

Via Certified Mail

Zorro Partners 616 Texas Street Fort Worth, Texas 76102

Re:

New Well Proposal

Puckett Federal 13 #61 430' FSL & 430' FWL of Section 13, Unit M T17S, R31E, Eddy County, New Mexico

Gentlemen:

COG Operating LLC ("COG") proposes to drill the above-captioned well at the above-captioned location, or a legal location within Location Unit Letter M, to a depth of approximately 7000 feet to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$1,654,000 and a detailed description of such cost is set out in the enclosed Authority for Expenditure ("AFE").

Also enclosed is COG's proposed form of Operating Agreement ("OA"). A completed version of the Exhibit "A" to be incorporated into the OA will follow under separate cover, accompanied by a fully executed set of signature pages.

If you elect to participate in the subject well, please sign and return a copy of the AFE to the below letterhead address.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

Stract. De Disto

Stuart A. Dirks, CPL W

Senior Landman

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Consolidated Case No 's 14649 & 14650 Exhibit No 2
Submitted by
COG OPERATING, LLC
Hearing Date May 26, 2011

SENDER: COMPLETE THIS SECTION

- 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.
- 1. Article Addressed to:

Zorro Partners 616 Texas Street Fort Worth, TX 76102

COMPLETE THIS SE	ECTION ON DELIVERY
	Agent Addressive C Date of Physics I different from item 1? Yes ery address below: No
3. Service Type	Express Mall Return Receipt for Merchandie C.O.D.



Via Certified Mail

Javelina Partners 616 Texas Street Fort Worth, Texas 76102

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Stuart A. Dirks, CPL

COG Operating LL

Senior Landman

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	Fort Worth, TX 76102-4696 2. Artic' 91 7108 2133 393'		3. Service Type 12 Certified Mall
:	(ilai		urn Receipt 102595-02-M-1!

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Via Certified Mail

Burnett Oil Company Burnett Plaza, Unit 9 801 Cherry Street, Suite 1500 Fort Worth, Texas 76102

Re: New Well Proposal

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COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

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Article Addressed to:	D. Is delivery address different from item 1?
Burnett Oil Company	•
801 Cherry Street, Unit 9	{ ·
Burnett Plaza, Suite 1500	3. Service Type
Fort Worth, TX 76102	☐ Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandis ☐ Insured Mail ☐ C.O.D.
13:61	4. Restricted Delivery? (Extra Fee)
2. Article Number 91 7108 2133	PASE PERE

Domestic Return Receipt

102595-02-M-154

PS Form 3811, February 2004



Via Certified Mail

Ard Oil Ltd.
222 West 4th Street, PH5
Fort Worth, Texas 76102

Re: New Well Proposal

Puckett Federal 13 #61 430' FSL & 430' FWL of Section 13, Unit M T17S, R31E, Eddy County, New Mexico

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Stuart A. Dirks, CPL

CQG Operating LLC

Senior Landman

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or on the front if space permits.			
, 1. Article Addressed to:		 D. Is delivery address different from its If YES, enter delivery address below 	
Ard Oil Ltd. 222 W. 4th St. PH5 Ft. Worth, TX 76102		3. Service Type ☑ Certified Mail ☐ Express M	
•	,	☐ Registered ☐ Return Red☐ Insured Mail ☐ C.O.D.	ceipt for Merchandis
	3.61	4. Restricted Delivery? (Extra Fee)	☐ Yes
2. Article Number (Transfer from service label)	םנל נו	d'ala ere eers 'à	1932
PS Form 3811, February 2004	omestic Retu	um Receipt	102595-02-M-15

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Via Certified Mail

Ard Energy Group Ltd. 222 West 4th St., PH5 Fort Worth, Texas 76102

Re: New Well Proposal

Puckett Federal 13 #61 430' FSL & 430' FWL of Section 13, Unit M T17S, R31E, Eddy County, New Mexico

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1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Ard Energy Group Ltd. 222 W. 4th St. PH5	,
Ft. Worth, TX 76102	3. Service Type 2 Certified Mail Registered Return Receipt for Merchandi: Insured Mail
13-61	4. Restricted Delivery? (Extra Fee) ☐ Yes
2. Article Number (Transfer from service label) 91 7108	2133 3939 1394 3384
PS Form 3811 February 2004 Domestic Re	eturn Receint 202393-02-M-1!

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING



WELL NAME: Puckett Federal 13 #61 PROSPECT NAME: East Fren

LOCATION: T17S - R31E - Section 13 COUNTY & STATE: EDDY COUNTY, NM FOOTAGE: 430 FSL 430 FWL OBJECTIVE: Ver. Blinebry Paddock (4 Fracs) 7000'

