June 20, 2011

U.S. Certified Mail Return Receipt Requested

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

COPY

RE: <u>New Well Proposal</u> Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 330' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #1H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (DRE/rc	s)		A		
	Confirmation	Package ID: 917199999170304 Destination ZIP Code: 76102 Customer Reference:	0428154	Firs	Electronic Certified I Class Large Envelope
	Servíces	Address:	J	PB	P Account #: 41592288 Serial #: 1364097
l		-Juckett 12-9	icht.		JUN 20 2011 4:20 PM

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico (Consolidated) Case No.'s 14706-14718 Exhibit No. 2 Submitted by: COG OPERATING, LLC Hearing Date: August 29, 2011

Article Addressed to: Burnett Oil Company Burnett Plaza, Unit 9 801 Cherry Street, Suite 1500	COMPLETENTIESSECTION/OUIDELIVERVAL Applicature Applicature Address Address Becker By Printed Name Bec	
Article Number (Transfer from service / 11 7199 9991)	4. Restricted Delivery? (Extra Fee) 7030 4042 8154	
Form 3811, February 2004 Domestic Retu	um Receipt 102595-02-M-1	-1540
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Surf. Loc: 75' FSL, 330' FWL, Sec 12, 1	7S-31E	COUNTY & S				
3HL: 330' FNL, 330' FWL, Sec 12, 17S	-31E	OBJECTIVE:	11021' MD (6600' TVD)		wer Blinebry	
VO/Pilot, 160 Acre						
		565				
NTANGIBLE COSTS		BCP		ACP	TOTAL	
itle/Curative/Permit	- ²⁰¹ -	10,000	302 —		10,0	
Damages/Right of Way	202 -	15,000	302		22,0	
Survey/Stake Location	203 204				15,0	
ocation/Pits/Road Expense	- ²⁰⁴ -	3,000 40,000	304 305	65,000	3,0	
Prilling / Completion Overhead	- 205 -	5,000	306	1,000	6,0	
urnkey Contract	207		307			
ootage Contract	208	· · · · · · · · · · · · · · · · · · ·	308			
aywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,0	
irectional Drilling Services, With RS	210	400,000	310		400,0	
uel & Power	211	112,500	311	11,250	123,7	
/ater	- 212 -	30,000	312	75,000	105,0	
lud & Chemicals	<u> </u>	45,000 25,000	313 314	1,000	46.0	
rill Stem Test	- 215 -	25,000	315	<u></u>	23,0	
oring & Analysis	216					
ement Surface	217	16,000	_		16,0	
ement Intermediate	218	16.000			16,0	
ement Production 7"x5.5"	218		319	70,000	70,0	
ement Squeeze & Other (NO Kickoff Plug)	220		320	· · · · · · · · · · · · · · · · · · ·		
loat Equipment & Centralizers	221	3,500	321	15,000	18,5	
asing Crews & Equipment	222	7,000	³²² 323	13,000	20,0	
ishing Tools & Service	<u>223</u> 	10,000	323	1,000	11,0	
Contract Labor	- 225 -	10,000	325	30,000	40,0	
ompany Supervision	- 226 -	2,000	326	2,000	4,0	
Contract Supervision	227	28,000	327	4,000	32,0	
esting Casing/Tubing	228	4,000	328	1,500	5,5	
lud Logging Unit	229	16,000	329		16,0	
ogging	230	0	330	5,000	5,0	
erforating/Wireline Services	231	3,500	331	125,000	128,5	
itimulation/Treating			332 333	760,000	40,0	
Completion Unit			333 -	40,000	40,0	
Rentals-Surface	235	20.000	335	100,000	120,0	
entals-Subsurface	236	30,000	336	10,000	40,0	
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,0	
Velding Services	238	3,000	338	1,500	4,5	
Vater Disposal	239		339	25,000	25,0	
lug to Abandon	240	<u> </u>	340		<u> </u>	
Seismic Analysis	241	100.000	341 344		120,0	
Closed Loop & Environmental	244 	120,000 5,000	344	1,000		
Aiscellaneous Contingency	242 -	131,500	343	149,750		
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,0	
ANGIBLE COSTS						
urface Casing 550' 13 3/8"	401	20,000			1,2	
ntermediate Casing 1850' 9 5/8"	402	48,000			48,0	
roduction Casing/Liner 6900' - 7", 4200' - 5.5"	• •		503 _	260,000	260,0	
ubing 6200' 2 7/8"			504	38,000	38,0	
Vellhead Equipment	405	30,000	505	18,000 97,000	48,0	
rumping Unit			506 507	97,000	<u> </u>	
Rods			508	39,000	39,0	
lumps			509	4,500	4,5	
anks	·		510	20,000	20,0	
lowlines		,	511	15,000	15,0	
eater Treater/Separator			512	25,000	25,	
lectrical System			513			
ackers/Anchors/Hangers	414	0.000	514	25.000		
Couplings/Fittings/Valves	415	2,000	515 516	25,000	27,	
Bas Compressors/Meters	;		517	4,000		
njection Plant/CO2 Equipment	·		518			
viscellaneous	419	1,000	519	1,000	2,	
Contingency	420	11,000		55,500	66.	
TOTAL TANGIBLES		112,000	_	602,000	714,	
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,	

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By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve: ____% Working Interest

Company: By:

Printed Name: Title: Date: _

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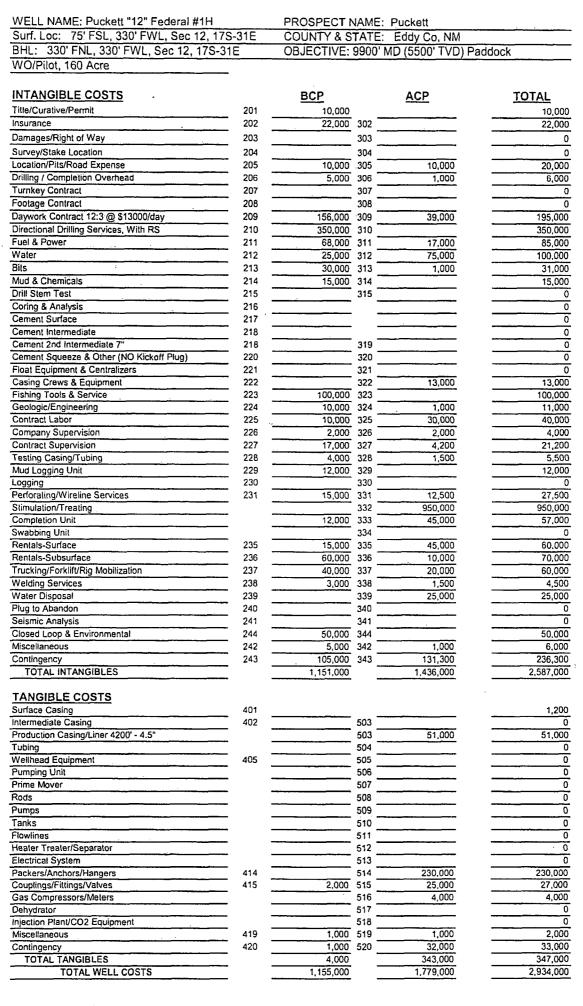
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WELL NAME: Puckett "12" Federal #1H		PROSPECT			
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 1				: Eddy Co, NM	
BHL: 330' FNL, 330' FWL, Sec 12, 17S	-31E	OBJECTIVE:	10500)' MD (6100' TVD)	Upper Blinebry
WO/Pilot, 160 Acre	_				
INTANGIBLE COSTS		BCD		400	TOTAL
Title/Curative/Permit	004	BCP		ACP	TOTAL
Insurance	²⁰¹ 202	10,000	302 -	· · · · ·	10,000
Damages/Right of Way	203		303	<u> </u>	22,000
Survey/Stake Location	204		304	······	
Location/Pits/Road Expense	205	10.000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207	i	307 -		0
Footage Contract	208		308 _		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310 _		350,000
Fuel & Power	211	68,000	311	17,000	85,000
Water	212 213	25,000	312 313	75,000	100,000
Mud & Chemicals	213	15,000	313 -	1,000	31,000
Drill Stem Test	215	13,000	315		0
Coring & Analysis	216		-		0
Cement Surface	217		-	· · · · · · · · · · · · · · · · · · ·	0
Cement Intermediate	218		_		0
Cement 2nd Intermediate 7"	218		319	<u></u>	0
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers Casing Crews & Equipment			321 322	13,000	13,000
Fishing Tools & Service	222	100,000	322 -	13,000	100,000
Geologic/Engineering	224	10,000	323	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329 _		12,000
Logging	230	15.000	330 -	12.500	0
Perforating/Wireline Services Stimulation/Treating	231	15,000	331 332	<u> </u>	27,500
Completion Unit	<u> </u>	12,000	333	45,000	57,000
Swabbing Unit			334		0
Rentals-Surface		15,000	335	45,000	60,000
Rentals-Subsurface	236	60,000	336]	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337 _	20,000	60,000
Welding Services	238	3,000	338 _	1,500	4,500
Water Disposal	239	·	339 340 -	25,000	25,000
Plug to Abandon Seismic Analysis	240 241	·	340 -		0
Closed Loop & Environmental	241	50,000	344		50,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	105,000	-	131,300	236,300
TOTAL INTANGIBLES		1,151,000	-	1,436,000	2,587.000
			_		
TANGIBLE COSTS					
Surface Casing	401				1,200
Intermediate Casing	402		503	54.000	0
Production Casing/Liner 4200' - 4.5" Tubing			503 504	51,000	51,000
Wellhead Equipment	. 405		505		
Pumping Unit			506		0
Prime Mover			507		0
Rods			508	•••••••	0
Pumps			509		0
Tanks			510		0
Flowlines	<u> </u>		511		0
Heater Treater/Separator Electrical System	<u> </u>	. <u> </u>	512 513	<u></u>	0
Packers/Anchors/Hangers	414		513 -	230,000	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydralor	_		517		0
Injection Plant/CO2 Equipment	<u> </u>		518		0
Miscellaneous	419 	1,000	519 520	1,000 32,000	2,000
Contingency TOTAL TANGIBLES	420	4,000	520 -	343,000	347,000
TOTAL WELL COSTS		1,155,000	-	1,779,000	2,934,000
			-		
COG Operating LLC					
Due to offerer (O. Dist		Data D	E14711	•	•
By: J. Coffman / C. Bird		Date Prepared:	5/17/11	i	
We approve:					
% Working Interest					
Company:					

Company: By:

,

Printed Name: Title: Date:



COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve:

____% Working Interest

Company: By:

Printed Name:

Date:

June 20, 2011

U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 330' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

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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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

28 - Cfh Stuart A. Dirks, CPL Senior Landman

Enclosure					
· 1		Package ID: 91719999917030404	428178		Electronic Certified
	1	Destination ZIP Code: 76102 ·		First 0	Class Large Envelope
	Confirmation	Customer Reference:			
	Services	Recipient: Janalmac	<u></u>	PBP	Account #: 41592288
	Cervices	Address			Serial #: 1364097
.,	•	huckett 12	Jed 7- 14.		IUN 20 2011 4:19 PM

NDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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 maliplece, or on the front if space permits.	B. Beceived by (Printed Name) C. Date of Delivery (0 - 7.2.
Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
₄ Javalina Partners ∮ 616 Texas Street	
Fort Worth, TX 76102	
Puckett 12 Federal #1H	3. Service Type S. Certified Mall Express Mall Registered Return Receipt for Merchandise Insured Mall C.O.D.
	4. Restricted Delivery? (Extra Fee)
Article Number 91.71.79	9991 7030 4042 8178

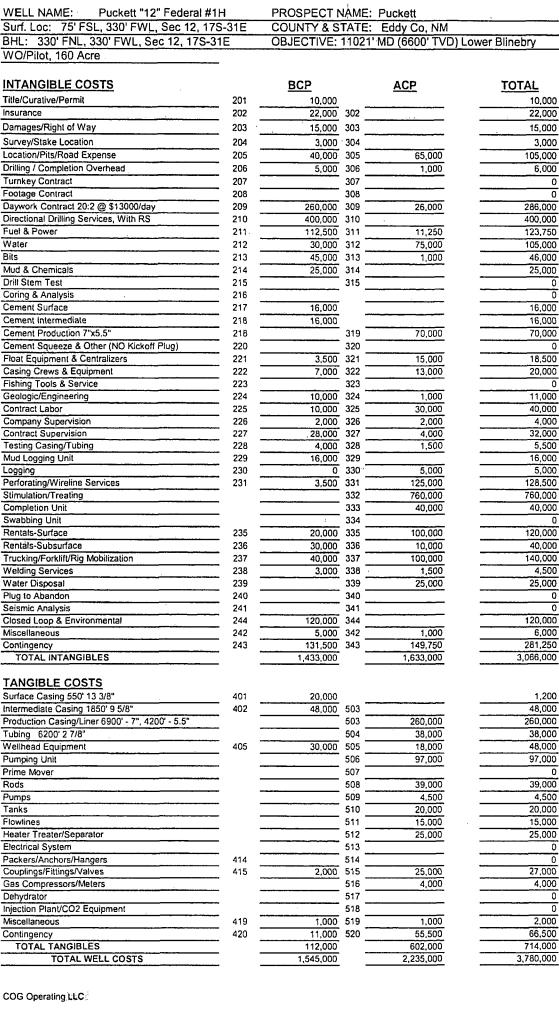
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By: J. Coffman / C. Bird

Date Prepared: 5/16/11

% Working Interest

Company:

By

We approve

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Printed Name:

Title: Date

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WELL NAME: Puckett "12" Federal #1H		PROSPECT NAME	: Puckett	
Surf. Loc: 75' FSL, 330' FWL, Sec 12, 1		COUNTY & STATE	Eddy Co, NM	
BHL: 330' FNL, 330' FWL, Sec 12, 17S		OBJECTIVE: 10500	0' MD (6100' TVD)	Upper Blinebry
WO/Pilot, 160 Acre		······································		
INTANGIBLE COSTS		BCP	ACP	<u>TOTAL</u>
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000 302		22,000
Damages/Right of Way	203	303		0
Survey/Stake Location	204	304		0
Location/Pits/Road Expense	205	10,000 305	10,000	20,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract	207	307		0
Footage Contract	208	308		0
Daywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,000
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Bits	213	30,000 313	1,000	31,000
Mud & Chemicals	214	15.000 314		15,000
Drill Stem Test	215	315	···	0
Coring & Analysis	216			0
Cement Surface	217		<u> </u>	0
Cement Intermediate Cement 2nd Intermediate 7"	218 	319		·0
Cement Squeeze & Other (NO Kickoff Plug)	- ²¹⁸ 220	319 320 _		0
Float Equipment & Centralizers	220			0
Casing Crews & Equipment	222	322 -	13,000	13,000
Fishing Tools & Service	- 222	100,000 323	13,000	100,000
Geologic/Engineering	223	10,000 323	1,000	11,000
Contract Labor	225	10,000 325	30,000	40,000
Company Supervision	226	2,000 326	2,000	4,000
Contract Supervision	227	17,000 327	4,200	21,200
Testing Casing/Tubing	228	4,000 328	1,500	5,500
Mud Logging Unit	229	12,000 329		12,000
Logging	230	330		0
Perforating/Wireline Services	231	15,000 331	12,500	27,500
Stimulation/Treating		332	950,000	950,000
Completion Unit		12,000 333	45,000	57,000
Swabbing Unit		334		0
Rentals-Surface	235	15,000 335	45,000	60,000
Rentals-Subsurface		60,000 336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000 337	20,000	60,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239	339	25,000	25,000
Plug to Abandon	240	340		0
Seismic Analysis	241	341		0
Closed Loop & Environmental	244	50,000 344		50,000
Miscellaneous	242	5,000 342	1,000	6,000
Contingency	243	105,000 343	131,300	236,300
TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,000
TANGIBLE COSTS				
Surface Casing	401			1,200
Intermediate Casing	402	503		0
Production Casing/Liner 4200' - 4.5*		503	51,000	51,000
		504		0
Wellhead Equipment	. 405	505		0
Pumping Unit		506		0
Prime Mover		507		0
Rods	·			0
Pumps		509 .		0
Tanks Flowlines		510 -	······································	0
Heater Treater/Separator	- -	511 - 512 -		0
Electrical System		512 - 513 -		0
Packers/Anchors/Hangers	414	513	230,000	230,000
Couplings/Fittings/Valves	414 - 415 -	2,000 515	25,000	230,000
Gas Compressors/Meters			4,000	4,000
Dehydrator	— ·	517		
Injection Plant/CO2 Equipment		518		0
Miscellaneous	419	1,000 519	1,000	2,000
Contingency	420	1,000 520	32,000	33,000
TOTAL TANGIBLES	·	4,000	343.000	347,000
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,000
		······································		
COG Operating LLC				
By: J. Coffman / C. Bird		Date Prepared: 5/17/1	1	

We approve: ____% Working Interest

Company: By:

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Printed Name: Title: Date:

