

May 6, 2015

Working Interest Owners - Listed on Attached Exhibit "A"

RE: Well Proposal – Ice Dancer 30 Federal Com #2H
Township 23 South, Range 30 East, N.M.P.M.
Section 30: W/2 E/2
SHL: 475' FSL & 1890' FEL (Or at a legal location in Unit O)
BHL: 330' FNL & 2230' FEL (Or at a legal location in Unit B)
Eddy County, New Mexico

Dear Working Interest Owners:

COG Operating LLC ("COG"), as Operator, proposes to drill the Ice Dancer 30 Federal Com #2H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 10,422' and a MD of 14,700' with a PH-TD of 10,380' to test the 3rd Bone Spring Sand Formation ("Operation"). The total cost of the Operation is estimated to be \$6,828,790 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 modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers the W/2E/2 of Section 30, T23S – R30E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below and return this letter, along with an executed AFE and a copy of your geological well requirements to the corporate address, attention Amanda Neagle. If you do not wish to participate, COG proposes to acquire your interest via term assignment.

Should you have any questions, please do not hesitate to contact Amanda Neagle at 432-688-6602.

Very truly yours,
COG Operating LLC

Savannah Haller
Land Technician – Delaware Basin

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 15339 Exhibit 3

Submitted by: COG OPERATING LLC

Hearing Date: July 9, 2015



Ice Dancer 30 Federal Com #2H
May 6, 2015
Page No. 2

_____ I/We hereby elect to participate in the Ice Dancer 30 Federal Com #2H.

_____ I/We hereby elect not to participate in the Ice Dancer 30 Federal Com #2H.

Company or
Individual Name: _____

By: _____

Name: _____

Title: _____

Date: _____



Ice Dancer 30 Federal Com #2H
May 6, 2015
Page No. 3

EXHIBIT "A"
Working Interest Owners

COG Operating LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701
Attention: Amanda Neagle (Landman)

Khody Land & Minerals Company
Land Department
210 Park Avenue, Suite 900
Oklahoma City, OK 73102
Attention: Sam McCurdy

Worrall Investment Corporation
P.O. Box 1834
Roswell, NM 88202
Attention: John Worrall

ConocoPhillips Company
Land Department
P.O. Box 2197
Houston, TX 77252-2197
Attention: Beverly Wander

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
PHONE 432.683.7443 | FAX 432.683.7441

LOCAL ADDRESS

Concho West | 2208 Main Street | Artesia, New Mexico 88210
PHONE 575.748.6940 | FAX 575.746.2096

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: ICE DANCER 30 FEDERAL COM 2H	PROSPECT NAME: TOMAHAWK 2330 (717133)
SHL: 475 FSL & 1890 FEL	STATE & COUNTY: New Mexico, Eddy
BHL: 330 FNL & 2230 FEL	OBJECTIVE: DRILL & COMPLETE
FORMATION: SLBSS/3RD BSS	DEPTH: 14,700 PH: 10380
LEGAL: 30-23S-30E	TVD: 10,422

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 5,000 303		5,000
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 9,000 306		9,000
Turnkey Contract	207 0 307		0
Footage Contract	208 0 308		0
Daywork Contract	209 352,000 309		352,000
Directional Drilling Services	210 138,000 310		138,000
Fuel & Power	211 68,000 311	10,000	78,000
Water	212 45,000 312	272,000	317,000
Bits	213 69,000 313	6,000	75,000
Mud & Chemicals	214 60,000 314	35,000	95,000
Drill Stem Test	215 0 315		0
Coring & Analysis	216 0		0
Cement Surface	217 25,000		25,000
Cement Intermediate	218 45,000		45,000
Cement 2nd Intermediate/Production	218 0 319	90,000	90,000
Cement Squeeze & Other (Kickoff Plug)	220 50,000 320	0	50,000
Float Equipment & Centralizers	221 10,000 321	15,000	25,000
Casing Crews & Equipment	222 18,000 322	18,000	36,000
Fishing Tools & Service	223 0 323		0
Geologic/Engineering	224 0 324		0
Contract Labor	225 10,000 325	176,500	186,500
Company Supervision	226 0 326		0
Contract Supervision	227 33,000 327	70,000	103,000
Testing Casing/Tubing	228 10,000 328		10,000
Mud Logging Unit	229 21,000 329		21,000
Logging	230 150,000 330		150,000
Perforating/Wireline Services	231 7,000 331	233,000	240,000
Stimulation/Treating	0 332	2,500,000	2,500,000
Completion Unit	0 333	125,000	125,000
Swabbing Unit	0 334		0
Rentals-Surface	235 65,000 335	185,000	250,000
Rentals-Subsurface	236 65,000 336	20,000	85,000
Trucking/Forklift/Rig Mobilization	237 120,000 337	45,000	165,000
Welding Services	238 5,000 338	5,000	10,000
Water Disposal	239 0 339	234,000	234,000
Plug to Abandon	240 0 340		0
Seismic Analysis	241 0 341		0
Closed Loop & Environmental	244 125,000 344	5,000	130,000
Miscellaneous	242 0 342		0
Contingency	243 35,000 343	50,000	85,000
TOTAL INTANGIBLES	1,663,000	4,119,500	5,782,500
TANGIBLE COSTS			
Surface Casing	401 12,000		12,000
Intermediate Casing	402 75,000 503		75,000
Production Casing	0 503	238,000	238,000
Tubing	0 504	44,000	44,000
Wellhead Equipment	405 25,000 505	35,000	60,000
Pumping Unit	0 506	115,000	115,000
Prime Mover	0 507		0
Rods	0 508	55,000	55,000
Pumps	0 509	36,000	36,000
Tanks	0 510	90,000	90,000
Flowlines	0 511	27,000	27,000
Heater Treater/Separator	0 512	54,000	54,000
Electrical System	0 513	36,000	36,000
Packers/Anchors/Hangers	414 0 514	9,000	9,000
Couplings/Fittings/Valves	415 0 515	135,000	135,000
Gas Compressors/Meters	0 516	7,290	7,290
Dehydrator	0 517		0
Injection Plant/CO2 Equipment	0 518		0
Miscellaneous	419 0 519		0
Contingency	420 3,000 520	50,000	53,000
TOTAL TANGIBLES	115,000	931,290	1,046,290
TOTAL WELL COSTS	1,778,000	5,050,790	6,828,790

COG Operating LLC

Date Prepared: 3.18.15

We approve:
_____% Working Interest

COG Operating LLC

By: DRL A.KORZENIEWSKI/KEN LAFORTUNE KG

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.