<u>ACP</u> TOTAL **INTANGIBLE COSTS** BCP 22,000 22,000 Title/Curative/Permit 201 202 3,800 302 3,800 Insurance. 303 203 0 Damages/Right of Way 2,500 2.500 304 204 Survey/Stake Location 205 305 40,000 5,000 45,000 Location/Pits/Road Expense Drilling / Completion Overhead 206 2,500 2,000 4,500 207 307 0 Turnkey Contract 208 308 Footage Contract 132,000 309 132,000 Daywork Contract 209 310 Directional Drilling Services 210 0 211 28,000 311 1,000 29,000 Fuel & Power Water 212 22,000 312 25,000 47,000 Bits 213 29,000 313 500 29,500 Mud⁻& Chemicals 214 17,000 314 17.000 **Drill Stem Test** 215 315 0 Coring & Analysis 216 0 15,500 18,500 217 15,500 Cement Surface 218 18,500 Cement Intermediate #1 Cement Intermediate #2 0 319 31,000 31,000 Cement Production 220 320 0 Cement Squeeze 2,500 Float Equipment & Centralizers 221 321 2.000 4.500 Casing Crews & Equipment 222 8,000 322 9,000 17,000 Fishing Tools & Service 223 323 0 1.000 324 Geologic/Engineering 224 1.000 3,000 15,000 225 325 Contract Labor 18,000 326 Company Supervision 226 227 14,000 327 5,000 19,000 Contract Supervision 3,000 328 3,000 Testing Casing/Tubing 228 6,000 229 6,300 329 Mud Logging Unit 6,300 230 19,000 330 19,000 Logging Perforating/Wireline Services 231 331 28,500 28,500 Stimulation/Treating (4 fracs) 332 385.000 385.000 333 Completion Unit 22,000 22,000 Swabbing Unit 235 12,000 335 36,000 Rentals-Surface 48,000 Rentals-Subsurface 236 27,000 336 10,000 37,000 Trucking/Forklift/Rig Mobilization 237 32,000 337 8.000 40,000 Welding Services 238 3,000 338 1.000 4.000 Water Disposal 239 339 7,000 7,000 240 340 Plug to Abandon 0 241 341 Seismic Analysis 0 Closed Loop & Environmental 244 75,000 344 75,000 Miscellaneous 242 342 0 27,400 30,000 Contingency 5% 243 343 TOTAL INTANGIBLES 566,000 626,000 1,192,000 **TANGIBLE COSTS** Surface Casing 401 18,500 18,500 Intermediate Casing #1 402 41,000 41,000 Intermediate Casing #2 n Production Casing/Liner 503 110.000 110,000 Tubing 504 40,000 40,000 Wellhead Equipment 405 6,000 505 3,000 9,000 Pumping Unit 506 97,000 97,000 Prime Mover 507 Rods 508 42,000 42,000 Pumps 509 4.500 4,500 Tanks 510 10.000 10.000 Flowlines 511 15,000 15,000 512 Heater Treater/Separator 12,000 12,000 513 Electrical System 20,000 20,000 Packers/Anchors/Hangers 414 514 900 900 Couplings/Fittings/Valves 415 500 515 16.500 17,000 Gas Compressors/Meters 516 0 Dehydrato 518 Injection Plant/CO2 Equipment 0 Miscellaneous 419 500 519 500 1,000 420 4.500 520 19,600 24,100 **TOTAL TANGIBLES** 71.000 391.000 462,000 TOTAL WELL COSTS 637,000 1.017.000 1,654,000 COG Operating LLC Date Prepared: By: C. Bird / J. Coffman 1/21/11 We approve: .% Before Tanks / ______% After Tanks Company: Ву. Printed Name Title

Date

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.



Via Certified Mail

Ard Oil Ltd. 222 West 4th Street, PH5 Fort Worth, Texas 76102

Re: New Well Proposal

Puckett Federal 24 #61 330' FSL & 330' FWL of Section 24, Unit M T17S, R31E, Eddy County, New Mexico

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COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

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Article Addressed to:	D. Is delivery address different from item 1 Pes 11
Ard Oil Ltd. 222 W. 4th St. PH5	•
Ft. Worth, TX 76102	3. Service Type Certified Mail Registered Return Receipt for Merchandis Insured Mail C.O.D.
24.61	4. Restricted Delivery? (Extra Fee) ☐ Yes
2. Article Number 71 7108 213	3 3939 1394 3445
PS Form 3811, February 2004 Domestic Ret	urn Receipt 102595-02-M-154



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Article Addressed to:	D. Is delivery address different from item 1?
Ard Energy Group Ltd. 222 W. 4th St. PH5 Ft. Worth, TX 76102	· · · · · · · · · · · · · · · · · · ·
. Worth, 7X 76102	3. Service Type ② Certified Mail □ Express Mail □ Registered □ Return Receipt for Merchandis □ Insured Mail □ C.O.D.
24-41	4. Restricted Delivery? (Extra Fee) Yes
2. Article Number (Transfer from service label) 91 710	3 2133 4 4 303 4256
PS Form 3811, February 2004 Domestic Re	turn Receipt 102595-02-M-15

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	Burnett Oil Company 801 Cherry Street, Unit 9 Burnett Plaza, Suite 1500 Fort Worth, TX 76102	3. Service Type 2 Certified Mail	/ail eceipt for Merchandis
	24.61	4. Restricted Delivery? (Extra Fee)	☐ Yes
	2. Article Number 91 7108	Shaa (adaul rahs) do	j9 / 7
	PS Form 3811, February 2004 Domestic R	eturn Receipt	102595-02-M-15