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WELL NAME: Puckett "12" Federal #1H Surf. Loc: 75' FSL, 330' FWL, Sec 12, 1	COUNTY & STATE: Eddy Co, NM					
3HL: 330' FNL, 330' FWL, Sec 12, 17S-31E		OBJECTIVE: 9900' MD (5500' TVD) Paddock				
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Closed Loop & Environmental	244	50,000	344		50,00	
Aiscellaneous	242	5,000	342	1,000	6,00	
TOTAL INTANGIBLES	243		343	131,300	2,587,00	
TO TAL INTANGIBLES		1,151,000		1,430,000	2,307,00	
ANGIBLE COSTS						
Auface Casing	401				1,20	
termediate Casing	402		503			
roduction Casing/Liner 4200' - 4.5"			503	51,000	51,00	
ubing		· · · · · · · · · · · · · · · · · · ·	504			
/ellhead Equipment	405		505		·····	
umping Unit			506			
rime Mover	<u> </u>		507	· ·		
ods			508		· · · · · · · · · · · · · · · · · · ·	
umps			509			
anks			510			
lowlines			511			
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lectrical System			513	·		
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ouplings/Fittings/Valves	415	2,000	515	25,000	27,00	
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jection Plant/CO2 Equipment	_		518			
liscellaneous	419	1,000	519	1,000	2,00	
ontingency	420	1,000	520	32,000	33,00	
TOTAL TANGIBLES		4,000		343,000	347,00	
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,00	
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OG Operating LLC						
		D-1- D				
ly: J. Coffman / C. Bird		Date Prepared:	5/17/11			
Ve approve:						
% Working Interest						

Company: By:

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Printed Name: Title: Date:

June 20, 2011

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Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 330' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #1H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

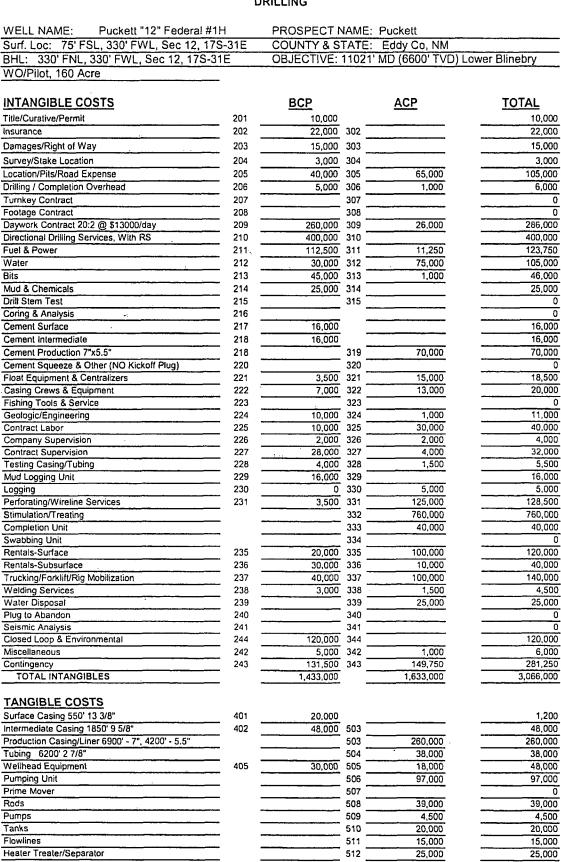
Stuart A. Dirks, CPL Senior Landman

Enclosure DRE/	e (s) M	N		De		F
		Package ID: 9171999 Destination ZIP Code	9991703040428161 e: 76102		Electronic First Class Large I	Certified Envelope
	Confirmation	Customer Reference Recipient: 20, Address:	RRO 12 Jul #1	#	PBP Account #: 4 Serial #: JUN 20 2011	1364097

NDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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 mailplece, or on the front if space permits. Article Addressed to:	A. Signature X. C. Date of Delivery B. Received by (Printed Name) C. Date of Delivery C. Date of Delivery
/ Zorro Partners · 616 Texas Street Fort Worth, TX 76102	
Puckett 12 Federal #1H	3. Service Type
Article Number	4. Restricted Delivery? (Extra Fee)

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(B)



513 414 514 2,000 415 515 516 517 518 1,000 519 419 420 11,000 520 112,000 2,235,000 1,545,000

260.000 38.000 48,000 97,000 n 39.000 4,500 20,000 15,000 25,000 0 0 27.000 4,000 0 0 2.000 66,500 714,000 3,780,000

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COG Operating LLC

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WELL NAME:

Title/Curative/Permit

Turnkey Contract

Footage Contract

Mud & Chemicals

Coring & Analysis

Cement Surface Cement Intermediate

Geologic/Engineering

Contract Supervision

Mud Logging Unit

Stimulation/Treating

Completion Unit

Rentals-Surface

Rentals-Subsurface

Welding Services

Water Disposal

Plug to Abandon

Miscellaneous

Tubing 6200' 2 7/8"

Wellhead Equipment

Pumping Unit Prime Mover

Rods

Pumps

Tanks

Flowlines

Dehydrator

Miscellaneous

Contingency

Electrical System

Packers/Anchors/Hangers

Couplings/Fittings/Valves

Gas Compressors/Meters

Injection Plant/CO2 Equipment

TOTAL TANGIBLES

Contingency

Swabbing Unit

Logging

Contract Labor

Drill Stem Test

Fuel & Power

Water

Bits

Insurance

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:

_% Working Interest

Company:

By: Printed Name:

TOTAL WELL COSTS

Title: Date:

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

25.000

4,000

1.000

55,500

602,000

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	7S-31E		ATE: Eddy Co, NM	
HL: 330' FNL, 330' FWL, Sec 12, 17S	-31E	OBJECTIVE: 1	0500' MD (6100' TVD)	Upper Blinebry
VO/Pilot, 160 Acre				,
NTANGIBLE_COSTS		BCP	ACP	TOTAL
	0.04		ACF	
ille/Curative/Permit	201	10,000		10,0
Isurance			302	22,0
amages/Right of Way	203		303	
urvey/Stake Location	204		304	
ocation/Pits/Road Expense	205		305 10,000	20,0
Irilling / Completion Overhead	206		306 1,000	6,0
urnkey Contract	207		307	
ootage Contract	208	· · · · · · · · · · · · · · · · · · ·	308	
Daywork Contract 12:3 @ \$13000/day	209		309 39,000	195,0
Directional Drilling Services, With RS	210		310 17,000	350,0
Vater	211 212		311 <u>17,000</u> 312 75,000	85,0 100,0
	212		313 1,000	31,0
Aud & Chemicals	214		314	15,0
Drill Stem Test	215		315	
Coring & Analysis	216			
Cement Surface	217			
Cement Intermediate	218		<u></u>	
Cement 2nd Intermediate 7"	218	;	319	
Cement Squeeze & Other (NO Kickoff Plug)	220	;	320	
loat Equipment & Centralizers			321	
Casing Crews & Equipment	222		322 13,000	13,00
ishing Tools & Service	223	100,000	323	100,0
Geologic/Engineering	224		324 1,000	11,0
Contract Labor	225		325 30,000	40,0
Company Supervision	226		3262,000	4,00
Contract Supervision	227		327 4,200	21,20
esting Casing/Tubing	228		3281,500	5,50
Aud Logging Unit	229	and the second	329	12,00
ogging Perforating/Wireline Services	230		330 12,500	
Stimulation/Treating	231		331 <u>12,500</u> 332 950,000	27,50
Completion Unit			333 45,000	57,00
Swabbing Unit			334	
Rentals-Surface	235		335 45,000	60,00
Rentals-Subsurface	236		336 10,000	70,00
rucking/Forklift/Rig Mobilization	237		337 20,000	60,00
Velding Services	238		338 1,500	4,50
Vater Disposal			339 25,000	25,00
Plug to Abandon	240		340	·····
Seismic Analysis	241	:	341	
Closed Loop & Environmental	244	50,000	344	50,00
Aiscellaneous	242		342 1,000	6,00
Contingency	243		343 131,300	236,30
TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,00
FANGIBLE COSTS				
Surface Casing	401			1,20
ntermediate Casing Production Casing/Liner 4200' - 4.5"	402		503	E4 04
ubing			503 <u>51,000</u>	51,00
Vellhead Equipment	. 405		505	
Pumping Unit	. 400	···· · · · · · · · · · · · · · · · · ·	506	
Inime Mover			507	
lods			508	····
umps			509	
anks			510	
lowlines	·		511	
eater Treater/Separator		the second se	512	
lectrical System	·		513	
ackers/Anchors/Hangers	414		230,000	230,00
ouplings/Fittings/Valves	415		515 25,000	27,00
as Compressors/Meters	-		516 4,000	4,00
Dehydrator			517	
njection Plant/CO2 Equipment	·		518	
liscellaneous	419	The second se	519 1,000	2,0
	420		32,000	33,0
Conlingency				0.47 0.
Contingency TOTAL TANGIBLES TOTAL WELL COSTS		4,000	343,000	2,934,00

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

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We approve: _____% Working Interest

Company: By:

Printed Name: Title: Date:



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Surf. Loc: 75' FSL, 330' FWL, Sec 12, 1		COUNTY & STATE: Eddy Co, NM				
3HL: 330' FNL, 330' FWL, Sec 12, 17S WO/Pilot, 160 Acre	-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock				
	_					
NTANGIBLE COSTS		BCP	<u>ACP</u>	<u>TOTAL</u>		
Title/Curative/Permit	201	10,000		10,0		
nsurance	202	22,000 302		22,00		
Damages/Right of Way	203	303				
Survey/Stake Location	204	304				
ocation/Pits/Road Expense		10,000 305	10,000	20,0		
Drilling / Completion Overhead		<u> </u>	1,000	6,0		
Footage Contract		307				
Daywork Contract 12:3 @ \$13000/day	209 -	156,000 309	39,000	195,0		
Directional Drilling Services, With RS		350,000 310	55,000	350,0		
uel & Power		68,000 311	17,000	85,0		
Valer	212	25,000 312	75,000	100.0		
Bits	213	30,000 313	1,000	31,0		
Aud & Chemicals	214	15,000 314		15,0		
Drill Stem Test	215	315				
Coring & Analysis	216					
Cement Surface	217					
Cement Intermediate	218					
Cement 2nd Intermediate 7"	218	319				
Cement Squeeze & Other (NO Kickoff Plug)	220	320				
Toat Equipment & Centralizers	221	321				
Casing Crews & Equipment	222 -	322	13,000	13,0		
Ishing Tools & Service Geologic/Engineering	<u> </u>	100,000 323 10,000 324	1.000	100,0		
Contract Labor	- 225 -	10,000 324	1,000	40,0		
Company Supervision	- 226 -	2,000 326	2,000	40,0		
Contract Supervision	- 227 -	17,000 327	4,200			
Festing Casing/Tubing	228	4,000 328	1,500	5,5		
Aud Logging Unit	229 /	12,000 329	1,000	12,0		
ogging	230	330	<u> </u>			
Perforating/Wireline Services		15,000 331	12,500	27,5		
Stimulation/Treating		332	950,000	950,0		
Completion Unit		12,000 333	45,000	57,0		
Swabbing Unit		334				
Rentals-Surface	235	15,000 335	45,000	60,0		
Rentals-Subsurface		60,000 336	10,000	70,0		
rucking/Forklift/Rig Mobilization	237	40,000 337	20,000	60,0		
Velding Services	238	3,000 338	1,500	4,5		
Vater Disposal	239	339	25,000	25,0		
Plug to Abandon	240	340				
Seismic Analysis	241	341				
Closed Loop & Environmental	244 -	50,000 344	4.000	50,0		
Miscellaneous	242	5,000 342	1,000	6,0		
TOTAL INTANGIBLES	243	105,000 343	131,300	236,3		
TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,0		
TANGIBLE COSTS						
Surface Casing	401			1,2		
ntermediate Casing	401 -	503				
Production Casing/Liner 4200' - 4.5"		503 _	51,000	51,0		
ubing		504				
Vellhead Equipment	405	505				
Pumping Unit		506				
Prime Maver		507				
Rods		508				
Pumps		509	······································			
anks		510				
lowlines		511 _		<u> </u>		
teater Treater/Separator		512	·····			
Electrical System Packers/Anchors/Hangers	414 -	513 514	230,000	230,0		
Couplings/Fittings/Valves	415 -	2,000 515	25,000	230,0		
Bas Compressors/Meters		516	4,000	4,0		
Dehydrator	`_	517				
njection Plant/CO2 Equipment		518		<u></u>		
Aiscellaneous	419	1,000 519	1,000	2,0		
Contingency	420	1,000 520	32,000	33,0		
TOTAL TANGIBLES		4,000	343,000	347.0		
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,0		
				•		
COG Operating LLC						
av. L Coffman / C. Bird	r	Date Prepared: 5/17/11				
By: J. Coffman / C. Bird	<u>`</u>					

We approve: ____% Working Interest

• • • •

Company: By: Printed Name: Title: Date:



August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

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

RE: Amendment to New Well Proposal Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 660' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter ٠ M in Section 12.
- The approximate BHL has been moved to 660' FNL and 330' FWL of Section 12. •

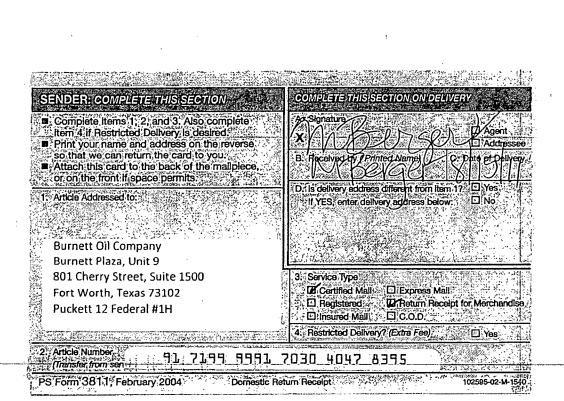
If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

tuart A. Dirks, CPL Senior Landman

Enclosure (s)



 Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	A Signature Agent
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.	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	□ D. Is delivery address different from item 1? □ Yes If YES, enter delivery address below: □ No
Burnett Oil Company	
Burnett Plaza, Unit 9	
801 Cherry Street, Suite 1500 Fort Worth, Texas 73102	3. Service Type 4. Service Type 4
D. J. HADE J. LUAN	
Puckett 12 Federal #1H	Insured Mail C.O.D.

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Javelina Partners 616 Texas Street Fort Worth, TX 76102

RE: **Amendment to New Well Proposal** Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 660' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

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Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
 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; 	A signature
Attach this card to the back of the mallplece, or on the front if space permits.	D. Is delivery address different from item 17 D. Yes
1. Article Addressed to: Javalina Partners	VIFYES, enter delivery address below: □ No
616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #1H	3. Service Type Certified Mall :: Dispress Mall Begistered :: Diffection Receipt for Merchandise Insured Mall :: C.O.D.
	4: Restricted Dollvery?, (Extra Fee)
2 Article Numt 91, 7199 9991 703	30 4047 8388
PS Form 3811, February 2004 Domestic Re	tum Receipt

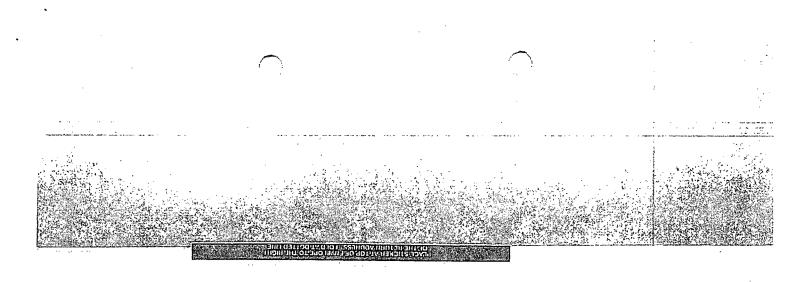
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SENDERCOMPLETENCES SECTION	A Signature
Item 4 If Restricted Delivery is desired. Print your name and address on the reverse	Agent
so that we can return the card to you: Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
Javalina Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #1H	3. Service.Type Certified Mall Express Mall Registered EXReturn Receipt for Merchandise : Junsured Mall C.O.D.

J.

