to test the Brushy Canyon (Delaware) Formation ("Operation"). The total cost of the Operation is estimated to be \$5,629,000.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG proposes forming a Working Interest Unit covering the E/2 and E/2W/2 Section 17, T24S-R32E, Lea Co., NM. COG proposes to form this Working Interest Unit under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. It has the following general provisions:

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

If you do not wish to participate in the Operation, COG would like to acquire your leasehold via farmout or some other type of mutual agreement. This offer is subject to the approval of COG's management and verification of title.

Please indicate your participation election in the space provided below. Please sign and return this letter, along with a signed copy of the enclosed AFE, a signed copy of the JOA and a copy of your geologic well requirements to my attention at the letterhead address. You may also fax your response to (432) 221-0856 or by email to [bdouglas@concho.com](mailto:bdouglas@concho.com).

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-4380.

Sincerely,

**COG Operating LLC**  
  
Brett Douglas  
Landman

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. 7  
Submitted by: COG OPERATING LLC  
Hearing Date: July 24, 2014

SCANNED

EOG Resources Inc.

April 16, 2013

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X I/We hereby elect to participate in the Goldfinger Fed Com #2H. *MA*

\_\_\_\_\_ I/We hereby elect not to participate in the Goldfinger Fed Com #2H.

Company: EOG Resources, Inc.

By: *EY*  
Name: Ezra Yacob  
Title: Vice President  
Date: 6-19-14

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: GOLDFINGER 17 FED COM #2H	PROSPECT NAME: BULLDOG 2432 (717113)
SHL: 190 FSL & 1980 FWL	STATE & COUNTY: New Mexico, Lea
BHL: 330 FNL & 1980 FWL	OBJECTIVE: DRILL & COMPLETE
FORMATION: BRUSHY	DEPTH: 13,000
LEGAL: 17-24S-32E	TVD: 8,510

INTANGIBLE COSTS		BCP	ACP	TOTAL
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	363,000	309	363,000
Directional Drilling Services	210	156,000	310	156,000
Fuel & Power	211	93,000	311 10,000	103,000
Water	212	50,000	312 175,000	225,000
Bits	213	78,000	313 4,500	82,500
Mud & Chemicals	214	70,000	314	70,000
Drill Stem Test	215	0	315	0
Coring & Analysis	216	0		0
Cement Surface	217	20,000		20,000
Cement Intermediate	218	40,000		40,000
Cement 2nd Intermediate/Production	218	0	319 100,000	100,000
Cement Squeeze & Other (Kickoff Plug)	220	0	320	0
Float Equipment & Centralizers	221	30,000	321 20,000	50,000
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	31,000	327 50,000	81,000
Testing Casing/Tubing	228	7,000	328	7,000
Mud Logging Unit	229	21,000	329	21,000
Logging	230	50,000	330 10,000	60,000
Perforating/Wireline Services	231	15,000	331 120,000	135,000
Stimulation/Treating		0	332 1,400,000	1,400,000
Completion Unit		0	333 50,000	50,000
Swabbing Unit		0	334	0
Rentals-Surface	235	75,000	335 200,000	275,000
Rentals-Subsurface	236	75,000	336 25,000	100,000
Trucking/Forklift/Rig Mobilization	237	140,000	337 25,000	165,000
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	125,000	344 10,000	135,000
Miscellaneous	242	0	342	0
Contingency	243	81,000	343 50,000	131,000
<b>TOTAL INTANGIBLES</b>		<b>1,699,000</b>	<b>2,577,000</b>	<b>4,276,000</b>

TANGIBLE COSTS				
Surface Casing	401	32,000		32,000
Intermediate Casing	402	120,000	503	120,000
Production Casing		0	503 210,000	210,000
Tubing		0	504 44,000	44,000
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 40,000	40,000
Pumps		0	509 37,000	37,000
Tanks		0	510 75,000	75,000
Flowlines		0	511 70,000	70,000
Heater Treater/Separator		0	512 65,000	65,000
Electrical System		0	513	0
Packers/Anchors/Hangers	414	0	514 10,000	10,000
Couplings/Fittings/Valves	415	0	515 170,000	170,000
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	9,000	520 45,900	54,900
<b>TOTAL TANGIBLES</b>		<b>181,000</b>	<b>945,000</b>	<b>1,126,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,880,000</b>	<b>3,522,000</b>	<b>5,402,000</b>