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Senior Landman

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			and the second description of the second	
	SENDER: COMPLETE THIS SECTION	·	COMPLETE THIS SECTION ON DELIVERY	
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	1. Article Addressed to:	177000-	D. Is delivery address different fight see 11 U	No.
	Zorro Partners 616 Texas Street		•	
	Fort Worth, TX 76102	-	3. Service Type	lerchandis
,		24-161	4. Restricted Delivery? (Extra Fee)	Yes
	Article Number (Transfer from service label)	7108	2133 3939 1285 1796	
	PS Form 3811, February 2004	Domestic Retu	ırn Receipt 1025	95-02-M-15

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Javelina Partners 616 Texas Street Fort Worth, TX 76102-4696	3. Service Type Certified Mail
	4. Restricted Delivery? (Extra Fee)

2. Article Number

71

7108 2133 3939 1365 4143



WELL NAME: Puckett Federal 24 #61
LOCATION: T17S - R31E - Section 24
FOOTAGE: 330 FSL 330 FWL PROSPECT NAME: East Fren
COUNTY & STATE: EDDY COUNTY, NM
OBJECTIVE: Ver. Blinebry Paddock (4 Fracs) 7000'

FOOTAGE: 330 FSL 330 FWL		OBJECTIV	E:	Ver. Blinebry Paddock (4 Fracs) 7000'
INTANGIBLE COSTS		BCP		<u>ACP</u>	TOTAL
Title/Curative/Permit	201	22,000		AUL	22,000
Insurance	202	3,800	302		3,800
Damages/Right of Way	203		303		0
Survey/Stake Location	204	2,500	304		2,500
Location/Pits/Road Expense	205	40,000	305	5,000	45,000
Dritting / Completion Overhead Turnkey Contract	206 207	2,500	306 307	2,000	4,500
Footage Contract	208		308		
Daywork Contract	209	132,000	309		132,000
Directional Drilling Services	210		310		. 0
Fuel & Power	211	28,000	311	1,000	29,000
Water Bits	212 213	22,000	312 313	25,000 500	47,000 29,500
Mud & Chemicals	214	17,000	314	300	17,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface Cement Intermediate #1	217 218	15,500 18,500			15,500 18,500
Cement Intermediate #2	210	10,000			18,300
Cement Production			319	31,000	31,000
Cement Squeeze	220		320		0
Float Equipment & Centralizers	221	2,500	321	2,000	4,500
Casing Crews & Equipment Fishing Tools & Service	222 223	8,000	322 323	9,000	17,000
Geologic/Engineering	224	1,000	324		1,000
Contract Labor	225	3,000	325	15,000	18,000
Company Supervision	226		326		0
Contract Supervision	227	14,000 3,000	327 328	5,000	19,000
Testing Casing/Tubing Mud Logging Unit	228 229	6,300	329	3,000	6,000
Logging	230	19,000	330		19,000
Perforating/Wireline Services	231		331	28,500	28,500
Stimulation/Tréating (4 fracs)			332	385,000	385,000
Completion Unit Swabbing Unit			333 334	22,000	22,000
Rentals-Surface	235	12,000	335	36,000	48,000
Rentals-Subsurface	236	27,000	336	10,000	37,000
Trucking/Forklift/Rig.Mobilization	237	32,000	337	8,000	40,000
Welding Services Water Disposal	238 239	3,000	338 339	1,000 7,000	4,000
Plug to Abandon	240		340	7,000	7,000
Seismic Analysis	241		341		0
Closed:Loop & Environmental	244	75,000	344		75,000
Miscellaneous Contingency 5%	242 243	27,400	342 343	30,000	57,400
TOTAL INTANGIBLES	240	566,000	040	626,000	1,192,000
TANGIBLE COSTS					
Surface Casing	401	18,500			18,500
Intermediate Casing #1 Intermediate Casing #2	402	41,000			41,000
Production Casing/Liner			503	110,000	110,000
Tubing			504	40,000	40,000
Wellhead Equipment	405	6,000	505	3,000	9,000
Pumping Unit			506 507	97,000	97,000
Prime Mover Rods			508	42,000	42,000
Pumps			509	4,500	4,500
Tanks			510	10,000	10,000
Flowlines			511	15,000	15,000
Heater Treater/Separator Electrical System			512 513	20,000	12,000 20,000
Packers/Anchors/Hangers	414		514	900	900
Couplings/Fittings/Valves	415	500	515	16,500	17,000
Gas Compressors/Meters			516		0
Dehydrator Injection Plant/CO2 Equipment			517 518		0
Miscellaneous	419	500	519	500	1,000
Contingency 5%	420	4,500	520	19,600	24,100
TOTAL TANGIBLES		71,000		391,000	462,000
TOTAL WELL COSTS		637,000		1,017,000	1,654,000
COG Operating LLC					
Duy O. Bird / J. Coffee and		Data Sec. 1		4164144	
By: C. Bird / J. Coffman		Date Prepared:		1/21/11	
We approve:					
% Before Tanks /% After Tanks					
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.