

## **FEDERAL EXPRESS**

June 26, 2014

Conoco Phillips Company [Successor-in-Interest to Burlington Resources] 600 N. Dairy Ashford Houston, TX 77079

Attention: Mr. Renaldo Works

Re: Well Proposal - Goldfinger 17 Federal 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 17 Federal Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 8,480' and a MD of approximately 13,067' 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
- \$7,000/\$700 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 mwallace@concho.com.

If you have any questions, please do not hesitate to contact me at (432) 221-0465.

Sincerely

Mike Wallace Sr. Landman BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 10

Submitted by: COG OPERATING LLC

Hearing Date: July 24, 2014

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

ConocoPhillips Company June 26, 2014 Page 2

|                 | I/We hereby elect to participate in the Goldfinger 17 Federal Com #2H.              |
|-----------------|---|
|                 | _ I/We hereby elect <u>not</u> to participate in the Goldfinger 17 Federal Com #2H. |
|                 | •   |
|                 |   |
| Company: _      |   |
| Ву:             |   |
| Name:<br>Title: |   |
| Date:           |   |

## COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING DRILLING DRINGER 17 FED COM #2H 11 PROSPECT NAME BUILDING 2432

| WELL NAME: GOLDFINGER 17 FED COM #2H   | م میں<br>در برخص | PROSPECT NAME: BULLDOG 2432   | ار داد در  |
|--|------------------|---|--|
| SHL: \$25.00 (20190 FSL & 1980 FWL \$3.00 (2019)   |                  | STATE & COUNTY: New Mexico, Lea   | 11. 图图 20. 20. 20. 20. 20. 20. 20. 20. 20. 20.   |
| BHL: 980 FWL: 330 FNL & 1980 FWL: 344  |                  |   |  |
| FORMATION: BRUSHY AND  | S. 64            |   | 1878-18 19 19 19 19 19 19 19 19 19 19 19 19 19   |
| The tenth of the second | - Martie         | the same that the state of the same that the same that the same the same that the same the sa  | The state of the s |
| INTANGIBLE COSTS   | 1.               | BCP ACP   | TÖTAL  |
| Title/Curative/Permit to   | 201              | a 가   | <  |
| Insurance Teach Albert Com. Act To Table 14 To Table 19 To Table 1 | 202              | 302   | 26 W 4 2 25,000  |
| Damages/Right of Way 4、企業 本 a 文字 表表 经 是 经 20 10 15 15 15 15 15 15 15 15 15 15 15 15 15   | . 203            | 3.0% A.A. 15,000 (303 ) \$ 2.61 A.B. 458.   | 15.000 at 15.000   |
| Survey/Stake Location - 10. 1419   | 204              | 7,000 304 第2年初期   | \$ 55 P. 25 A7,000   |
| Location/Pits/Road Expense  Drilling / Completion Overhead   | 205              | できょうを (100,000 - 305 と名称で 1 25,000 で  | 125,000  |
| Turnkey Contract   | 207              | 4 6,000 (306 West 4 1994) 18 19 19 19 19 19 19 19 19 19 19 19 19 19   | 77 74 74 74 000  |
| Footage Contract was the second state of the s | 208              | * A47 5 5 4 0 308 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5   | * 9 > 10   |
| Daywork Contract 2012  | 209              | 557 6 385,000 309 PV 1 3 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3  | 7 10 10 1 385,000  |
| Directional Drilling Services  | 1210             | 2 2 2 2 3 178,000 31D May 22 22 2 3 3   | √2 M → 2 . 178,000   |
| Fuel & Power (1885) TO LASS OF LANCE FOR SUPPLY THAT IS A SUPPLY THE TOTAL TO SUPPLY THE TOTAL T | 211              | " >> \$ 85,000 "311 \$ \$ \$ \$ \$ 10,000   | 95,000   |
| Water Street Street with the second street street  | 212              | 312 35 4 175,000 312 35 4 175,000   | 第三個新聞。 <b>245,000</b>  |