PS Form 3811; February 2004

Domestic Return Receipt



August 11, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: Amendment to New Well Proposal Puckett "12" Federal #1H SHL: 75' FSL & 330' FWL (Unit M) of Section 12, T17S, R31E BHL: 660' FNL & 330 FWL, (Unit D) of Section 12, T17S, R31E Eddy County, New Mexico

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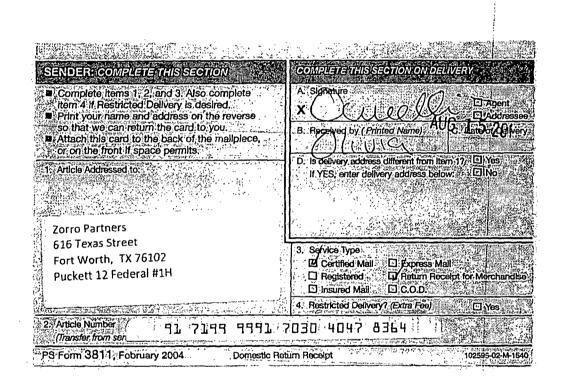
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Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)



Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. Print your name and address on the reverse	A. Signature X	Addressee
so that we can return the card to you. Attach this card to the back of the maliplece, or on the front if space permits.	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item	
	If YES, enter delivery address below	
Zorro Partners 616 Texas Street Fort Worth, TX 76102	3. Sefvice Type	
	3. Sefvice Type	



U.S. Certified Mail Return Receipt Requested

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

RE:	New	Well	Proposal	

Puckett "12" Federal #2H SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address:	Fasken Center, Tower II	550 West Texas Avenue, Suite	100 f	Midland, Texas 79701	PHONE 432.683.7443	fax 432.683.7441
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Surf. Loc: 110' FNL, 990' FWL, Sec 12, 1						
3HL: 330' FSL, 990' FWL, Sec 12, 17S-3	31E	OBJECTIVE: 9900'	MD (5500' TVD) Pa	ddock		
	_					
NTANGIBLE COSTS		BCP	ACP	TOTAL		
itle/Curative/Permit	201	10,000		10,00		
isurance	202	22,000 302		22,00		
Damages/Right of Way	203	303				
urvey/Stake Location	204	304				
ocation/Pits/Road Expense	205	10,000 305	10,000	20,00		
Drilling / Completion Overhead	206	5,000 306	1,000	6,00		
urnkey Contract	207	307				
ootage Contract	208	308				
Daywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,00		
Directional Drilling Services, With RS	210	350,000 310		350,00		
Fuel & Power	_ 211	68,000 311	17,000	85,00		
Valer	- 212	25,000 312	75,000	100,00		
Bits	_ 213	30,000 313	1,000	31,00		
Aud & Chemicals Drill Stem Test	- 214 215	<u> </u>		15,00		
Coring & Analysis	- 215	315 -	······································			
Cement Surface	- 217		·	····		
Cement Intermediate	- 218		·	·		
Cement 2nd Intermediate 7*	218	319				
Cement Squeeze & Other (NO Kickoff Plug)	- 220	320				
Poat Equipment & Centralizers	- 221	321				
Casing Crews & Equipment	- 222	322	13,000	13,00		
Fishing Tools & Service	223	100,000 323		100,00		
Geologic/Engineering	224	10,000 324	1,000	11.00		
Contract Labor	225	10,000 325	30,000	40,00		
Company Supervision	- 226	2,000 326	2,000	4,00		
Contract Supervision	227	17,000 327	4,200	21,20		
Testing Casing/Tubing	228	4,000 328	1,500	5,50		
Aud Logging Unit	229	12,000 329		12,00		
ogging	230	330				
Perforating/Wireline Services	231	15,000 331	12,500	27,50		
Stimulation/Treating		332	950,000	950,00		
Completion Unit		12,000 333	45,000	57,00		
Swabbing Unit		334	;			
Rentals-Surface	235	15,000 335	45,000	60,00		
Rentals-Subsurface	236	60,000 336	10,000	70,00		
Frucking/Forklift/Rig Mobilization	237	40,000 337	20,000	60,00		
Vater Disposal	- 238 239	3,000 338 339	1,500	4,50		
Plug to Abandon	- 239 240	339 -	25,000	25,00		
Seismic Analysis	- 241	340		·		
Closed Loop & Environmental	- 244	50,000 344		50,00		
Aiscellaneous	242	5,000 342	1,000	6,00		
Contingency	243	105,000 343	131,300	236,30		
TOTAL INTANGIBLES	_	1,151,000	1,436,000	2,587,00		
ANGIBLE COSTS			1			
Surface Casing	401			1,20		
ntermediate Casing	402	503				
Production Casing/Liner 4200' - 4.5"	-	503	51,000	51,00		
ubing	-	504 -				
Velihead Equipment	405	505				
Pumping Unit	-	506		·····		
Prime Mover	<u>-</u>	507				
Rods	-	508				
rumps		509				
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lectrical System		513				
ackers/Anchors/Hangers	414	514	230,000	230,00		
ouplings/Fittings/Valves	415	2,000 515	25,000	27,00		
as Compressors/Melers		516 _	4,000	4,00		
ehydrator	<u></u>	517 _	·			
njection Plant/CO2 Equipment	- 440	518	4.000			
Aiscellaneous	- 419	1,000 519	1,000	2,00		
Contingency TOTAL TANGIBLES	420	1,000 520	32,000	33,00		
TOTAL WELL COSTS	_	4,000	343,000	347,00		
		1,155,000	1,779,000	2,934,00		
OG Operating LLC						
y: J. Coffman / C. Bird		Date Prepared: 5/17/11				

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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.

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WELL NAME: Puckett "12" Federal #2H		PROSPECT			
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17				Eddy Co, NM	
3HL: 330' FSL, 990' FWL, Sec 12, 17S-31	E	OBJECTIVE:	10500	' MD (6100' TVD) (Jpper Blinebry
VO/Pilot, 160 Acre					
NTANGIBL <u>E COSTS</u>		BCP		ACP	TOTAL
itle/Curative/Permit	201	10,000		AUP	10,00
nue/Curalive/Permit	201	22,000	302 -		22,00
amages/Right of Way	203		303		
urvey/Stake Location	204	.	304		······································
ocation/Pits/Road Expense	204	10,000	304 -	10,000	20,00
rilling / Completion Overhead	206	5,000	306	1,000	6,00
urnkey Contract	207		307	1,000	0,00
potage Contract	208		308		
aywork Contract 12:3 @ \$13000/day	209	156,000	309 -	39,000	195,00
irectional Drilling Services, With RS	210	350,000	310		350,00
uel & Power	211	68,000	311	17,000	85,00
/ater	212	25,000	312	75,000	100,00
its	213	30,000	313	1,000	31,0
lud & Chemicals	214	15,000	314		15,00
rill Stem Test	215		315	······	
oring & Analysis	216				
ement Surface	217	·····			
ement Intermediate	218				· · · · · · · · · · · · · · · · · · ·
ement 2nd Intermediate 7" ement Squeeze & Other (NO Kickoff Plug)	218 220		319 320 -		
	220		320 -		
loat Equipment & Centralizers asing Crews & Equipment	221	·	321 -	13,000	13,0
shing Tools & Service	222	100,000	323 -		100,0
eologic/Engineering	223	10,000	323 -	1,000	11,0
ontract Labor	225	10,000	325	30,000	40,0
ompany Supervision	226	2,000	326	2,000	4,0
ontract Supervision	227	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
lud Logging Unit	229	12,000	329		12,0
ogging	230		330 🗌		
erforating/Wireline Services	231	15,000	331	12,500	27,50
limulation/Trealing			332 _	950,000	950,00
ompletion Unit		12,000	333 _	45,000	
wabbing Unit	225	15.000	334 -	45.000	
tentals-Surface	235 236	15,000	335 336	45,000	60,00
rucking/Forklift/Rig Mobilization	230	40,000	337	20,000	60,00
/elding Services	238	3,000	338	1,500	4,50
Valer Disposal	230	3,000	339	25,000	25,00
lug to Abandon	240		340	20,000	20,00
eismic Analysis	241		341		·····
Closed Loop & Environmental	244	50,000	344		50,00
Aiscellaneous	242	5,000	342 -	1,000	6,00
Contingency	243	105,000	343 -	131,300	236,30
TOTAL INTANGIBLES		1,151,000	-	1,436,000	2,587,00
			_		
ANGIBLE COSTS					
unface Casing	401		_		1,20
Itermediate Casing	402		503 _		
roduction Casing/Liner 4200' - 4.5"			503 _	51,000	51,00
ubing			504 _		
/ellhead Equipment	405		505 _		
umping Unit			506 _		
rime Mover			507		
umps			508 - 509 -	·····	
anks			510	· · · · · · · · · · · · · · · · · · ·	·
lowlines			511		
eater Treater/Separator			512	<u></u>	
lectrical System		<u></u>	513		
ackers/Anchors/Hangers	414	····	514	230,000	230,00
ouplings/Fittings/Valves	415	2,000	515	25,000	27,00
as Compressors/Meters			516	4,000	4,00
ehydrator			517		
Jection Plant/CO2 Equipment			518		
	419	1,000	519 _	1,000	2,00
	420	1,000	520 _	32,000	33,00
TOTAL TANGIBLES TOTAL WELL COSTS		4,000	_	343,000	347,00
		1,155,000	~	1,779,000	2,934,00
OG Operating LLC					
iy: J. Coffman / C. Bird		Date Prepared:	5/17/11		
Ve approve:					
Working Interest					
ompany:					
y:					
rinted Name:					

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Printed Name: Title: Date:

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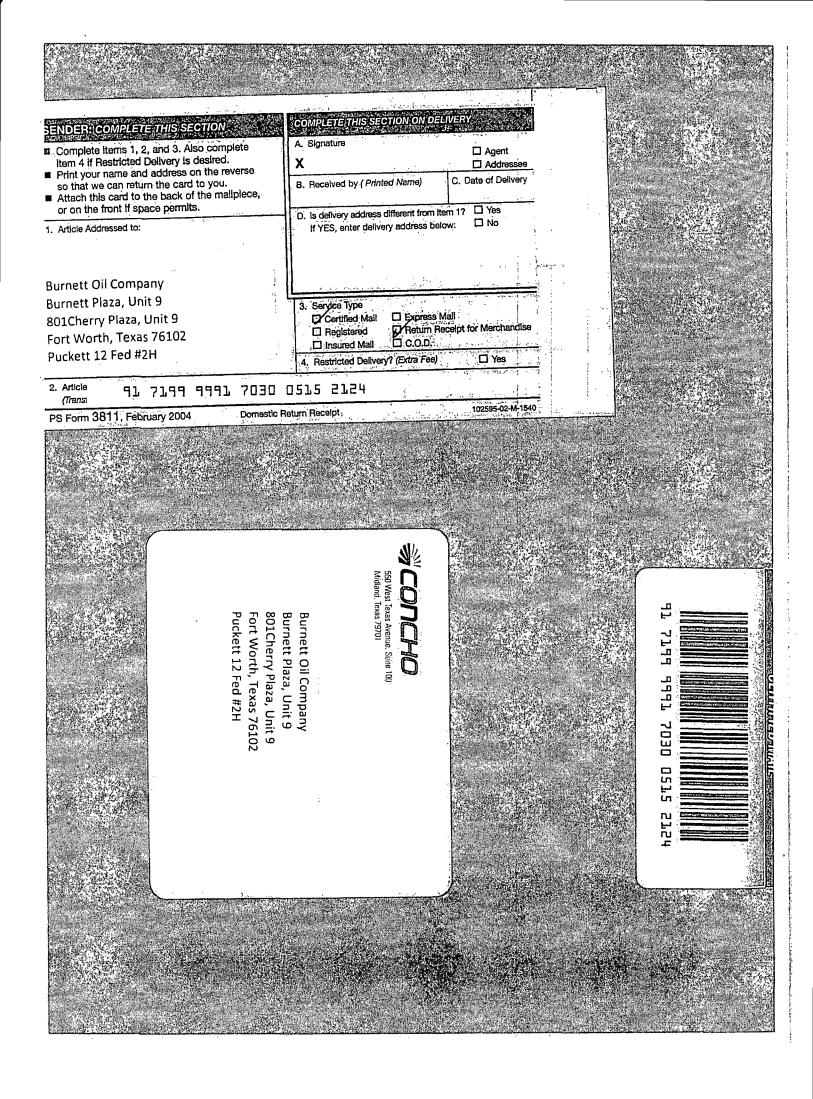
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WELL NAME: Puckett "12" Federal #2		PROSPECT NAME:		
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 1		COUNTY & STATE: OBJECTIVE: 11021		
BHL: 330' FSL, 990' FWL, Sec 12, 17S-3	1E	OBJECTIVE: 11021		Lower Billiebry
WO/Pilot, 160 Acre	-			
INTANGIBLE COSTS		<u>BCP</u>	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000 302		22,000
Damages/Right of Way	203	15,000 303		15,000
Survey/Stake Location	_ 204	3,000 304		3,000
Location/Pits/Road Expense	205	40,000 305	65,000	105,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract	207	307	······	0
Footage Contract	_ 208	308		0
Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS	_ 209	260,000 309	26,000	286,000
Fuel & Power	_ 210	400,000 310	11.050	400,000
Water	211	112,500 311	<u>11,250</u> 75,000	<u> </u>
Bits	- 212	45,000 312	1,000	46,000
Mud & Chemicals	- 213	25,000 314	1,000	25,000
Drill Stem Test	- 215			0
Coring & Analysis	216			<u>0</u>
Cement Surface	217	16.000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320		0
Float Equipment & Centralizers	221	3.500 321	15,000	18,500
Casing Crews & Equipment	222	7,000 322	13,000	20,000
Fishing Tools & Service	223	323		0
Geologic/Engineering	224	10,000 324	1,000	11,000
Contract Labor	225	10,000 325	30,000	40,000
Company Supervision	226	2,000 326	2,000	4,000
Contract Supervision	- 227		4,000	32,000
Testing Casing/Tubing	_ 228	4,000 328	1,500	5,500
Mud Logging Unit	_ 229	16,000 329	5.000	16,000
Logging Perforating/Wireline Services	230	0 330 -	5,000	5,000
Stimulation/Treating	231	3,500 331 332	125,000	128,500
Completion Unit	-	333	40,000	
Swabbing Unit	-	334	40,000	40,000
Rentals-Surface	235	20,000 335	100,000	120,000
Rentals-Subsurface	236	30,000 336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000 337	100,000	140,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239	339	25,000	25,000
Plug to Abandon	240	340		0
Seismic Analysis	241	341	,	0
Closed Loop & Environmental	244	120,000 344	* *	120,000
Miscellaneous	242	5,000 342	1,000	6,000
Contingency	243	131,500 343	149,750	281,250
TOTAL INTANGIBLES	-	1,433,000	1,633,000	3,066,000
_		*		
TANGIBLE COSTS				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000 503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	_	503	260,000	260,000
Tubing 6200' 2 7/8"	-	504	38,000	38,000
Wellhead Equipment	405	30,000 505	18,000	48,000
Pumping Unit Prime Mover	-	506	97,000	97,000
Prime Mover	-	507	20.000	0
Pumps	-	508	<u> </u>	<u> </u>
Tanks	-	510	20,000	20,000
Flowlines	-	510	15,000	15,000
Heater Treater/Separator		512	25,000	25,000
Electrical System	-	513		0
Packers/Anchors/Hangers	414	514		
Couplings/Fittings/Valves	415	2,000 515	25,000	27,000
Gas Compressors/Meters	-	516	4,000	4,000
Dehydrator	-	517		0
Injection Plant/CO2 Equipment	-	518		0
Miscellaneous	419	1,000 519	1,000	2,000
	420	11,000 520	55,500	66,500
TOTAL TANGIBLES	-	112,000	602,000	714,000
TOTAL WELL COSTS	-	1,545,000	2,235,000	3,780,000
COG Operating LLC				
By: J. Coffman / C. Bird		Date Prepared: 5/16/11		
	-			
We approve:				
% Working Interest				
Company:	_			
By:	_			

Printed Name: Title: Date:





U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE:	New	Well	Pro	posal

Puckett "12" Federal #2H SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

Yours truly,

COG Operating LLC AU 10

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

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VELL NAME: Puckett "12" Federal #2H Surf. Loc: 110' FNL, 990' FWL, Sec 12,	17S-31E	COUNTY & S	TATE:	Eddy Co, NM	
3HL: 330' FSL, 990' FWL, Sec 12, 17S	-31E	OBJECTIVE: 9	9900' N	/ID (5500' TVD) Pac	Jdock
•					
NTANGIBLE COSTS		<u>BCP</u>		<u>ACP</u>	TOTAL
ille/Curative/Permit	201	10,000			10,0
Isurance	202	22,000	302		22,0
amages/Right of Way	203		303	<u></u>	
urvey/Stake Location	204		304		
ocation/Pits/Road Expense	205	10,000	305	10,000	20,0
rilling / Completion Overhead	206	5,000	306	1,000	6,0
urnkey Contract	207		307		-
polage Contract	208		308		******
aywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
irectional Drilling Services, With RS		350,000	310		350,0
uel & Power	211	68,000	311	17,000	85,0
/ater		25,000	312	75,000	100,0
its	213	30,000	313	1,000	31,0
lud & Chemicals		15,000	314		15,0
rill Stem Test	215		315		
oring & Analysis	216				
ement Surface					
ement Intermediate	218				
ement 2nd Intermediate 7"	218		319		
ement Squeeze & Other (NO Kickoff Plug)	220		320 🗌		
loat Equipment & Centralizers	221		321		
asing Crews & Equipment	222		322	13,000	13,0
ishing Tools & Service	223	100,000	323		100,0
eologic/Engineering	224	10,000	324	1,000	11,(
ontract Labor	225	10,000	325	30,000	40,0
company Supervision	226	2,000	326	2,000	4,0
ontract Supervision	227	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
fud Logging Unit	229	12,000	329		12,0
ogging			330	·····	
erforating/Wireline Services	231	15,000	331	12,500	27,5
Stimulation/Treating	_		332	950,000	950,0
Completion Unit		12,000	333 🗍	45,000	57,0
wabbing Unit		·	334		
Rentals-Surface	235	15,000	335	45,000	60,0
Rentals-Subsurface	236	60,000	336	10,000	70,0
rucking/Forklift/Rig Mobilization	237	40,000	337 -	20,000	60,0
Velding Services	238	3,000	338	1,500	4,5
Vater Disposal	239		339	25,000	25,0
Plug to Abandon	240		340		
Seismic Analysis	241		341		
Closed Loop & Environmental	244	50,000	344		50,0
Aiscellaneous	242	5,000	342	1,000	6,0
Contingency	243	105,000	343	131,300	236,3
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,0
ANGIBLE COSTS					
urface Casing	401		_		1,2
ntermediate Casing	402		503		
Production Casing/Liner 4200' - 4.5"			503	51,000	51,0
ubing			504		
Vellhead Equipment	405		505		i
Pumping Unit	<u></u>	······	506		
rime Mover			507		
lods			508		
umps			509		
anks			510 _	<u> </u>	
lowlines			511		
leater Treater/Separator			512		
lectrical System			513		
ackers/Anchors/Hangers	414		514	230,000	230,0
ouplings/Filtings/Valves	415	2.000	515	25,000	27,0
Sas Compressors/Meters			516	4,000	4,0
Dehydralor			517		
njection Plant/CO2 Equipment			518		
Aiscellaneous	419	1,000	519	1,000	2,0
Contingency	420	1,000	520	32,000	33,0
TOTAL TANGIBLES		4,000		343,000	347,0
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,0
	*				
COG Operating 11 C					
COG Operating LLC					
y: J. Coffman / C. Bird		Date Prepared:	5/17/11		
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We approve: _____% Working Interest

