



COPY

September 9, 2014

Via Certified Mail, Return Receipt Requested
**WORKING INTEREST OWNERS
LISTED ON ATTACHED EXHIBIT "A"**

**BEFORE THE OIL CONVERSATION
DIVISION**
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG Operating LLC
Hearing Date: March 19, 2015

Re: Cookie Tossler State Com #1H
Zeus 1830 Prospect
E2E2 Section 16-T18S-R30E
Eddy County, New Mexico

Gentlemen:

COG Operating LLC ("COG") hereby proposes the drilling of the above-referenced horizontal well. The Cookie Tossler State Com #1H will be drilled to a depth sufficient to adequately test the 2nd Bone Spring formation at a total measured depth of approximately 13,200'. The surface location for the Cookie Tossler State Com #1H is proposed at a legal location in Unit P of Section 9-T18S-R30E with a bottom hole location at a legal location in Unit P of Section 16-T18S-R30E, with the dedicated project area being the E/2 E/2 of Section 16, Township 18 South, Range 30 East, Eddy County, New Mexico.

Included herewith is our Authority for Expenditure ("AFE") for the Cookie Tossler State Com #1H in the gross amount of \$5,249,000, being the total estimated cost to drill and complete said well.

COG is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement with Horizontal Modifications covering the E/2 of Section 16, Township 18 South, Range 30 East, Eddy County, New Mexico, which is enclosed herewith for your review and execution. It has the following general provisions:

- 100% / 300% / 300% Non-consenting penalty
- \$7,000/\$700 Drilling and Producing rate
- COG named as Operator.

Please have the appropriate party execute, notarize and return one (1) original of each signatory page, being the Operating Agreement and Recording Memorandum or Exhibit "H".

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

- Two (2) year primary term
- Delivering a 80% NRI, proportionately reduced
- \$750 per net acre bonus consideration

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

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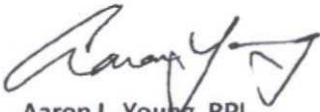
If an agreement is not reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Please indicate your participation election in the space provided, sign and return this letter, along with a signed copy of the enclosed AFE 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 ayoung@concho.com.

Should you have any questions, please do not hesitate to contact me at 432.221.0343.

Sincerely,

COG Operating LLC



Aaron L. Young, RPL
Landman

AY:bh
Enc

_____ I/We hereby elect to participate in the Cookie Tosser State Com #1H.

_____ I/We hereby elect not to participate in the Cookie Tosser State Com #1H.

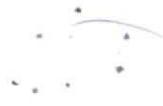
Company: _____

By: _____

Name: _____

Title: _____

Date: _____



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Exhibit A
Working Interest Owners

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7033 9269 0827

EOG Resources, Inc.

P.O. Box 2267

Midland, TX 79702

Via Certified Mail, Return Receipt Requested

No. 91 7199 9991 7033 9269 0834

Read and Stevens, Inc.

P.O. Box 1518

Roswell, NM 88202-1518

Confirmation Services	Package ID: 9171999991703392690827	Electronic Certified
	Destination ZIP Code: 79702	Priority Envelope or package CBP
	Customer Reference:	PBP Account #: 41592288
	Recipient: <u>EOG Resources</u>	Serial #: 1364097
	Address: _____	9 AM

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ 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. 	<p>A. Signature X <u>Robert Foree</u> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>R. Foree</u> C. Date of Delivery <u>9-11-14</u></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> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702</p> </div> <p><u>Well Prop & Co</u> <u>Cookie Jar</u> <u>25 Com 1H</u></p>	<p>3. Service Type</p> <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label)</p>	<p>91 7199 9991 7033 9269 0827</p>
PS Form 3811, July 2013	Domestic Return Receipt