CONCHO

Sent Certified Mail
Receipt #: 91-7199-9991-7033-2409-4143

January 30, 2015

Kerr McGee Oil & Gas Onshore LP
Attn: Land Department
16666 Northchase Drive
Houston, Texas 77060

Re: **<u>Well Proposal – Halberd 27 State Com #2H</u>**
T17S-R28E
SHL: 2182 FSL & 39' FWL, Section 26
BHL: 2281' 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 #2H 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, North 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

Dylan C. Park
Sr. Landman

Enclosure(s)

BEFORE THE OIL CONVERSATION DIVISION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by: **COG Operating LLC**
Hearing Date: April 2, 2015

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME:	Halberd 27 State Com #2H	PROSPECT NAME: Spruce - 720016	
SHL:	Sec. 26: 2182' FSL &39' FWL, UL- L	STATE & COUNTY: New Mexico, Eddy	
BHL:	Sec. 27: 2281' FSL & 330' FWL, UL- L	OBJECTIVE:	SH45 Yeso Horizontal
FORMATION:	YESO	DEPTH:	9,915
LEGAL:	Sec. 26: NWSW & Sec. 27: NWSW, T17S-F TVD:		3,925

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	11,000			11,000
Insurance	202	4,000	302	0	4,000
Damages/Right of Way	203	15,000	303	0	15,000
Survey/Stake Location	204	3,000	304	0	3,000
Location/Pits/Road Expense	205	80,000	305	25,000	105,000
Drilling / Completion Overhead	206	4,000	306	2,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract (0 days f/spud-rls @ $0)	209	189,000	309	29,000	218,000
Directional Drilling Services (0 dir days @ $0)	210	115,000	310		115,000
Fuel & Power	211	26,000	311	4,000	30,000
Water	212	34,000	312	120,000	154,000
Bits	213	54,500	313	5,000	59,500
Mud & Chemicals	214	41,000	314	0	41,000
Drill Stem Test	215		315	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	319	62,000	62,000
Cement Squeeze & Other (Kickoff Plug)	220		320	0	0
Float Equipment & Centralizers	221	2,000	321	20,000	22,000
Casing Crews & Equipment	222	5,000	322	12,000	17,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	2,000	324		2,000
Contract Labor	225	39,000	325	21,000	60,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	23,000	327	40,000	63,000
Testing Casing/Tubing	228	3,000	328	5,000	8,000
Mud Logging Unit	229	17,000	329		17,000
Logging	230	20,000	330		20,000
Perforating/Wireline Services	231	3,500	331	160,000	163,500
Stimulation/Treating			332	1,192,000	1,192,000
Completion Unit			333	45,000	45,000
Swabbing Unit			334		0
Rentals-Surface	235	47,000	335	300,000	347,000
Rentals-Subsurface	236	63,000	336	50,000	113,000
Trucking/Forklift/Rig Mobilization	237	58,000	337	40,000	98,000
Welding Services	238	5,000	338	2,500	7,500
Water Disposal	239	0	339	30,000	30,000
Plug to Abandon	240	0	340	0	0
Seismic Analysis	241	0	341	0	0
Closed Loop & Environmental	244	65,000	344	0	65,000
Miscellaneous	242	0	342	0	0
Contingency 5%	243	50,000	343	109,500	159,500
TOTAL INTANGIBLES		1,050,000		2,276,000	3,326,000

TANGIBLE COSTS		BCP		ACP	TOTAL
Surface Casing (13 3/8" 48# H40 STC)	401	21,000			21,000
Intermediate Casing(1800' 8 5/8" 40# J55 LTC)	402	59,000	503	0	59,000
Production Casing (7" 29# & 5 1/2" 17# L80)			503	234,000	234,000
Tubing			504	29,000	29,000
Wellhead Equipment	405	8,500	505	20,000	28,500
Pumping Unit			506	80,000	80,000
Prime Mover			507	20,000	20,000
Rods			508	12,000	12,000
Pumps			509	10,000	10,000
Tanks			510	21,000	21,000
Flowlines			511	12,000	12,000
Heater Treater/Separator			512	33,000	33,000
Electrical System			513	20,000	20,000
Packers/Anchors/Hangers	414	0	514	2,500	2,500
Couplings/Fittings/Valves	415	500	515	40,000	40,500
Gas Compressors/Meters			516	5,000	5,000
Dehydrator			517		0
Injection Plant/CO2 Equipment			518		0
Miscellaneous	419	500	519	4,000	4,500
Contingency	420	5,500	520	28,500	34,000
TOTAL TANGIBLES		95,000		571,000	666,000
TOTAL WELL COSTS		1,145,000		2,847,000	3,992,000

COG Operating LLC

By: Carl Bird

Date Prepared: 11/17/2014 JG

COG Operating LLC

By: ______

We approve:
_____% Working Interest

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.