Company: By:

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Printed Name: Title: _____ Date:

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WELL NAME: Puckett "12" Federal #2H Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17			TATE	Eddy Co, NM	
BHL: 330' FSL, 990' FWL, Sec 12, 17S-31		OBJECTIVE:	10500	' MD (6100' TVD) L	Jpper Blinebry
VO/Pilot, 160 Acre				-	
NTANCIPI E COSTS		BCB			TOTAL
	204	BCP		ACP	TOTAL
itle/Curative/Permit	201 202	10,000	302 -	<u></u>	10,00
Damages/Right of Way	202		303		
Survey/Stake Location	203		304		
ocation/Pits/Road Expense	204	10,000	305	10,000	20,00
Drilling / Completion Overhead	206	5,000	306	1,000	6,00
urnkey Contract	207		307 -		
oolage Contract	208		308 _		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309 🗌	39,000	195,00
Directional Drilling Services, With RS	210	350,000	310 _	47.000	350,00
Fuel & Power	211 212	68,000	311 312 -	17,000	85,00
Bits	212	30,000	313	1,000	31,00
Aud & Chemicals	214	15,000	314		15,00
Drill Stem Test	215		315	· · · · · · · · · · · · · · · · · · ·	- <u></u>
Coring & Analysis	216		_		
Cement Surface	217		_		<u></u>
Cement Intermediate	218				
Cement 2nd Intermediate 7" Cement Squeeze & Other (NO Kickoff Plug)	218 220		319 320 -		
Float Equipment & Centralizers	220		320 -	· · · · · · · · · · · · · · · · · · ·	· · · ·
Casing Crews & Equipment	222		322 -	13,000	13,00
Fishing Tools & Service	223	100,000	323		100,00
Seologic/Engineering	224	10,000	324	1,000	11,00
Contract Labor	225	10,000	325	30,000	40,00
Company Supervision	226	2,000	326 _	2,000	4,00
Contract Supervision	227	. 17,000	327 _	4,200	21,20
Testing Casing/Tubing	228	4,000	328 _	1,500	5,50
Aud Logging Unit	229	12,000	329 330 -		12,00
Perforating/Wireline Services	230	15,000	331	12,500	27,50
Stimulation/Treating			332	950,000	950,00
Completion Unit		12,000	333 -	45,000	57,00
Swabbing Unit			334 🗌		
Rentals-Surface	235	15,000	335	45,000	60,00
Rentals-Subsurface	236	60,000	336 _	10,000	70,00
Trucking/Forklift/Rig Mobilization	237	40,000	337 _	20,000	60,00
Velding Services	238	3,000	338 _	1,500	4,50
Vater Disposal Plug to Abandon	239 240		339 340	25,000	25,00
Seismic Analysis	240		340 -		
Closed Loop & Environmental	244	50,000	344		50,00
Miscellaneous	242	5,000	342	1,000	6,00
Contingency	243	105,000	343	131,300	236,30
TOTAL INTANGIBLES		1,151,000	_	1,436,000	2,587,00
TANGIBLE COSTS	404				1 20
Surface Casing	401 402		503 -		1,20
Production Casing/Liner 4200' - 4.5"	402		503	51,000	51,00
Fubing			504		
Vellhead Equipment	405		505	· · · · · · · · · · · · · · · · · · ·	<u> </u>
Pumping Unit			506		
Prime Mover			507		
Rods			508 _		
Pumps			509		
Flowlines		·······	510 511		
Heater Treater/Separator			512		
Electrical System		······	512 -	<u></u>	
Packers/Anchors/Hangers	414		514	230,000	230,00
Couplings/Fittings/Valves	415	2,000	515	25,000	27,00
Sas Compressors/Meters		····	516	4,000	4,00
Dehydrator			517		
njection Plant/CO2 Equipment			518		
Miscellaneous	419	1,000	519	1,000	2,00
TOTAL TANGIBLES	420	1,000	⁵²⁰ -	32,000	33,00
TOTAL WELL COSTS		4,000	-	343,000 1,779,000	2,934,00
TOTAL WELL COULD			-		2,304,00
COG Operating LLC					
By: J. Coffman / C. Bird		Date Prepared:	5/17/11		
We approve:					
% Working Interest					
Company:					
Зу:					
Janlad Mama					

Printed Name: Title: Date:

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

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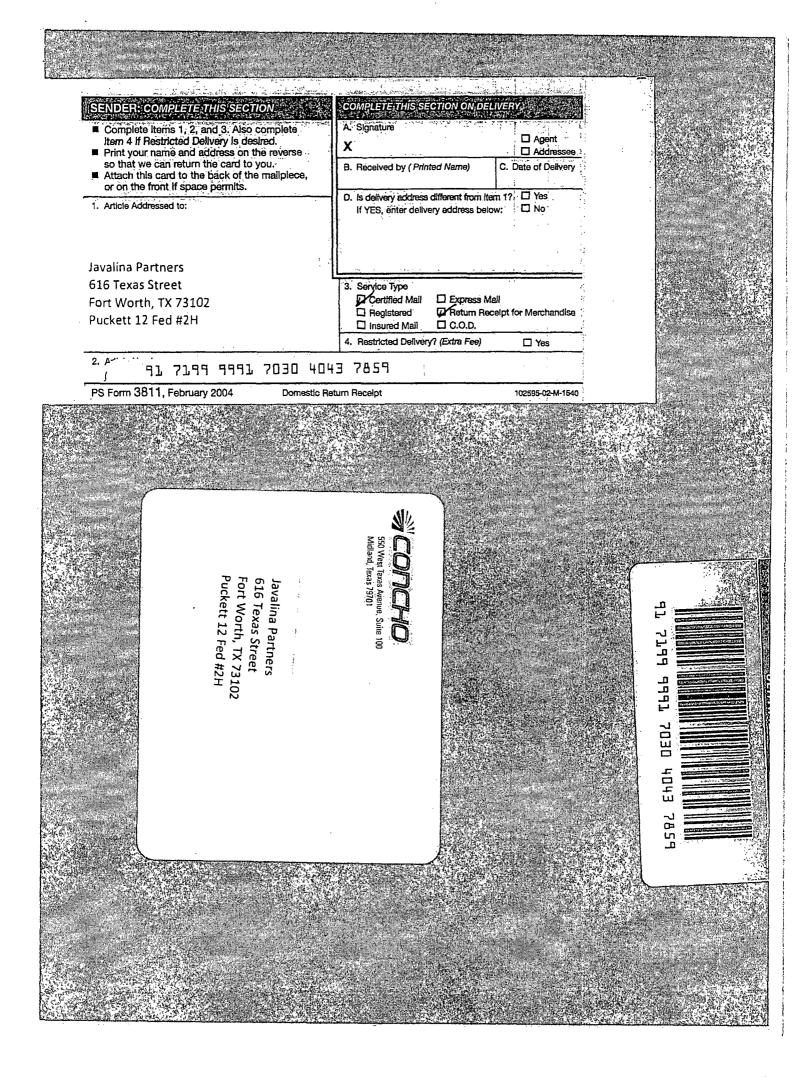
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Printed Name: Title: Date:

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WELL NAME: Puckett "12" Federal #2H Surf. Loc: 110' FNL, 990' FWL, Sec 12, 17S-31		PROSPECT COUNTY & S	Eddy Co, NM		
3HL: 330' FSL, 990' FWL, Sec 12, 175-31E				MD (6600' TVD) Lower Blinebry	
VO/Pilot, 160 Acre					
	_				
NTANGIBLE COSTS		BCP		ACP	TOTAL
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	203	3,000	•		3,0
urvey/Stake Location	204	40,000		65,000	105,0
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/ater	212	30,000		75,000	105,
its	213	45,000		1,000	46,
ud & Chemicals	214	25,000			25,
rill Stem Test	215		315		
oring & Analysis	216	•••	–		**************************************
ement Surface	217	16,000			16,
ement Intermediate		16,000			16,
ement Production 7"x5.5"	218		319	70,000	70,
ement Squeeze & Other (NO Kickoff Plug)	220		320		
bat Equipment & Centralizers	221	3,500		15,000	18,
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eologic/Engineering		10,000		1,000	11,
ontract Labor		10,000		30,000	40,
ompany Supervision	226	2,000	326	2,000	
ontract Supervision	227	28,000	327	4,000	32,
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ogging	230	0	330	5,000	5,
erforating/Wireline Services	231	3,500	331	125,000	128,
timulation/Treating		_	332	760,000	760,
ompletion Unit			333	40,000	40,
wabbing Unit			334		
entals-Surface	235	20,000	335	100,000	120,
entals-Subsurface	236	30,000	336	10,000	40,
rucking/Forklift/Rig Mobilization	237	40,000		100,000	140,
/elding Services	238	3,000	-	1,500	4,
/aler Disposal	239		_ 339	25,000	25,
lug to Abandon	240		_ 340 _		
eismic Analysis	241		341		
losed Loop & Environmental	244	120,000			120,1
liscellaneous	242	5,000		1,000	6,
	243	131,500		149,750	281,
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,
ANGIBLE COSTS					
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roduction Casing/Liner 6900' - 7", 4200' - 5.5"	402	48,000			48.0
ubing 6200' 2 7/8"			503 -	260,000	260,0
ellhead Equipment	405	20.000	504	38,000	38,
umping Unit	400		. ⁵⁰⁵ -	18,000	48,1
nme Mover			. 506 —	97,000	97,
Dds			- 507	39,000	39,0
umps			509	4,500	
anks		<u> </u>	510	20,000	20,0
owlines			511	15,000	
eater Treater/Separator			512	25,000	25,0
ectrical System			513	20,000	
ackers/Anchors/Hangers	414		514		<u> </u>
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as Compressors/Meters			516	4,000	4,0
ehydrator			517		
jection Plant/CO2 Equipment			518		
iscellaneous	419	1,000		1,000	2,0
phingency	420	11,000		55,500	66,
TOTAL TANGIBLES		112,000		602,000	714,0
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,
DG Operating LLC					
: J. Coffman / C. Bird		Date Prepared:	5/16/11		
e approve: % Working Interest					
ompany:					
y:					





U.S. Certified Mail Return Receipt Requested

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

Puckett "12" Federal #2H SL: 110' FNL & 990' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FSL & 990' FWL, (Unit M) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #2H, as a triple lateral well at the captioned location, or at an approved surface location within said Unit D, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Ugi U i O

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

RE: New Well Proposal

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Surf. Loc: 110' FNL, 990' FWL, Sec 12, 3HL: 330' FSL, 990' FWL, Sec 12, 17S-		COUNTY & S OBJECTIVE:		MD (5500' TVD) Pad	ddock
	,				
NTANGIBLE COSTS		BCP		<u>ACP</u>	<u>TOTAL</u>
Fitle/Curative/Permit	201	10,000	_		10,
nsurance	202	22,000	302		22.
Damages/Right of Way	203		303		
Survey/Stake Location	204		304		
ocation/Pits/Road Expense	205	10,000	305	10,000	20,
Drilling / Completion Overhead		5,000	306	1,000	6
urnkey Contract			307		_
ootage Contract			308	<u></u>	
aywork Contract 12:3 @ \$13000/day		156,000	309 -	39,000	195,
irectional Drilling Services, With RS	210	350,000	310		350,
uel & Power		68,000	311	17,000	
Valer		25,000	312	75,000	100,
its	213	30,000	313	1,000	31,
ud & Chemicals		15,000	314		15,
rill Stem Test	215		315		
oring & Analysis		· · · · · · · · · · · · · · · · · · ·			
ement Surface	217 -				
ement Intermediate	218				
ement 2nd Intermediate 7"	218	······	319 -		<u></u>
ement Squeeze & Other (NO Kickoff Plug)	220		320 -		_
oat Equipment & Centralizers	- 221 -	<u> </u>	321 -		
asing Crews & Equipment	- 221 -	··· · · · · · · · · · · · · · · · · ·	321 -	13,000	
	- ²²² 223 -	100.000	_	12,000	the second se
shing Tools & Service	_ ~	100,000	323 -	4 000	100
eologic/Engineering	- ²²⁴ - 225 -	10,000	324	1,000	
ontract Labor		10,000	325	30,000	40
ompany Supervision	226	2,000		2,000	4
ontract Supervision		,	327 _	4,200	21
esting Casing/Tubing	- 228 -	4,000	328	1,500	5,
ud Logging Unit	- 229 -	12,000	329	<u>.</u>	12,
gging	230		330 _		<u> </u>
erforating/Wireline Services	231	15,000	331 _	12,500	27
imulation/Treating		· · · · · · · · · · · · · · · · · · ·	332	950,000	950
ompletion Unit		12,000	333 _	45,000	57
vabbing Unit			334 _		
entals-Surface	235	15,000	335	45,000	60
entals-Subsurface	236	60,000	336	10,000	70
ucking/Forklift/Rig Mobilization	237	40,000	337	20,000	- 60,
elding Services	238	3,000	338 🗍	1,500	4
ater Disposal	239		339	25,000	25
lug to Abandon	240		340		
eismic Analysis	241		341		_
losed Loop & Environmental	244	50,000	344		50,
liscellaneous	242	5,000	342 🗍	1,000	- 6,
ontingency	243	105,000	343 🔤	131,300	236,
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587
		······			
ANGIBLE COSTS					
urface Casing	401				1,
lermediate Casing	402		503 -		
oduction Casing/Liner 4200' - 4.5"			503	51,000	51,
ibing			504	- 1,000	
ellhead Equipment	405 -		505	<u></u>	
Imping Unit			506		<u></u>
ime Mover			507 -		
ods			508		
imps		· · · · · · · · · · · · · · · · · · ·	509		
nks			510		
pwlines		······································	511 -		
ater Treater/Separator			512		<u> </u>
ectrical System			513		
ckers/Anchors/Hangers	— ₄₁₄ —		514 -	230,000	230
uplings/Fittings/Valves	415	2,000	515	25,000	230
as Compressors/Melers		£_000	516	4,000	4
hydrator			517 ~	4,000	
ection Plant/CO2 Equipment			518		<u></u>
scellaneous	419 -	1,000	519	1,000	2
onlingency	419 -	1.000	520	32,000	33
TOTAL TANGIBLES		4,000	- "	343,000	
TOTAL WELL COSTS		1,155,000	_	1,779,000	2,934
			_		
DG Operating LLC					
		Date Prepared:			

Company: By:

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Printed Name: Title: Date:

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17S-31E 31E 	OBJECTIVE: <u>BCP</u> 10,000 22,000		MD (6100' TVD) U	pper Blinebry <u>TOTAL</u>
202 203 204	10,000		ACP	TOTAL
202 203 204	10,000		ACP	TOTAL
202 203 204	10,000		ACP	<u>TOTAL</u>
202 203 204				
203 204	22,000			10,00
204		302		22,0
		303	<u> </u>	
205		304		
	10,000	305	10,000	20,0
206	5,000	306	1,000	6,00
207		307		
208		308		
-			39,000	195,0
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			13 000	13,00
223	100,000	323		100,00
224		324	1,000	11,00
225	10,000	325	30,000	40,00
226	2,000	326	2,000	4,00
227	17,000	327	4,200	21,20
228	4,000	328	1,500	5,50
229	12,000	329		12,00
230	·····	330		
231	15,000			27,50
 .	······			950,00
	12,000	-	45,000	57,00
	45.000	-	45.000	
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			the second s	70,00
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	105.000			236,30
	1,151,000	·	1,436,000	2,587,00
		_		
401				1,20
402		503		
		503	51,000	51,00
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			220.000	
	2 000	-		230,00
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419	1.000		1.000	2,00
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We approve: ____% Working Interest

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Company: By:

