

Sent Certified Mail
Receipt #: 91-7199-9991-7033-2218-4020

January 30, 2015

Occidental Permian Limited Partnership
Attn: Land Department
5 Greenway Plaza, Suite 110
Houston, TX 77046-0526

Re: Well Proposal – Halberd 27 State Com #1H
T17S-R28E
SHL: 1003' FSL & 65' FWL, Section 26
BHL: 972' FSL & 330' FWL, Section 27
Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG"), as Operator, proposes to drill the Halberd 27 State Com #1H well as a horizontal well at the above-captioned location to a max TVD of approximately 3,950' and a MD of approximately 8,715' to test the Yeso Formation (the "Operation"). The total cost of the Operation is estimated to be \$3,992,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

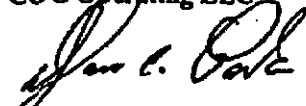
COG is proposing to drill this well under the terms of the 1989 AAPL form of Operating Agreement modified for horizontal development, which is enclosed for your review. The Operating Agreement covers, T17S-R28E Section 27, South ½ South ½, Eddy County, NM. It has the following general provisions:

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

If you wish to participate in the Operation, please return to the undersigned, an executed copy of the AFE and the applicable signature pages to the Operating Agreement within 30-days of your receipt of this letter.

If you have any questions, please do not hesitate to contact the undersigned at 432-818-2539, or by email at dpark@concho.com.

Respectfully,
COG Operating LLC


Dylan C. Park
Sr. Landman

Enclosure(s)

BEFORE THE OIL CONVERSION
DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: COG Operating LLC
Hearing Date: April 2, 2015

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Halberd 27 State Com #1H	PROSPECT NAME: Spruce - 720016
SHL: Sec. 28: 1003' FSL & 85' FWL, UL-M	STATE & COUNTY: New Mexico, Eddy
BHL: Sec. 27: 872' FSL & 330' FWL, UL-M	OBJECTIVE: SH45 Yeso Horizontal
FORMATION: YESO	DEPTH: 9,915
LEGAL: Sec. 28: SWSW & Sec. 27: SWSW, T17S-R1VD:	3,925

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Cursive/Permit	201	11,000		11,000
Insurance	202	4,000	0	4,000
Damages/Rights of Way	203	15,000	0	15,000
Survey/State Location	204	3,000	0	3,000
Location/Pits/Road Expense	205	60,000	25,000	85,000
Drilling / Completion Overhead	206	4,000	2,000	6,000
Turnkey Contract	207		0	0
Footage Contract	208		0	0
Daywork Contract (0 days) @ \$200/day @ \$0	209	189,000	28,000	218,000
Directional Drilling Services (0 dir days @ \$0)	210	115,000		115,000
Fuel & Power	211	26,000	4,000	30,000
Water	212	34,000	120,000	154,000
Bits	213	54,500	5,000	59,500
Mud & Chemicals	214	41,000	0	41,000
Drill Stem Test	215		0	0
Coring & Analysis	216			0
Cement Surface	217	20,000		20,000
Cement Intermediate	218	29,000		29,000
Cement 2nd Intermediate/Production	218	0	62,000	62,000
Cement Squeeze & Other (Kickoff Plug)	220		0	0
Float Equipment & Components	221	2,000	20,000	22,000
Casing Crews & Equipment	222	5,000	12,000	17,000
Fishing Tools & Service	223			0
Geologic/Engineering	224	2,000		2,000
Contract Labor	225	38,000	21,000	60,000
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	23,000	40,000	63,000
Testing Casing/Tubing	228	3,000	5,000	8,000
Mud Logging Unit	229	17,000		17,000
Logging	230	20,000		20,000
Perforating/Wireline Services	231	3,500	160,000	163,500
Stimulation/Trailing			1,192,800	1,192,800
Completion Unit			43,000	43,000
Swabbing Unit				0
Restate-Surface	235	47,000	300,900	347,900
Rentals-Subsurface	236	63,000	60,000	123,000
Trucking/Forklift/Rig Mobilization	237	58,000	40,000	98,000
Welding Services	238	5,000	2,500	7,500
Water Disposal	239	0	30,000	30,000
Plug to Abandon	240	0	0	0
Seismic Analysis	241	0	0	0
Closed Loop & Environmental	244	85,000	0	85,000
Miscellaneous	242	0	0	0
Contingency 5%	243	50,000	109,500	159,500
TOTAL INTANGIBLES		1,050,000	2,276,000	3,326,000

TANGIBLE COSTS				
Surface Casing (13 3/8" 48' H40 STC)	401	21,000		21,000
Intermediate Casing (1800' 9 5/8" 40# J55 LTC)	402	59,000	0	59,000
Production Casing (7" 28# & 5 1/2" 17# L80)			234,000	234,000
Tubing			29,000	29,000
Wellhead Equipment	405	8,500	20,000	28,500
Pumping Unit			60,000	60,000
Pulse Mover			20,000	20,000
Roads			12,000	12,000
Pumps			10,000	10,000
Tanks			21,000	21,000
Flowlines			12,000	12,000
Heater Treater/Separator			33,000	33,000
Electrical System			20,000	20,000
Packers/Anchors/Hangers	414	0	2,500	2,500
Couplings/Fittings/Valves	415	500	40,000	40,500
Gas Compressors/Meters			5,000	5,000
Dehydrator			0	0
Injection Plant/CO2 Equipment			0	0
Miscellaneous	418	500	4,000	4,500
Contingency	420	5,500	28,500	34,000
TOTAL TANGIBLES		85,000	571,000	656,000
TOTAL WELL COSTS		1,145,000	2,847,000	3,992,000

COG Operating LLC

By: Carl Blad

Date Prepared: 11/17/2014 JG

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.