| Bits Table 18 19 19 19 19 19 19 19 19 19 19 19 19 19   | 213              | 78,000 313 3 4,500 4,500  | 1000 100 100 100 100 100 100 100 100 10  |
| THE CONTRACTOR OF THE PARTY OF  | 214              | 2 7 65,000 314 47 3 7 5 5 5 6 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6   | 65,000   |
| Coring & Analysis  | 215              | 215 25 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2  | · · · · · · · · · · · · · · · · · · ·  |
| Centent Surface 2007   | 217              | 35,000  | 35,000   |
| Cement Intermediate @ . 127 6 6 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7  | 218              | 55,000 (55,000  | 55,000   |
| Cement 2nd Intermediate/Production   | 218              | 39 8 1 3 3 7 7 4 0 319 78 75 27 100,000   | **************************************   |
| Cement Squeeze & Other (Kickoff Plug) ************************************   | 220              | Spirate a Braid of 320 a Frank to dot ditte.  | Lander State of the Control of the C |
| Float Equipment & Centralizers This White the North Str. 1887 18   | 221              | 15,000 321 38 324 15,000  | 7 700 700 <b>30,000</b>  |
| Casing Crews & Equipment County Transfer Williams Andrews Fishing Tools & Service (1987) 2012 (1987) 2 | 222              | 322 (1997 - 1992 1998 - 1992 1998 1998 1998 1998 1998 1998 1998   | 40,000   |
| Geologic/Engineering   | 224              | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   | 2 24 3 4 134210  |
| Contract Labor #1995 and the second section of the section of the second section of the section of the second section of the section o | 225              | 15,000 325 FF C 125,000   | 140,000  |
| Company Supervision  | 225              | 7 To 10 sept. 0 326 TO 10 13 13 13 15 15 15 15 15 15 15 15 15 15 15 15 15   | · · · · · · · · · · · · · · · · · · ·  |
| Testing Casing/Tubing  | 227              | - 10.50m 元 41,600 327, 5gm 3 8mm 50,000<br>(15m) 35m3 7,000 328 25元 35元 35元 35元 36元 36元 36元 36元 36元 36元 36元 36元 36元 36  | 91,600   |
| Mud Logging Unit was a room of the asset services of a service services.   | 229              | 329 329 32 32 3 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5   | 5-22 × 421,000   |
| Logging (State ) (Salaste Mark of the Salaste Mark of the Control  |                  | 24.6 27.000 75,000 330 45 PSZ - 210,000   | 1, 3 √ 33.52.7 <b>65,000</b>   |
| Perforating/Wireline Services Stimulation/Treating   | 231              | 331 38 38 120,000   | 125,000 ± 125,000  |
| Stimulation/Treating to the second se |                  | 7: 3 10 10 10 333 4.7 7 5 50,000 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  | 2 √ \ 1,400,000<br>20 √ \ 50,000   |
| Swabbing Unit 1968 18 18 18 18 18 18 18 18 18 18 18 18 18  |                  | 334 2   |  |
| Remais-Surface (2013) - A 2 0 0 0 5 11 0 1 0 1   | 235              | 35,000 335 Sept. 250,000  | 335,000  |
| Remais-Subsurface Activities of the Secretary Secre  | 235<br>237       | (イッシュリン、105,000 336 マスティック 25,000 。<br>スペーペル125,000 337よるアメンバル 25,000   | 5.00 × 150,000   |
| Welding Services ** ** ** ** ** ** ** ** ** ** ** ** **  | 238              | % 15,000 338 338 49 33.7,500  | - 5 / 3412,500   |
| Water Disposal (Service Control of Control o | 239              | 339 VAL * \$4.000 .   | 150,000  |
| Plug to Abandon (x)  | 240              | 10 340 mg 186 48 48 48 48 48 48 48 48 48 48 48 48 48  | P. G. 7 (1 - ) - X (10 0   |
| Setsmic Analysis Contained to the Closed Loop & Environmental to the Contained to the Conta | 241<br>244       | - 180,000 344 (** *** ** 10,000   | 190,000  |