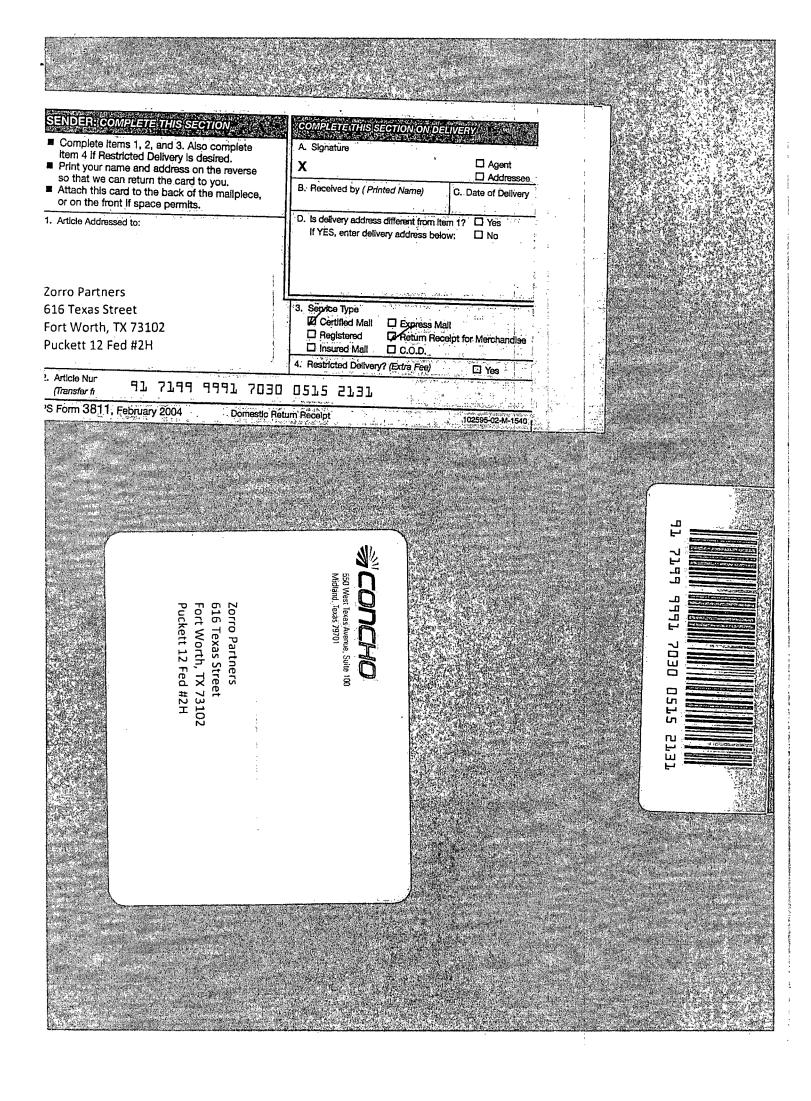
Printed Name: Title:

Title: Date:

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WELL NAME: Puckett "12" Federal #2		PROSPECT NAME:	Puckett	
Surf. Loc: 110' FNL, 990' FWL, Sec 12, 1		COUNTY & STATE:		
BHL: 330' FSL, 990' FWL, Sec 12, 17S-3	51E	OBJECTIVE: 11021'	MD (6600' TVD)	Lower Blinebry
WO/Pilot, 160 Acre	-			
INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	<u>H01</u>	10,000
Insurance	- 202	22,000 302		22,000
Damages/Right of Way	203	15,000 303		15,000
Survey/Stake Location	 204	3,000 304		3,000
Location/Pits/Road Expense	205	40,000 305	65,000	105,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract	_ 207	307		<u> </u>
Footage Contract Daywork Contract 20:2 @ \$13000/day	208 209		26,000	286,000
Directional Drilling Services, With RS	- 210	400,000 310	20,000	400,000
Fuel & Power	- 211	112,500 311	11,250	123,750
Water	212	30,000 312	75,000	105,000
Bits	213	45,000 313	1,000	46,000
Mud & Chemicals	214	25,000 314		25,000
Drill Stem Test	_ 215	315		0
Coring & Analysis Cement Surface	216 217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320		0
Float Equipment & Centralizers	221	3,500 321	15,000	18,500
Casing Crews & Equipment	222	7,000 322	13,000	20,000
Fishing Tools & Service Geologic/Engineering	223 224	323	1 000	0
Contract Labor	- 224 225	10,000 324		40,000
Company Supervision	226	2,000 326	2,000	4,000
Contract Supervision	227	28,000 327	4,000	32,000
Testing Casing/Tubing	228	4,000 328	1,500	5,500
Mud Logging Unit	229	16,000 329		16,000
Logging	230	0 330	5,000	5,000
Perforating/Wireline Services Stimulation/Treating	231	3,500 331	125,000	128,500
Completion Unit	_	332	760,000 40,000	760,000 40,000
Swabbing Unit		334	40,000	
Rentals-Surface	235	20,000 335	100,000	120,000
Rentals-Subsurface	236	30,000 336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000 337	100,000	140,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239 240	339 340	25,000	25,000
Seismic Analysis	- 240 241	340		0
Closed Loop & Environmental	244	120,000 344	·····	120,000
Miscellaneous	242	5,000 342	1,000	6,000
Contingency	243	131,500 343	149,750	281,250
TOTAL INTANGIBLES	_	1,433,000	1,633,000	3,066,000
TANGIBLE COSTS Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000 503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	-	503	260,000	260,000
Tubing 6200' 2 7/8"		504	38,000	38,000
Wellhead Equipment	405	30,000 505	18,000	48,000
Pumping Unit		506	97,000	97,000
Prime Mover	-	507 508	39.000	39,000
Pumps		509	4,500	4,500
Tanks		510	20,000	20,000
Flowlines	_	511	15,000	15,000
Heater Treater/Separator	-	512	25,000	25,000
Electrical System		513		0
Packers/Anchors/Hangers Couplings/Filtings/Valves	414 415	2,000 515	25,000	27,000
Gas Compressors/Meters			4,000	4,000
Dehydrator	-	517		4,000
Injection Plant/CO2 Equipment		518		0
Miscellaneous	419	1,000 519	1,000	2,000
Contingency	420	11,000 520	55,500	66,500
TOTAL TANGIBLES TOTAL WELL COSTS	_	112,000	602,000 2,235,000	714,000 3,780,000
TOTAL WELL COSTS	_	1,545,000	2,235,000	3,780,000
COG Operating LLC				
By: J. Coffman / C. Bird	-	Date Prepared: 5/16/11		
We approve:				
Working Interest				
Сомрапу:				
Ву:	-			
Printed Name:	_			a ta pauluour sha
Title: Date:	_	This AFE is only an estimate of the actual costs incurred.	. by signing you agre	e to pay your share



June 20, 2011

U.S. Certified Mail Return Receipt Requested

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

CF

RE: <u>New Well Proposal</u> Puckett "12" Federal #3H SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc M P N **N** Electronic Certified Package ID: 9171999991703005118298 First Class Large Envelope Destination ZIP Code: 76102 Customer Reference: Recipient Confirmation PBP Account #: 41592288 Services Serial #: 1364097 Address JUN 20 2011 4:16 PM ucht Gel

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VDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY, Section 1		!
Complete items 1, 2, and 3. Also complet tem 4 If Restricted Delivery is desired.	A Provention Provide A Chigen	1	
Print your name and address on the rever- so that we can return the card to you. Attach this card to the back of the mailple or on the front if space permits.		:	
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Article Addressed to:	If YES, enter cleuvery address below:		
grnett Oil Company			
yrnett Plaza, Unit 9 191 Cherry Street, Suite 1500		:	
ort worth, Texas 76102 uckett 12 Federal #3H	3. Service Type 27 Certified Mail 2 Express Mail	;	
	Registered Return Receipt for Merchandise Insured Mail C.O.D.		
	4. Restricted Delivery? (Extra Fee)	1	
Article Number 91, 71,94 Transfer from service lat,			
Form 3811, February 2004 Do	nestic Return Receipt 102595-02-M-1540		
) J	
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INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location		3,000	304	······	3,000
Location/Pits/Road Expense	205		305	65,000	105,000
Drilling / Completion Overhead			306	1,000	6,000
		3,000	307	1,000	0,000
Turnkey Contract	207	······································		<u></u>	0
Footage Contract	208		308		
Daywork Contract 20:2 @ \$13000/day	209		309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310		400,000
Fuel & Power	211	112,500	311	11,250	123,750
Water .		30,000	312	75,000	105,000
Bits		45,000	313	1,000	46,000
Mud & Chemicals		the second s	314		25,000
Drill Stem Test	215		315		0
Coring & Analysis	216	•	0.0		0
Cement Surface	210	16,000		<u>_</u>	16,000
					16,000
Cement Intermediate	218	16,000	~ ~ ~	70.000	
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		. 0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222	7,000	322	13,000	20,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225			30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227		327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
		· · · · · · · · · · · · · · · · · · ·	320 329	1,000	16,000
Mud Logging Unit	229				
Logging	230	0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface		30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization		40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239	5,000	339	25,000	25,000
				25,000	
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242		342	1,000	6,000
Contingency	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	502		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	- 402	40,000			
			503	260,000	260.000
Tubing 6200' 2 7/8"	<u> </u>		504	38,000	38,000
Wellhead Equipment	405		505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover			507		0
Rods			508	39,000	39,000
Pumps	_		509	4,500	4,500
Tanks		_ 	510	20,000	20,000
Flowlines		<u> </u>	511	15,000	15,000
Heater Treater/Separator	-		512	25,000	25,000
Electrical System		the second se	513		0
Packers/Anchors/Hangers	- 414		514	······································	0
Couplings/Fittings/Valves	414	~	514	25.000	27,000
Gas Compressors/Meters				25,000	
	_	Particular and the second s	516	4,000	4,000
Dehydrator			517	_ ,	
Injection Plant/CO2 Equipment			518		0
Miscellaneous	419		519	1,000	2,000
Contingency	420	11,000	520	55,500	66,500
TOTAL TANGIBLES		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,000
<u> </u>	—				· · ·
COG Operating LLC					
					•
By: J. Coffman / C. Bird		Date Prepared: 5	5/16/1	1	
Eg. o. combine o. bird	_				
					4
We approve:					1
We approve: % Working Interest					:
% Working Interest					;
	_				<i>:</i>
% Working Interest	_				
% Working Interest Company:					, , ,
% Working Interest Company:					, , ,

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

WELL NAME: Puckett "12" Federal #3H	PROSPECT NAME: I	Puckett	,
Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E	COUNTY & STATE:	Eddy Co, NM	:
BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' N	AD (6100' TVD)	Upper Blinebry
WO/Pilot, 160 Acre			
INTANGIRI E COSTS	RCD	ACD	τοται

INTANGIBLE COSTS	•	BCP		ACP	<u>TOTAL</u>
Title/Curative/Permit	201	10,000	_		10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203		303		C
Survey/Stake Location			304		
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead		5,000	306	1,000	6,000
Tumkey Contract			307		
Footage Contract	208		308		(
Daywork Contract 12:3 @ \$13000/day	209	156,000	309 -	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310		350,000
Fuel & Power		68,000	311	17,000	85,000
Water	212	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	214	15,000	314		15,000
Drill Stem Test	215		315		(
Coring & Analysis					
Cement Surface					
Cement Intermediate					· · · · · · · · · · · · · · · · · · ·
Cement 2nd Intermediate 7"	218		319 -		
Cement Squeeze & Other (NO Kickoff Plug)	220 -		320		
Float Equipment & Centralizers	221		321		
Casing Crews & Equipment			322	13,000	13,00
		100.000		13,000	
Fishing Tools & Service Geologic/Engineering	<u>223</u>	100,000	323 <u>-</u> 324 -	1 000	100,000
	<u>224</u>	10,000		1,000	the second s
Contract Labor	225 -	10,000	325 326	30,000	40,00
Company Supervision Contract Supervision	- 226 - 227 -	2,000	326	2,000	
	227	17,000	327 -	4,200	
Testing Casing/Tubing Mud Logging Unit	228 -	4,000	328	1,500	12,00
	<u>229</u>	12,000	329		12,00
Perforating/Wireline Services	230 -	15,000	331	12,500	27,500
Stimulation/Treating		15,000	332	950,000	950,000
Completion Unit	<u>`</u>	12,000	333 -	45,000	57,000
Swabbing Unit		12,000	333 -	43,000	<u> </u>
Rentals-Surface		15,000	335 -	45,000	60,000
Rentals-Subsurface	236 -	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization		40,000	337	20.000	60,00
Welding Services		3,000	338	1,500	4,500
Water Disposal	239 -		339		25,000
Plug to Abandon	239 _ 240 _		340	25,000	
Seismic Analysis	<u>240</u>		340	_	· · · · · · · · · · · · · · · · · · ·
	241 _	50.000	_		50,000
Closed Loop & Environmental		50,000	344	4 000	
Miscellaneous	242	5,000	342	1,000	6,000
Contingency TOTAL INTANGIBLES	243	105,000	343	131,300	236,300
TOTAL INTANGIBLES		1,151,000		1,430,000	2,567,000
TANGIBLE COSTS					
Surface Casing	401				1.00
Intermediate Casing	401 - 402 -		503 -		1,200
Production Casing/Liner 4200' - 4.5"	402	<u> </u>		51,000	51,000
Tubing			503	51,000	<u> </u>
Wellhead Equipment	405		504 <u>-</u>	<u></u>	
Pumping Unit			506		
Prime Mover		<u> </u>			(
Rods			507 508	. <u> </u>	
Pumps			508 _		
Tanks			509		
Flowlines			510 <u>-</u>	······	(
Heater Treater/Separator			512		
Electrical System			512		
Packers/Anchors/Hangers	414		513	230,000	230,000
Couplings/Fittings/Valves		2,000		25,000	230,000
Gas Compressors/Meters		2,000	516	4,000	4,000
Dehydralor			510 -	~,000	4,00
Injection Plant/CO2 Equipment			518	•	
Miscellaneous	419	1,000	519	1.000	2,000
Contingency	419 -	1,000		32,000	33,000
TOTAL TANGIBLES		4,000	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000
		.,	-		
					•
COG Operating LLC					
By: J. Coffman / C. Bird	r	Date Prepared:	5/17/11		÷
1					
We approve:					:
We approve. % Working Interest					
Company:					
By:					
	<u> </u>				
Printed Name:					
Title:	<u> </u>	This AFF is only on	Actimate	e. By signing you agre	e lo nav vour share
Date:		of the actual costs in			

of the actual costs incurred.

Date:

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WELL NAME: Puckett "12" Federal #3H Surf. Loc: 75' FNL, 1650' FWL, Sec 12,		. PROSPECT NAME COUNTY & STATE		
BHL: 330' FSL, 1650' FWL, Sec 12, 179		OBJECTIVE: 9900'		addock
WO/Pilot, 160 Acre	-			
INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curalive/Permit	201	10,000	ACP	10,000
nsurance		22,000 302		22,000
Damages/Right of Way	203	303		(
Survey/Stake Location	204	304		
ocation/Pits/Road Expense	205	10.000 305	10,000	20,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract		307		(
Footage Contract	208	308		· (
Daywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,000
Directional Drilling Services, With RS	210	350,000 310		350,000
Fuel & Power	211	68,000 311	17,000	85,00
Water	212	25,000 312	75,000	100,000
Bits Mud & Chemicals	213 214	<u> </u>	1,000	31,000
Drill Stem Test	214			15,00
Coring & Analysis	216			
Cement Surface	217	<u> </u>		
Cement Intermediate	218	······································		; ;
Cement 2nd Intermediate 7"	218	319		
Cement Squeeze & Other (NO Kickoff Plug)	220	320		(
Float Equipment & Centralizers	221	321		
Casing Crews & Equipment	222	322	13,000	13,000
Fishing Tools & Service	223	100,000 323	4.000	100,00
Geologic/Engineering	224	10,000 324	1,000	40,00
Contract Labor Company Supervision		2,000 325	30,000	40,00
Contract Supervision	- ²²⁰ 227	17,000 327	4,200	21,20
Testing Casing/Tubing	228	4,000 328	1,500	5,50
Mud Logging Unit		12,000 329		12,00
Logging	230	330		<u>`</u>
Perforating/Wireline Services	231	15,000 331	12,500	27,500
Stimulation/Treating		332	950,000	950,000
Completion Unit		12,000 333	45,000	57.00
Swabbing Unit Rentals-Surface		334 15,000 335	45,000	60,000
Rentals-Subsurface	236	60,000 336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000 337	20,000	60,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239	339	25,000	25,000
Plug to Abandon		340		(
Seismic Analysis	241	341		: (
Closed Loop & Environmental	244	50,000 344		50,000
Miscellaneous	242	5,000 342	1,000	6,000
	243	105,000 343	131,300	236,300
TOTAL INTANGIBLES	_	1,151,000	1,436,000	2,587,000
TANGIBLE COSTS				î
Surface Casing	401			1,200
Intermediate Casing	402	503	····	(
Production Casing/Liner 4200; - 4.5*		503	51,000	51,000
Tubing		504		(
Wellhead Equipment	405	505		
Pumping Unit	•	506		(
Prime Mover		507		
Rods		⁵⁰⁸ -		· · · · · · · · · · · · · · · · · · ·
Pumps Tanks		509 510 -		· · · · · · · · · · · · · · · · · · ·
Flowlines		511 -		
Heater Treater/Separator	<u> </u>	512		(
Electrical System		513		·
Packers/Anchors/Hangers	414	514	230,000	230,00
Couplings/Fittings/Valves	415	2,000 515	25,000	27,00
Gas Compressors/Meters		516	4,000	4,00
Dehydrator Injection Plant/CO2 Equipment		517 518		
Miscellaneous	419	1,000 519	1,000	2,00
Contingency	419	1,000 519	32,000	33,00
TOTAL TANGIBLES		4,000	343,000	347,00
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,00
COG Operating LLC				
By: J. Coffman / C. Bird		Dale Prepared: 5/17/1	1.	•
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We approve:		н. Т		
% Working Interest				
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Company:				
Ву:				
Driels d Manage				
		This AFF is only an actim	te By sinning you agree	e to pay your share
Printed Name: Title: Date:	<u> </u>	This AFE is only an estimation of the actual costs incurrent		e to pay your share