COG Operating LLC

Date Prepared: 1/28/2014

We approve:  
20% Working Interest

COG Operating LLC

Company: EOG Resources, Inc.  
By: [Signature]  
Printed Name: Ezra Jacob  
Title: Vice President  
Date: 6-19-14

By: TIM SMITH AW

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

## EOG'S GEOLOGICAL WELL REQUIREMENTS

- (1) Complete access to the derrick floor during the drilling of the well.
- (2) One copy of all forms filed with State or Federal regulatory agencies mailed to the attention of Julie Lewis, Engineering Department.
- (3) Email notification of spud date to [Aarne\\_Hamalainen@eogresources.com](mailto:Aarne_Hamalainen@eogresources.com) and [Julie\\_Lewis@eogresources.com](mailto:Julie_Lewis@eogresources.com) summarized progress report faxed to Sandy Traugher by 9:30 A.M. at 432-686-3664 or emailed to [Sandy\\_Traugher@eogresources.com](mailto:Sandy_Traugher@eogresources.com).

Note: It is not necessary to mail daily detailed reports.

- (4) A complete composite of your daily drilling and daily completion reports after the well is completed to Sandy Traugher, Drilling Department.
- (5) Written notification of pipeline connection, date of first sales within thirty (30) days of date of first sales to Ismael Abila, Production Department
- (6) Two copies of all well log data. (Mud-logs, open hole logs, cased hole logs, FMI's, directional surveys, gyro, drill-stem test data, etc.) to Aarne Hamalainen, Exploration Department.
- (7) One (1) LAS format CD of of all final open hole logs, MWD, cased hole logs and mud logs to Aarne Hamalainen and Judy Wagner, Exploration Department. **Email all digital data and raster images to:**
  - [GEODATA\\_Midland@eogresources.com](mailto:GEODATA_Midland@eogresources.com)
  - [David\\_Tovar@eogresources.com](mailto:David_Tovar@eogresources.com)
  - [Terri\\_Jiminez@eogresources.com](mailto:Terri_Jiminez@eogresources.com)
  - [Karen\\_Mitchell@eogresources.com](mailto:Karen_Mitchell@eogresources.com)
- (8) Two (2) copies of core analysis and photos to Aarne Hamalainen, Exploration Department.
- (9) Mud loggers dry sample cut should be made available through Midland Sample Library, if not, have one set of dry cuttings made for EOG Resources, Inc.
- (10) Email daily updates of deviation or horizontal surveys with any logging (mud log, MWD) or measurement while drilling data to:

Geologist for Well Email Address - \_\_\_\_\_

[Aarne\\_Hamalainen@eogresources.com](mailto:Aarne_Hamalainen@eogresources.com)  
[David\\_Tovar@eogresources.com](mailto:David_Tovar@eogresources.com)  
[Terri\\_Jiminez@eogresources.com](mailto:Terri_Jiminez@eogresources.com)  
[Karen\\_Mitchell@eogresources.com](mailto:Karen_Mitchell@eogresources.com)  
[Judy\\_Wagner@eogresources.com](mailto:Judy_Wagner@eogresources.com)  
[Brian\\_Tapp@eogresources.com](mailto:Brian_Tapp@eogresources.com)  
[GEODATA\\_Midland@eogresources.com](mailto:GEODATA_Midland@eogresources.com)

- (11) Notification to the person listed below of all testing, logging or coring operations in time for us to have a representative on location:

Aarne Hamalainen	Ofc: 432-686-3619	Cell: 432-394-9336
Judy Wagner	Ofc: 432-686-3607	Cell: 817-718-3944

- (12) Monthly production reports after the well is completed to the attention of Lisa Molinar or email to [Lisa\\_Molinar@eogresources.com](mailto:Lisa_Molinar@eogresources.com).