| Miscellaneous 25%  | 242              | 0 342   | £ 1 2 4 4 6 0  |
| Contingency (Association of the Contingency (Association)  | 243              | 5-14 JA, 90,400 343 Jan 12 250,000  | 140,450  |
| TOTAL INTANGIBLES AND A MARKET TO A STATE OF THE ACTION OF |                  | 1,885,000 2,622,000   | 4,507,000  |
| TANGIBLE COSTS   |                  |   |  |
| Surface Casing (1977) 1882 1983 1984 1985 1986 1986 1986 1986  | 401              | 2 4 39,000 cm 34.5 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4  | 39,000 ئىدىدى.<br>139,000 ئىدىدى   |
| Intermediate Casing A Transfer to the Casing A Transfer to the   | 402              | 116,000 (503) PPC 11 (50 A 11 of  | 35 martie 116,000  |
| Production Casing  | -                | 503 , 208,000   | 208,000  |
| Welthead Equipment - A Co.   | 405              | 0 504 36 44,000<br>3 15,000 505 78% 3 735,000   | 44,000   |
| Pumping Unit / 3005-00-00 19 19 19 19 19 19 19 19 19 19 19 19 19   |                  | 3 9 1 W 0 506 4 7 19415,000 ·   | 5  |
| Prime Mover 197 (see a constitution of the con | Ţ,               | 0 507 20,000  | 20,000   |
| Rods & District of Section 1862 in the Control of the Section of the Control of t | •                | 508 (8.4 see 0. 509 (8.4 see 37.000   | 5 578 F 000 4 37 000   |
| VTanks grouped from their one of the fit should be approximated the second of the second   | **,              | N. W ( N. * . S. W O - 510 . en * ≥ . 2 . 75,000 €  | 7.0674-78.9.75,000   |
| Flowlines approved the second of the second  | ·,               | 511 7 7 70,000  | 70,000   |
| Heater Treater/Separator  Electrical System 888  |                  | 513 - 3 - 3 0 513 - 3 4 4 5 65,000 ,  | 65,000<br>65,000   |
| Packers/Anchors/Hangers 2018 to 2018 and 1998 an | 414              | 0 514 TVT - 10,000  | 10,000   |
| Couplings/Fittings/Valves  | 415              | 77 75 7 79 76 10 515 355 PC 170,000   | 5 170,000  |
| Gas Compressors/Meters 3 4 3 3 4 3 4 3 4 3 4 3 4 3 4 3 4 3 4   |                  | 516 st. 1 s 8,100   | 344 34 34 B 100  |
| Injection Plant/CO2 Equipment (A. 1828-1838-1838-1838-1838-1838-1838-1838-   |                  | \$ 1.11 (5 to 1/2 | \$25-500 Car. 50 O   |
| Miscellaneous (神经療物) 点。这个,由于中央政策,如今中央分别的。他。  | 419              | THE PROPERTY OF STORY OF THE PARTY OF   | Carry set goods of   |
| Contingency (Contingency (Conti | 420              | 2 4 46 9,000 -520 mg/s 545,900  | 64,900   |
| TOTAL WELL COSTS   |                  | 2,064,000 3,565,000   | 1,122,000  |
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| and the design of the second s | •                |   |  |
| COG Operating LLC  |                  |   |  |
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| come to the medical control of the c |                  | A . Mil hand talk a when a the for the  |  |
| 1810 00000000  | ?                | COG Operating LLC   | A Company  |
| We approve:  "" " Working interest   |                  | By: TIM SMITH   |  |
|  |                  |   | 2  |
| Company  |                  | , ,   |  |
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| Printed Name:  | .1.              | 10.00   | re d   |
| Title: We will be with a company of the state of the stat |                  | This AFE is only an estimate. By signing you agre   | e to pay your share  |
| .Date: ( 16) 시청 (5) 시 시 시 시 시 시 시 시 시 시 시 시 시 시 시 시 시 시 시  | •                | of the actual costs incurred.   | The second of the second   |