C.J

June 20, 2011

U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal

Puckett "12" Federal #3H SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

S. Dorks - 9

Stuart A. Dirks, CPL Senior Landman

Enclosure (<) DRE/rc	عراً ا		R A		
3	Ocean	Package ID: 91719999917030051 Destination ZIP Code: 76102	18311	First	Electronic Certified Class Large Envelope
	Confirmation Services	Recipient: Javalance	4 3 H		P. Account #: 41592288 Serial #: 1364097 JUN 20 2011 4:14 PM

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 SANDER: HOOMPLETETTINESSECTION Complete items 1, 2, and 3. Also complete items 4 if Restricted Delivery is desired. Print your name and address on the reverso that we can return the card to you. Attach this card to the back of the mailple or on the front if space permits. Article Addressed to: Javalina Partners G16 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H 2. Article Number 91 	se ace, D. Is' delivery address different from the If YES; enter delivery, address belo 3. Service Type E. Certified Mail	all selpt for Merchandise	
	omestic Return Receipt	102595-02-M-1540	
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	"12" Federal #3H	PROSPECT NAME:		
urf. Loc: 75' FNL, 1650'		COUNTY & STATE:		<u> </u>
HL: 330' FSL, 1650' FW	L, Sec 12, 17S-31E	OBJECTIVE: 11021	MD (6600' TVD) L	ower Blinebry
VO/Pilot, 160 Acre	· · · · · · · · · · · · · · · · · · ·			1
NTANGIBLE COSTS		BCP	ACP	<u>TOTAL</u>
itle/Curative/Permit	201	10,000		10,0
surance	202	22,000 302		22,0
amages/Right of Way	203	15,000 303		
urvey/Stake Location	204	3,000 304		3,0
ocation/Pits/Road Expense	205	40,000 305	65,000	105,0
rilling / Completion Overhead	206	5,000 306	1,000	6,0
urnkey Contract	207	307		
potage Contract	208	308		
aywork Contract 20:2 @ \$1300)/day 209	260,000 309	26,000	286,0
rectional Drilling Services, With		400,000 310		400,0
Jel & Power	211	112,500 311	11,250	123,7
ater	212	30,000 312	75,000	105,0
ls	213	45,000 313	1,000	46,0
ud & Chemicals	214	25,000 314		25,0
ill Stem Test	215	315		
pring & Analysis	216			
ement Surface	217	16,000	<u> </u>	16.0
ement Intermediate	218	16,000		.16,0
ement Production 7"x5.5"	218	319	70,000	70,0
ement Squeeze & Other (NO Ki		320	<u> </u>	
pat Equipment & Centralizers	221	3,500 321	15,000	.18,
ising Crews & Equipment	222	7,000 322	13,000	20,
shing Tools & Service	223	323		
eologic/Engineering	224	10,000 324	1,000	.11,
ntract Labor	225	10,000 325	30,000	.40,
mpany Supervision	226	2,000 326	2,000	. 4,
Intract Supervision	227	28,000 327	4,000	32,0
sting Casing/Tubing	228	4,000 328	1,500	5,
Id Logging Unit	229	16,000 329		.16,
gging	230	0 330	5,000	
rforating/Wireline Services	231	3,500 331	125,000	128,
mulation/Treating		332	760,000	760,0
mpletion Unit		333	40.000	40,0
vabbing Unit		334	40,000	
ntals-Surface	235	20,000 335	100,000	120,0
Intals-Subsurface	236	30,000 336	10,000	40,0
ucking/Forklift/Rig Mobilization	237	40,000 337	100,000	140,0
elding Services	238	3,000 338	1,500	4,5
ater Disposal	239	339	25,000	25,0
ug to Abandon	239 240	340	23,000	23,0
ismic Analysis	240			
osed Loop & Environmental	241	341		
scellaneous	244 242	120,000 344	1.000	120,0
ontingency	242	131,500 343	1,000	16,0
TOTAL INTANGIBLES	243	1,433.000 343	149,750	281,2
		1,455,000	1,035,000	5,000,0
ANGIBLE COSTS	404	a a a aa		
rface Casing 550' 13 3/8"	401	20,000		1,2
ermediate Casing 1850' 9 5/8" oduction Casing/Liner 6900' - 7	402	48,000 503	200.000	48,0
bing 6200' 2 7/8"	, 4200 - 5.5	503	260,000 38,000	260,0
slihead Equipment	405			
mping Unit	405	30,000 505	18,000 97,000	48,0
me Mover		506	000,16	
ds		507	39,000	39,0
mps			4,500	4,5
nks		510	20,000	20,0
wlines		510		where we are a second se
aler Treater/Separator		511	15,000	15.0
ectrical System			25,000	25,0
ckers/Anchors/Hangers	414	513		
uplings/Fittings/Valves	414 415	2,000 515	25,000	
s Compressors/Meters	410	2,000 515	4,000	27,0
hydrator		518	4,000	4,0
action Plant/CO2 Equipment			<u> </u>	
scellaneous	419	1,000 519	1,000	2,0
ntingency	413	11,000 520	55,500	66,5
TOTAL TANGIBLES		112,000	602,000	714,0
TOTAL WELL COST	s	1,545,000	2,235,000	3,780,0
			212001000	
				:
G Operating LLC				
- shoreinið era				:
J. Coffman / C. Bird		Date Prepared: 5/16/11		1
		Jale riepaleu. 3/10/11		
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e approve: % Working Interest				
// working interest				
monour				
mpany:				
:				
nled Name:				
		This AFF is call as call-	By signing you per-	to nay your shore
Inted Name:		This AFE is only an estimate of the actual costs incurred.	. By signing you agree	to pay your share

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WELL NAME: Puckett "12" Federal #3H	PROSPECT NAME: Puckett
Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201 202	10,000	302		10,000
Damages/Right of Way	202	22,000	302		0
Survey/Stake Location	204		304	·····	0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract Footage Contract	207 208		307 308		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310		350,000
Fuel & Power	211	68,000	311	17,000	(85,000
Water Bits	212 213	25,000 30,000	312 313	75,000	100,000
Mud & Chemicals	213	15,000	314	1,000	15,000
Drill Stem Test	215		315		0
Coring & Analysis	216				· 0
Cement Surface Cement Intermediate	217 218				· · · · · · · · · · · · · · · · · · ·
Cement 2nd Intermediate 7	218		319		<u> </u>
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221		321		0
Casing Crews & Equipment Fishing Tools & Service	222 223	100,000	322 323	13,000	13,000
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision Testing Casing/Tubing	227 228	4,000	327 328	4,200	<u>21,200</u>
Mud Logging Unit	229	12,000	329	1,500	12,000
Logging	230		330		0
Perforating/Wireline Services	231	15,000	331	12,500	27,500
Stimulation/Treating Completion Unit		12,000	332 333	950,000 45,000	950,000
Swabbing Unit		12,000	333 334	45,000	0
Rentals-Surface	235	15,000	335	45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization Welding Services	237 238	40,000	337 338	20,000	60,000
Weiding Services	230		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental Miscellaneous	244 242	50,000	344 342	1,000	50,000
Conlingency	242	105,000	343	131,300	236,300
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,000
					· · · ·
TANGIBLE COSTS Surface Casing	401				1,200
Intermediate Casing	402		503		0
Production Casing/Liner 4200' - 4.5"			503	51,000	51,000
Tubing Weilhead Equipment	405		504 505		. 0
Pumping Unit	400		506	······	
Prime Mover			507		<u> </u>
Rods			508		<u> </u>
Pumps Tanks		<u> </u>	509 510		0
Flowlines			511		0
Heater Treater/Separator			512		0
Electrical System	** *		513		0
Packers/Anchors/Hangers Couplings/Fittings/Valves	414 415	2,000	514 515	230,000 25,000	230,000
Gas Compressors/Meters	-		516	4,000	4,000
Dehydrator		·	517		0
Injection Plant/CO2 Equipment Miscellaneous	419	1,000	518 519	1,000	2,000
Conlingency	420	1,000		32,000	33,000
TOTAL TANGIBLES	•	4,000		343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000
COG Operating LLC					
By: J. Coffman / C. Bird		Date Prepared:	5/17/	11	
We approve:					·
% Working Interest					
Company					
Company: By:					
Printed Name:			a	ala Dustastas	
Title: Date:		of the actual costs in			agree to pay your share

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WELL NAME: Puckett 112" Federal #3H	PROSPECT NAME: Puckett	1
Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 17S-31E	COUNTY & STATE: Eddy Co, NM	:
BHL: 330' FSL, 1650' FWL, Sec 12, 17S-31E	OBJECTIVE: 9900' MD (5500' TVD) Paddock	< · · ·
WO/Pilot, 160 Acre		[
		• *
INTANGIBLE COSTS	BCP ACP	TOTAL

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000 3	02	22,000
Damages/Right of Way	203	3	03	. 0
Survey/Stake Location		3	104	i o
Location/Pits/Road Expense		10,000 3	10,000	20,000
Drilling / Completion Overhead			1,000	6,000
Turnkey Contract	207	3	07	0
Footage Contract	208	3	808	0
Daywork Contract 12:3 @ \$13000/day		156,000 3	39,000	195,000
Directional Drilling Services, With RS	210		110	350,000
Fuel & Power	211		11 17,000	85,000
Water	212		75,000	100,000
Bits		and the second	13 1,000	31,000
Mud & Chemicals	214		14	15,000
Drill Stem Test	215		115	
Coring & Analysis	216			
Cement Surface				
Cement Intermediate				C
Cement 2nd Intermediate 7*	218	,	319	
Cement Squeeze & Other (NO Kickoff Plug)			320	
Float Equipment & Centralizers	221 _		321	
Casing Crews & Equipment	222		13,000	13,000
Fishing Tools & Service	223 -		323	100,000
			the state of the s	11,000
Geologic/Engineering	²²⁴		324 <u>1,000</u> 325 <u>30,000</u>	40,000
Contract Labor	225 _			40,000
Company Supervision	226 227 7		326 <u>2,000</u> 327 4,200	21,200
Contract Supervision	228		the second se	5,500
Testing Casing/Tubing			the second se	
Mud Logging Unit	229 _		329	12,000
Logging Padarating Mircling Services	230		330 33112,500	27,500
Perforating/Wireline Services	231		331 12,500 332 950,000	950,000
Stimulation/Treating				57,000
Completion Unit				the second s
Swabbing Unit			334	.; 0
Rentals-Surface	235 _		45,000	60,000
Rentals-Subsurface	236		10,000	70,000
Trucking/Forklift/Rig Mobilization	237		337 20,000	60,000
Welding Services	238		1,500	4,500
Water Disposal	239	and the second se	339 25,000	25,000
Plug to Abandon	240		340	
Seismic Analysis	241		341	
Closed Loop & Environmental	244		344	50,000
Miscellaneous	242		342 1,000	6,000
Contingency	243		343 131,300	236,300
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TANGIBLE COSTS				
Surface Casing	401			1,200
Intermediate Casing	402		503	<u> </u>
Production Casing/Liner 4200; - 4.5"		and the second	503 51,000	51,000
Tubing			504	C
Wellhead Equipment	405		505	(
Pumping Unit			506	
Prime Mover			507	(
Rods			508	. (
Pumps			509	
Tanks			510	(
Flowlines			511	(
Heater Treater/Separator			512	
Electrical System			513	(
Packers/Anchors/Hangers	414		514 230,000	230,000
Couplings/Fittings/Valves	415		51525,000	27,000
Gas Compressors/Meters			516 4,000	4,000
Dehydrator			517	
Injection Plant/CO2 Equipment			518	
Miscellaneous	419		519 1,000	2,000
Contingency	420	1,000 5		33,000
TOTAL TANGIBLES		4,000	343,000	347,000
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,000
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COC 0				
COG Operating LLC				
		Data Dronora -	147/44	
By: J. Coffman / C. Bird		Date Prepared: 5	/17/11	:
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We approve:				
% Working Interest				:
Company:				
By:	<u> </u>			, t
Drinted Name:				÷
Printed Name:		This ACE is solver -	stimate. By signing you agr	ee to nay your chare
		of the actual costs inc		pay your andre
Date:		or the actual CUSIS III		

Date:

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

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June 20, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #3H SHL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #3H, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC Stuart A. Dirks, CPL Senior Landman

				3		
M						
Confirm	Destinatio	on ZIP Code: 76102	1		1	
			3 #		Serial #: 1364097	
	Confirm	Confirmation Services	Confirmation Services Recipient: <u>College</u> Address	Confirmation Services Recipient: <u>Column</u> Addressi	Package ID: 91719999991703005118304 E Confirmation Destination ZIP Code; 76102 First Class Confirmation Customer Reference; PBP Acc Address; PBP Acc	Package ID: 9171999991703005118304 Electronic Certified Confirmation Destination ZIP Code; 76102 Services Recipient: Addressi Services

Complete items 1, 2, and 3. Also complete tam 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 mallplece, or on the front if space permits. Article Addressed to: if YES, enter delivery address below: If YES, enter delivery address below: Article Addressed to:			\bigcirc
Complete items 1, 2, and 3. Also complete tem 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 maliplece, or on the front if space permits. Article Addressed to:			
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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 mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the card to you: Construction of the back of the mallplece, or on the front if space permits. Image: Construction of the back of the card to you: Construction of the back	NDER: COMPLETE THIS SECTIO	N COMPLETETHISSECTION	In the second
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Article Addressed to: D. 'is delivery address different from item 1? U. 'fes If YES, enter delivery address below: D. 'is delivery address below: If YES, enter delivery address below: D. 'is delivery address below: D	so that we can return the card to you Attach this card to the back of the m	PCReceived by (Printed Na	ne) C Date of Delivery
or o Partners 16 Texas Street ort Worth, TX 76102 uckett 12 Federal #3H Registered Roturn Receipt for Merchandise Insured Mail C.O.D.	Article Addressed to:	D. is delivery address differen	It from item 1? ress below: No
Jort Worth, TX 76102 3. Service Type Jockett 12 Federal #3H Image: Contified Mail Image: Contified Mail Image: Contified Mail	•		
Certified Mail Zeress Mail Registered Areturn Receipt for Merchandise Dinsured Mail C.O.D.	or o Partners		()) (
	i16 Texas Street ort Worth, TX 76102	3. Service Type	
	16 Texas Street ort Worth, TX 76102	Certified Mail	press Mali turn Receipt for Merchandise
(Transfer from service label)	16 Texas Street ort Worth, TX 76102 uckett 12 Federal #3H	Certified Mall Certifie	press Mali otum Receipt for Merchandise O.D. a Fee)
	16 Texas Street ort Worth, TX 76102 uckett 12 Federal #3H Article Number 기 (Transfer from service label)	Certified Mail Certifie	press Mali purn Receipt for Merchandise O.D.
	16 Texas Street ort Worth, TX 76102 Jokett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) a Yes B 3 0 4
	16 Texas Street ort Worth, TX 76102 Jokett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	16 Texas Street ort Worth, TX 76102 Jokett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	16 Texas Street ort Worth, TX 76102 Jokett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	16 Texas Street ort Worth, TX 76102 Jokett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	16 Texas Street ort Worth, TX 76102 Juckett 12 Federal #3H Article Number 71 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
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	ilő Texas Street ort Worth, TX 76102 uckett 12 Federal #3H Article Number 키고 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	516 Texas Street ort Worth, TX 76102 uckett 12 Federal #3H Article Number 91	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4
	516 Texas Street ort Worth, TX 76102 uckett 12 Federal #3H Article Number 기 (Transfer from service label)	Image: Contribution of the second data in the second data	(press Mali burn Receipt for Merchandise O.D. a Fee) B 3 0 4

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Printed Name: Title: Date:

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WELL NAME: Puckett "12" Federal #3				· · · ·
Surf. Loc: 75' FNL, 1650' FWL, Sec 12, 1		COUNTY & STATE		Lowor Plincher
BHL: 330' FSL, 1650' FWL, Sec 12, 175	-31E	OBJECTIVE: 1102		Lower Billiebry
WO/Pilot, 160 Acre				:
		PCD	ACD	TOTAL
INTANGIBLE COSTS	004	BCP	ACP	TOTAL
Title/Curative/Permit	- 201 202	10,000 302		10,000
Damages/Right of Way	202	15,000 303		15,000
Survey/Stake Location	203	3,000 304		3,000
Location/Pits/Road Expense	205	40,000 305	65,000	105,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract	207	307		(
Footage Contract	208	308		(
Daywork Contract 20:2 @ \$13000/day	209	260,000 309	26,000	286,000
Directional Drilling Services, With RS	_ 210	400,000 310	11.050	400,000
Fuel & Power Water	_ 211 	<u> </u>	<u>11,250</u> 75,000	123,750
Bits	212	45,000 313	1,000	46,000
Mud & Chemicals	214	25,000 314		25,000
Drill Stem Test	215	315		: (
Coring & Analysis	216			(
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	_ 218	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers	- 220 221	3,500 321	15,000	18,500
Casing Crews & Equipment	- 222	7,000 322	13,000	20,000
Fishing Tools & Service	223	323		;
Geologic/Engineering	224	10,000 324	1,000	11,000
Contract Labor	225	10,000 325	30,000	40,000
Company Supervision	_ 226	2,000 326	2,000	4,00
Contract Supervision Testing Casing/Tubing	227 228	28,000 327 4,000 328	4,000	32,000
Mud Logging Unit	- 229	16,000 329		16,000
Logging	- 230	0 330	5,000	5,000
Perforating/Wireline Services	231	3,500 331	125,000	128,500
Stimulation/Treating	_	332	760,000	760,000
Completion Unit	_	333	40,000	40,000
Swabbing Unit		334		(
Rentals-Subsurface Rentals-Subsurface	235	20,000 335	100,000	120,000
Trucking/Forklift/Rig Mobilization		30,000 336 40,000 337	10,000	40,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239	339	25,000	25,000
Plug to Abandon	240	340		(
Seismic Analysis	241	341		. (
Closed Loop & Environmental	244	120,000 344		120,000
Miscellaneous Contingency	_ 242	5,000 342	1,000	6,000
TOTAL INTANGIBLES	243	131,500 343	149,750	281,250
			1,000,000	
TANGIBLE COSTS				
Surface Casing 550' 13 3/8"	401	20,000		1,200
Intermediate Casing 1850' 9 5/8"	402	48,000 503		48,000
Production Casing/Liner 6900' + 7", 4200' - 5.5"	_	503	260,000	260,000
Tubing 6200' 2 7/8"	-	504	38,000	38,000
Wellhead Equipment	405	30,000 505	18,000	48,000
Pumping Unit Prime Mover		506 507	97,000	97,000
Rods	_	508	39,000	39,000
Pumps		509	4,500	4,500
Tanks		510	20,000	20,000
Flowlines	_	511	15,000	15,000
Heater Treater/Separator	_	512	25,000	25,000
Electrical System Packers/Anchors/Hangers	- 414	513		
Couplings/Fittings/Valves	- 414	2,000 515	25,000	27,000
Gas Compressors/Meters		516	4,000	4,000
Dehydrator	-	517		: (
Injection Plant/CO2 Equipment		518		
Miscellaneous	419	1,000 519	1,000	2,000
TOTAL TANGIBLES	420	11,000 520	55,500	66,500
TOTAL WELL COSTS	_	112,000	602,000	714,000
	_	1,545,000	2,235,000	3,780,000
COG Operating LLC				
By: J. Coffman / C. Bird	_	Date Prepared: 5/16/1	1	4
We approve:				
% Working Interest				.•
Company:				
Ву:	_			

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Printed Name: Title: Date:

	נ	RILLING			
MELL MARE Ducket "12" Enderet #24		DROCRECT			· ;
WELL NAME: Puckett "12" Federal #3H Surf. Loc: 75' FNL, 1650' FWL, Sec 12,	178 245	PROSPECT N			
		COUNTY & S			Inner Blinchny
BHL: 330' FSL, 1650' FWL, Sec 12, 175	5-31E	OBJECTIVE:	10500.1	MD (6100' TVD) L	pper Binebry
WO/Pilot, 160 Acre					· · · · · · · · · · · · · · · · · · ·
					TOTAL
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	· · · · · · · · · · · · · · · · · · ·	303		<u> </u>
Survey/Stake Location	204		304		0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		
Footage Contract	208	156.000	308	39,000	195,000
Daywork Contract 12:3 @ \$13000/day Directional Drilling Services, With RS	209 	156,000	309 310	39,000	350,000
Fuel & Power	210	68,000	311	17,000	85,000
Water	212	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	214	15,000	314		15,000
Drill Stem Test	215	·····	315		0
Coring & Analysis	216				0
Cement Surface	217				0
Cement Intermediate	218	<u> </u>			. 0
Cement 2nd Intermediate 7"	218		319		0
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers			321	10.000	0
Casing Crews & Equipment	- ²²² 223	100,000	322 323	13,000	13,000
Fishing Tools & Service		10,000	323	1,000	11,000
Geologic/Engineering Contract Labor	- 224 225	10,000	324	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329	*****	12,000
Logging	230		330 📃		0
Perforating/Wireline Services	231	15,000	331	12,500	27,500
Stimulation/Treating	-		332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit	—		334	46.000	0
Rentals-Surface	235	15,000	335	45,000	60,000
Rentals-Subsurface	236 237	60,000	336 337	10,000	60,000
Trucking/Forklift/Rig Mobilization Welding Services	237	40,000	338	1,500	4,500
Water Disposal	- 239	5,000	339	25,000	25,000
Plug to Abandon	240	·	340		; 0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	50,000	344		50,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	105,000	343	131,300	236,300
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,000
					:
TANGIBLE COSTS		1			
Surface Casing	401				1,200
Intermediate Casing	402		503		.; 0
Production Casing/Liner 4200' - 4.5"	_	•••••••••••••••••••••••••••••••••••••••	503	51,000	51,000
Tubing			504		
Wellhead Equipment	405		505 506		<u> </u>
Prime Mover			507		: 0
Rods	_	********	508		0
Pumps			509		0
Tanks			510		0
Flowlines			511		0
Heater Treater/Separator	_		512		0
Electrical System			513		0
Packers/Anchors/Hangers	414		514	230,000	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters	`	<u></u>	516	4,000	4,000
Dehydrator			517		0
Injection Plant/CO2 Equipment			518	4 000	2,000
Miscellaneous	419 420	1,000	519 520	1,000	33,000
Contingency TOTAL TANGIBLES	420	4,000	520	343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000
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COG Operating LLC					•
• •					
By: J. Coffman / C. Bird		Date Prepared:	5/17/11		
					2
We approve:					:
% Working Interest					
Company					,
Company:					l
By:					



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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

VELL NAME: Puckett "12" Federal #3H		PROSPECT NAME:		· · ·
urf. Loc: 75' FNL, 1650' FWL, Sec 12,	17S-31E	COUNTY & STATE:	Eddy Co, NM	
HL: 330' FSL, 1650' FWL, Sec 12, 17S	-31E	OBJECTIVE: 9900' I	MD (5500' TVD) Pa	ddock
VO/Pilot, 160 Acre				
NTANGIBLE COSTS		BCP	ACP	TOTAL
itle/Curative/Permit	201	10,000		10,0
surance	- 202	· 22,000 302	·····	22.0
	_			
amages/Right of Way	203	303		
urvey/Stake Location	204	304	·	
ocation/Pits/Road Expense	205	10,000 305	10,000	20,0
rilling / Completion Overhead		5,000 306	1,000	6,0
urnkey Contract	207	307		
bolage Coniract	208	308		
aywork Contract 12:3 @ \$13000/day	209	156,000 309	39,000	195,0
			33,000	
rectional Drilling Services, With RS	210	350,000 310	17.000	350,0
Jel & Power	211	68,000 311	17,000	85,0
ater	212	25,000 312	75,000	100,
ts	213	30,000 313	1,000	
ud & Chemicals	214	15,000 314		15,0
ill Stem Test	215	315		
oring & Analysis	216			
ement Surface	217			
ement Intermediate	218			1
ement 2nd Intermediate 7"	218	319		
ement Squeeze & Other (NO Kickoff Plug)		320	<u></u>	<u></u>
oat Equipment & Centralizers	221	321		
asing Crews & Equipment	222	322	13,000	13,
shing Tools & Service	223	100,000 323		100,
eologic/Engineering	- 223	10,000 323	1,000	100,0
pontract Labor		10,000 324	30,000	40,
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ompany Supervision	226	2,000 326	2,000	. 4,
ontract Supervision	227	17,000 327	4.200	21,
esting Casing/Tubing	228	4,000 328	1,500	. 5,
ud Logging Unit	229	12,000 329	<u> </u>	12,
pgging	230	330		
erforating/Wireline Services	231	15,000 331	12,500	27,
imulation/Treating		332	950,000	950,
ompletion Unit		12,000 333	45,000	57,
wabbing Unit		334		
entals-Surface	235	15,000 335	45,000	60,
entals-Subsurface	236	60,000 336	10,000	
ucking/Forklift/Rig Mobilization	237	40,000 337	20,000	60
elding Services	238	3.000 338	1,500	4
aler Disposal	239	339	25,000	25,
lug to Abandon	- 240	340	20,000	
eismic Analysis	240	340		
			·····	E0
losed Loop & Environmental	244	50,000 344		50,
iscellaneous	242	5,000 342	1,000	
onlingency	243	105,000 343	131,300	236,
TOTAL INTANGIBLES	—	1,151,000	1,436,000	2,587,
ANGIBLE COSTS				
urface Casing	401			1,
termediate Casing	402	503		
roduction Casing/Liner 4200' - 4.5"	—	503	51,000	51,
Jbing				
ellhead Equipment	405	505		
umping Unit		506 _		·
ime Mover	-		······································	;
ods				
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	_	510		· · · · · · · · · · · · · · · · · · ·
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owlines		511		·····
eater Treater/Separator		512		· · · · · · · · · · · · · · · · · · ·
ectrical System		513		
ackers/Anchors/Hangers	414	514	230,000	230,
ouplings/Fittings/Valves	415	2,000 515	25,000	27,
as Compressors/Meters		516	4,000	4,
ehydrator		517		
jection Plant/CO2 Equipment	_	518		
liscellaneous	419	1,000 519	1,000	2
onlingency	420	1,000 520	32,000	33,
TOTAL TANGIBLES		4,000	343,000	347,
TOTAL WELL COSTS		1,155,000	1,779,000	2,934,
			-	•
OG Operating LLC				
		Dalo Deservation attende		
y: J. Coffman / C. Bird		Dale Prepared: 5/17/11		
				:
√e approve: % Working Interest				
% Working Interest				
% Working Interest ompany:				
% Working Interest ompany: Y:				
% Working Interest		This AFE is only an estimat		



August 11, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #3H SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

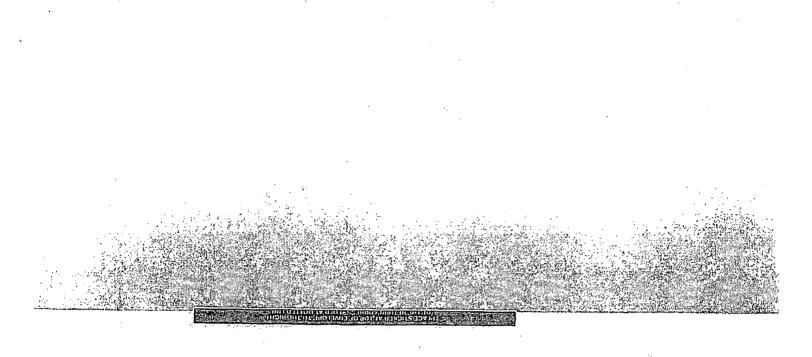
• The well will be drilled at an approved surface location within location unit letter C in Section 12.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman



Complete Items 1, 2; and 3. Also complete Item 4 If Restricted Delivery is desired. Print your name and address on the reverse	A. Signature	Agent	
Attach this card to the back of the mailplece, or on the front if space permits.	B. Received by (Printed Name)	C. Date of Delivery	
Article Addressed to:	D. Is delivery address different from iter If YES, enter delivery address below		
Burnett Oil Company			
Burnett Plaza, Unit 9		<u> </u>	j V
801 Cherry Street, Suite 1500	3. Service Type		
Fort Worth, Texas 73102	Certified Mail		
		elpt for Merchandise	
Puckett 12 Federal #3H	, 🗋 insured Mall 🔲 C.O.D.		



August 11, 2011

U.S. Certified Mail Return Receipt Requested

Javelina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #3H SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

• The well will be drilled at an approved surface location within location unit letter C in Section 12.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Complete items 1, 2, and 3, item 4 if Restricted Delivery i Print your name and address	s desired.	A. Signature X	Agent	
so that we can return the can Attach this card to the back or on the front if space perm	of the mailplece,	B. Received by (Printed Name)	C. Date of Delivery	
I. Article Addressed to:	······································	 D. Is delivery address different from If YES, enter delivery address t 		
		11		
Javalina Partners			<u> </u>	
Javalina Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H			Receipt for Merchandise	
616 Texas Street Fort Worth, TX 76102		Certified Mall CExpress	Receipt for Merchandise	
616 Texas Street Fort Worth, TX 76102	91 2144 44	Certified Mail Express Registered Insured Mail C.O.D.	Receipt for Merchandise	

GISSOMMERCH

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August 11, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #3H SL: 75' FNL & 1650' FWL (Unit C) of Section 12, T17S, R31E BHL: 330' FSL & 1650 FWL, (Unit N) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following correction:

• The well will be drilled at an approved surface location within location unit letter C in Section 12.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

t

Fort Worth, TX 76102 Puckett 12 Federal #3H	If YES, enter delivery address below: No 3. Service Type 2. Certified Mali Express Mali Registered Express Mali Insured Mali C.O.D. 4. Restricted Delivery? (Extra Fee)	
2 Article Number	030 4047 8340	

	SENDER: COMPLETE THIS SECTION	COMPLETEITHIS SECTION ON DELIVERY
-	Complete Items 1: 2; and 3. Also complete	Bignature Disconsister Bignature
:	Print your name and address on the reverse	X A A A A A A A A A A A A A A A A A A A
	so that we can return the card to you . Attach this card to the back of the malplece.	B. (Received Dy (Panter Viame)
	or on the front if space permits.	D. Is delivery address different from term 17.
	1. Article Addressed to:	H YES, enter delivery ectress below:
	Burnett Oil Company	
: نار	Burnett Plaza, Unit 9	
	801 Cherry Street, Suite 1500	3. Service Type
	Fort Worth, Texas 73102 Puckett 12 Federal #3H	Certified Mail ID Express Mail D Registered GR Return Receipt for Merchandise
1		□ Insured Mail
	A STATE OF A	4. Restricted Delivery? (Extra Fee)
	22: Article Number	91-7030-404718371

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State of the COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. A. Sigesture TAgent, X 10 .Print your name and address on the reverse Addressee so that we can return the card to you. Attach this card to the back of the mallplece. AUP 1 5 201 B A Received by (Printed Name) MULLICA or on the front if space permits. D. Is delivery address different from Item 17. 3 Yes. 1. Article Addressed to: If YES, enter delivery address below: I No -1.1 ک ایک ایک تو او Javalina Partners 616 Texas Street 3. Service Type Fort Worth, TX 76102 Express Mall LH Certified Mail Puckett 12 Federal #3H Registered Return Receipt for, Merchandis 1. Insured Mail C.O.D. (4: Rostrictod Delivery? (Extra Fee) È 2. Article Number 91 7199 9991 7030 4047 8357 (Transfer from service lat PS Form 3811, February 2004 Domestic Return Receipt \mathcal{S}_{1} 102595-02-M-1540

 SENDER: COMPLETENTISSECTIONS 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 maliplece or on the front if space permits; Article Addressed to: Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #3H 	B: Received by (Printed Name) C. Date of Delivery -
2 Article Number I (Transfer from servit	191 7030 4047 8340 11 1

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June 20, 2011

U.S. Certified Mail Return Receipt Requested

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

COPY

RE: <u>New Well Proposal</u> Puckett "12" Federal #5H SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s) DRE/rc

• •		D'	P	R	R.
	Confirmation Services	Package ID: 91719999917 Destination ZIP Code: 761 Customer Reference: Recipient:	02 		Electronic Certified First Class Large Envelope PBP Account #: 41592288
)	Gervices	Address:	2#5#		Serial #: 1364097 JUN 20 2011 4:17 PM

 ENDER: COMPLETE THISSECTION

 I Complete items 1; 2; and 3; Also complete item 4 if Restricted Delivery is desired.

 I 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 mallplece, or on the front if space permits.

 Article Addressed to:

 I. YES enter delivery address below:

 Burnett Oil Company Burnett Plaza, Unit 9

 801 Cherry Street, Suite 1500

 Fort worth, Texas 76102

 Puckett 12 Federal #5H

 Article Number (Transfer from service label)
 91 7199 9991 7030 4014 2975

 > Form 3811, February 2004
 Domestic Return Receipt

102595-02-M-1540

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T Yes



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COG OPERATING LLC AUTHORITY FOR EXPENDITURE

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/ELL NAME: Puckett "12" Federal #5/ urf. Loc: 10' FNL, 1781' FEL, Sec 13, 175		PROSPECT N		Eddy Co, NM	
HL: 330' FNL, 1980' FEL, Sec 12, 17S-3	1E			' MD (6600' TVD) La	wer Blineboy
/O/Pilot, 160 Acre	<u> </u>				JWCI Dialebiy
TANGIBLE COSTS		RCD		400	TOTAL
tle/Curative/Permit	204	BCP		ACP	TOTAL
Surance	201	10,000		· · · · · · · · · · · · · · · · · · ·	10.
	202	22,000	302 _		22,
amages/Right of Way	203	15,000	303 _		15,
urvey/Stake Location	204	. 3,000	304 _		3,
cation/Pits/Road Expense	205	40,000	305	65,000	105,
illing / Completion Overhead	206	5,000	306	1,000	6,
Inkey Contract	207		307		
potage Contract	208		308 _		
aywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,
rectional Drilling Services, With RS	210	400,000	310 _	-	400,
el & Power	211	112,500	311 _	11,250	123,
aler	212	30,000	312 _	75,000	105,
ts	213	45,000	313 _	1,000	46,
ud & Chemicals	214	25,000	314 _		25,
ill Stem Test	215		315		<u>.</u>
oring & Analysis	216		_		
ement Surface	217	16,000			<u> </u>
ement Intermediate	218	16,000	-	70.000	16,
ement Production 7 x5.5 ement Squeeze & Other (NO Kickoff Plug)	218		319	70,000	70,
pat Equipment & Centralizers	220 221	3,500	320	15 000	
asing Crews & Equipment	222	7,000	321 322	15,000	<u> </u>
shing Tools & Service	222	7,000	323	13,000	20,
eologic/Engineering	223	10.000	323 -	1.000	
ontract Labor	224 225	10,000	325	1,000	<u> </u>
ompany Supervision	225	2,000	326	2,000	40,
ontract Supervision	220	28,000	327 -	4,000	
esting Casing/Tubing	228	4,000	328	1,500	5,
ud Logging Unit	229	16,000	329	1,500	
logging onit	230	0	330	5,000	5,
erforating/Wireline Services	231	3,500	331	125,000	128.
imulation/Treating	201		332	760,000	760,
ompletion Unit			333	40,000	40.
vabbing Unit		·····	334	40,000	
entais-Surface	235	20,000	335	100,000	120,
entals-Subsurface	236	30,000	_	10,000	40,
ucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,
elding Services	238	3,000	338	1,500	4,
ater Disposal	239 .		339	25,000	25,
ug to Abandon	240	· · · · · · · · · · · · · · · · · · ·	340		
aismic Analysis	241		341		·····
osed Loop & Environmental	244	120,000	344		120,
iscellaneous	242	5,000	342 -	1,000	6,
onlingency	243	131,500	343	149,750	281,
TOTAL INTANGIBLES		1,433,000	_	1,633,000	3,066,
ANGIBLE COSTS					
urface Casing 550' 13 3/8"	401	20,000			1,
termediate Casing 1850' 9 5/8"	401	48,000	503		48,
roduction Casing/Liner 6900' - 7", 4200' - 5.5"	402	40,000	503 -	260,000	260,
ubing 6200' 2 7/8"			504 -	38,000	38,
/ellhead Equipment	405	30,000	505	18,000	48,
umping Unit			506	97,000	97,
rime Mover			507		
ods		<u> </u>	508	39,000	39,
umps			509	4,500	
anks			510	20,000	20,
owlines			511	15,000	15.
eater Treater/Separator			512	25,000	25
lectrical System			513		
ackers/Anchors/Hangers	414		514	<u> </u>	
ouplings/Fittings/Valves	415	2,000	515	25,000	27,
as Compressors/Meters			516	4,000	4
ehydrator			517		·····
jection Plant/CO2 Equipment			518		<u></u>
liscellaneous	419	1,000	519	1,000	
ontingency	420	11,000		55,500	66
TOTAL TANGIBLES	-	112,000		602,000	714
TOTAL WELL COSTS		1,545,000		2,235,000	3,780
			-		*****************

We approve: ____% Working Interest

Company: By:

Printed Name: Title: Date:



WELL NAME: Puckett "12" Federal #5H	PROSPECT NAME: Puckett
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 17S-31E	COUNTY & STATE: Eddy Co, NM
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E	OBJECTIVE: 10500' MD (6100' TVD) Upper Blinebry
WO/Pilot, 160 Acre	

INTANGIBLE COSTS Title/Curative/Permit	201	<u>BCP</u> 10,000		ACP	TOTAL 10,000
Insurance	- 202 -	22,000	302 —		22,000
Damages/Right of Way	202 -	22,000	303		
				· ;—	
Survey/Stake Location	204	10.000	304	10.000	0.000
Location/Pits/Road Expense Drilling / Completion Overhead	205	10,000 5,000	305 <u> </u>	10,000	20,000
Turnkey Contract	206	5,000		1,000	6,000
Foolage Contract		· · · · · <u>·</u> · · · · · · · · · · · · ·	³⁰⁷ 308		<u>_</u>
Daywork Contract 12:3 @ \$13000/day		156,000	309 -	39,000	195,000
Directional Drilling Services, With RS	210 -	350,000	310	33,000	350,000
Fuel & Power	211 -	68,000	311	17,000	85,000
Water	- 212 -	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	- 214 -	15,000	314	1,000	15,000
Drill Stem Test	215	10,000	315		0
Coring & Analysis	216 -				0
Cement Surface	- 217 -	·			0
Cement Intermediate	218			·····	0
Cement 2nd Intermediate 7*	218		319		0
Cement Squeeze & Other (NO Kickoff Plug)			320		0
Float Equipment & Centralizers	221 -		321		0
Casing Crews & Equipment			322	13,000	13,000
Fishing Tools & Service	223	100,000	323		100,000
Geologic/Engineering	224 -	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329		12,000
Logging	230		330		0
Perforating/Wireline Services	231	15,000	331 🗌	12,500	27,500
Stimulation/Treating			332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit			334		0
Rentals-Surface	235	15,000	335	45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,000
Welding Services Water Disposal		3,000	³³⁸ –	<u> </u>	4,500
Plug to Abandon			340	23,000	0
Seismic Analysis	- 240 241 -		341		0
Closed Loop & Environmental	- 244 -	50,000	344		50,000
Misceltaneous	242 -	5,000	342	1,000	6,000
Contingency		105,000	343	131,300	236,300
TOTAL INTANGIBLES		1,151,000	_	1,436,000	2,587,000
TANGIBLE COSTS					
Surface Casing	401				1,200
Intermediate Casing	402		503		C
Production Casing/Liner 4200' - 4.5"		· · · · ·	503	51,000	51,000
Tubing			504		0
Wellhead Equipment	405		505		0
Pumping Unit			506		0
Prime Mover			507		0
Rods			508		C
Pumps			509 _		C
Tanks			510 _		C
Flowlines			511		C
Heater Treater/Separator			512		
Electrical System			513		0
Packers/Anchors/Hangers	414		514	230.000	230,000
Couplings/Fittings/Valves	⁴¹⁵ _	2,000	515	25.000	27,000
Gas Compressors/Meters			516 517	4,000	4,000
Dehydrator Injection Plant/CO2 Equipment			518	· · · · · · · · · · · · · · · · · · ·	
Miscellaneous	419 -	1,000	510	1,000	2,000
Conlingency	- 419 420 -	1,000	-	32,000	33,000
TOTAL TANGIBLES		4,000		343,000	347,000
TOTAL WELL COSTS		1,155,000	-	1,779,000	2,934,000

COG Operating LLC

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By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve: % Working Interest	
Company: By:	
Printed Name:	
Title: Date:	
Date:	

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE . DRILLING

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NELL NAME: Puckett "12" Federal #5H Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 175	S_31E	PROSPECT N		Eddy Co, NM	
3HL: 330' FNL, 1980' FEL, Sec 12, 17S-3				MD (5500' TVD) I	Paddock
NO/Pilot, 160 Acre					· · · · · · · · · · · · · · · · · · ·
NTANGIBLE COSTS		BCP		ACP	TOTAL
itle/Curative/Permit	201	10,000		Adr	10.0
nsurance	202	22,000	302 -		22,0
amages/Right of Way	203		303		<u></u>
urvey/Stake Location	204		304		
ocation/Pits/Road Expense	205	10,000	305	10,000	20,0
brilling / Completion Overhead	206 207	5,000	³⁰⁶ 307	1,000	6,0
oolage Contract	207		308		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
Directional Drilling Services, With RS	210	350,000	310		350,0
uei & Power	211	68,000	311	17,000	85,0
Vater	212 213	25,000	312 313	75,000	100,0
/iud & Chemicals	214	15,000	314	1,000	15,0
Prill Stem Test	215		315 🗌		
Coring & Analysis	216				
Cement Surface	217		_		
Cement Intermediate	218 218		319		
Cement Squeeze & Other (NO Kickoff Plug)	220		320		
loat Equipment & Centralizers	221		321		
Casing Crews & Equipment	• 222		322	13,000	13,0
Fishing Tools & Service	223	100,000	323	1.000	100,0
Geologic/Engineering	224 225	10,000	324 325	1,000 30,000	11,0 40,0
Company Supervision	226	2,000	326	2,000	4,0
Contract Supervision	227	17,000	327 🗍	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
Aud Logging Unit	229	12,000	329		12,0
ogging Perforating/Wireline Services	230 231	15,000	330 331	12,500	27,5
Stimulation/Treating	201	10,000	332	950,000	950,0
Completion Unit		12,000	333	45,000	57,0
wabbing Unit			334		
Rentals-Surface	235	15,000	335	45,000	60,00
Rentals-Subsurface rucking/Forklift/Rig Mobilization	236 237	60,000 40,000	336 337	10,000	70,0
Velding Services	238	3,000	338	1,500	4,5
Vater Disposal	239		339 🗌	25,000	25,0
lug to Abandon	240		340		
eismic Analysis Closed Loop & Environmental	241 244	50,000	341 344		50,0
Aiscellaneous	244	5,000	342 -	1,000	6,00
Conlingency	243	105,000	343	131,300	236,30
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,00
ANCIDIE COSTS					
ANGIBLE COSTS	401				1,2
ntermediate Casing	402	······································	503 -	<u></u>	
Production Casing/Liner 4200' - 4.5"			503	51,000	51,00
ubing			504		
Vellhead Equipment	405		505 _	······	
umping Unit		· · · · · · · · · · · · · · · · · · ·	506 507		
Rods			508		
umps			509		
anks		<u> </u>	510	· · · · · ·	
lowlines leater Treater/Separator		<u></u>	511 512		·
lectrical System			513	······································	
ackers/Anchors/Hangers	414		514	230,000	230,0
ouplings/Fittings/Valves	415	2,000	515	25,000	27,0
as Compressors/Meters			516	4,000	4,0
njection Plant/CO2 Equipment		<u> </u>	518	<u> </u>	
liscellaneous	419	1,000	519	1,000	2,0
contingency	420	1,000	520	32,000	33,0
TOTAL TANGIBLES TOTAL WELL COSTS		4,000		343,000	347,0
TOTAL WELL CUSTS		1,155,000		1,779,000	2,934,0
OG Operating LLC					
y: J. Coffman / C. Bird		Date Prepared:	5/17/11		

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.

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June 20, 2011

U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #5H SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9,900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (<) DRE/rc			R			Γ
9		Package ID: 917199999 Destination ZIP Code: 7		a ta bara da ang ang ang ang ang ang ang ang ang an	Electronic C First Class Large En	
	Confirmation Services	Customer Reference: Recipient: <u>Ganal</u> Address:	una		PBP Account #: 418 Serial #: 13	364097
		-fuckett	2 fed # 5	2.54	JUN 20 2011 4	18 PM .

		,
 SENDER COMPLETENTISSECTION 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 maliplece, or on the front if space permits. Article Addressed to: Article Address Street Fort Worth, TX 76102 Puckett X Federal #5H 	COMPUTETTINSSECTION/ONDELIVERY A. Stenature A. Stenature B. Bacelved by (Printed Name) C. Date of Delivery O. Lo delivery address different from item 1? D. Is delivery address different from item 1? PYES, enter delivery address below: In YES, enter delivery address below: In YES, enter delivery address below: In Registered Insured Mall Insured Mall	· · · · · · · · · · · · · · · · · · ·
Article Number (Transfer from service label) 91 719 S Form 3811, February 2004 Domestic Re	9 9991 7030 4014 2951 (nturn Receipt)
·		J * .



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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

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PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM OBJECTIVE: 11021' MD (6600' TVD) Lower Blinebry

INTANGIBLE COSTS		BCP		<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	10,000	_	<u>_</u>	10,000
Insurance	202		302 _		22,000
Damages/Right of Way	203 _		303 _	<u> </u>	15,000
Survey/Stake Location	204		304 _		3.000
Location/Pits/Road Expense	205		305	65,000	105,000
Drilling / Completion Overhead	206		$\frac{306}{207}$ -	1,000	6,000
Turnkey Contract Footage Contract	207 208 —		307 308		0
Daywork Contract 20:2 @ \$13000/day	208 -		309	26,000	286.000
Directional Drilling Services, With RS	210 -		310	20,000	400,000
Fuel & Power	211 -		311 -	11,250	123,750
Water	212		312	75,000	105,000
Bits	213	45,000	313	1,000	46,000
Mud & Chemicals	214 _	25,000	314 📃		25,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface	217	16,000	•		16,000
Cement Intermediate Cement Production 7"x5.5"	218 218	16,000	319 —	70,000	16,000 70,000
Cement Production 7 x3.5 Cement Squeeze & Other (NO Kickoff Plug)	210		320	70,000	0,00
Float Equipment & Centralizers	221 -		321	15,000	18,500
Casing Crews & Equipment	222		322 -	13,000	20,000
Fishing Tools & Service	223		323 -		0
Geologic/Engineering	224 -	10,000	324	1,000	11,000
Contract Labor	225		325	30,000	40,000
Company Supervision	226		326 _	2,000	4,000
Contract Supervision	227		327	4,000	32,000
Testing Casing/Tubing Mud Logging Unit	228 229		328 329	1,500	5,500
	229 -		330	5,000	5,000
Perforating/Wireline Services	231 -		331	125,000	128,500
Stimulation/Treating	-		332	760,000	760,000
Completion Unit			333 🗍	40,000	40,000
Swabbing Unit			334 _		0
Rentals-Surface	235	20,000	335 _	100,000	120,000
Rentais-Subsurface	236	30,000	336 _	10,000	40,000
Trucking/Forklift/Rig Mobilization	237		337	100,000	140,000
Welding Services	238 239 ·	3,000	338 339	1,500 25,000	4,500
Plug to Abandon	240 -		340	23,000	0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242 -	5,000	342	1,000	6,000
Contingency	243	131,500	343 🗌	149,750	281,250
TOTAL INTANGIBLES	_	1,433,000	_	1,633,000	3,066,000
TANGIBLE COSTS	454	20,000			1,200
Surface Casing 550' 13 3/8" Intermediate Casing 1850' 9 5/8"	401 - 402 -	20,000 48,000	503 -		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	402	40,000	503 -	260,000	260,000
Tubing 6200' 2 7/8"	. –		504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover	_		507		0
Rods	-		508 _	39,000	39,000
Pumps			509 -	4,500	4,500
Tanks	-		510 - 511 -	20,000	15,000
Flowlines Heater Treater/Separator	-		512	25,000	25,000
Electrical System	_		513		0
Packers/Anchors/Hangers	414 -		514		0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters	_		516	4,000	4,000
Dehydrator			517	·····	0
Injection Plant/CO2 Equipment			518 -	4.000	
	419 420	1,000	519 520	<u> </u>	2,000
Miscellaneous		11,000	520	······	
Contingency	420 ~	112.000	_	602.000	714,000
	420 -	112,000	-	602,000	714,000 3,780,000

By: J. Coffman / C. Bird

5/16/11 Date Prepared:

We approve: _% Working Interest

Company:

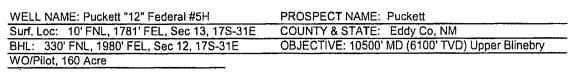
By: Printed Name: Title: Date:

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INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	· · · · · · · · · · · · · · · · · · ·	303		0
Survey/Stake Location	204		304	· · · · · · · · · · · · · · · · · · ·	0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310		350,000
Fuel & Power	211	68,000	311	17,000	85,000
Water	212	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	214	15,000	314		15,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface Cement Intermediate	217				0
Cement 2nd Intermediate 7"	218 218		319		<u>_</u>
Cement Squeeze & Other (NO Kickoff Plug)	220	······································	320		0
Float Equipment & Centralizers	221		321		
Casing Crews & Equipment	222	·····	322	13,000	13,000
Fishing Tools & Service	223	100,000	323		100,000
Geologic/Engineering	224	10,000	324	1,000	11.000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	17,000	327	4,200	21,200
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	12,000	329		12,000
	230	15,000	330	12,500	27,500
Perforating/Wireline Services Slimulation/Treating	231	15,000	331 332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit		12,000	334	43,000	0
Rentals-Surface	235	15,000	335	45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240	·····	340		0
Seismic Analysis Closed Loop & Environmental	241		341 344		0
Miscellaneous	244 242	5,000	344	1,000	6,000
Contingency	242	105,000	343	131,300	236,300
TOTAL INTANGIBLES	2.0	1,151,000	0.0	1,436,000	2,587,000
TANGIBLE COSTS					
Surface Casing	401				1,200
Intermediate Casing	402		503		0
Production Casing/Liner 4200' - 4.5"			503	51,000	51,000
Tubing			504		0
Wellhead Equipment	405		505		0
Pumping Unit Prime Mover		·	506 507		0
Rods			508		0
Pumps			509		0
Tanks			510		0
Flowlines			511		0
Heater Treater/Separator			512		0
Electrical System			513		0
Packers/Anchors/Hangers	414		514	230,000	230,000
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516 517	4,000	4,000
Dehydrator Injection Plant/CO2 Equipment			517	· · · ·	0
Miscellaneous	419	1,000	519	1,000	2,000
Contingency	420	1,000		32,000	33,000
TOTAL TANGIBLES		4,000		343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000

COG Operating LLC

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By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve: ____% Working interest

Company: By:

Date:

Printed Name:

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2,934,000

WELL NAME: Puckett "12" Federal #5H Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 1	7S-31E	COUNTY & STATE: Eddy Co, NM			
BHL: 330' FNL, 1980' FEL, Sec 12, 175			00' MD (5500' TVD)	Paddock	
WO/Pilot, 160 Acre	<u>, , , , , , , , , , , , , , , , , , , </u>	000001100.00	00 MB (0000 14B)		
WOIFIIOI, TOU ACIE	- `				
INTANGIBLE COSTS		BCP	ACP	TOTAL	
Title/Curative/Permit	201		AOL		
	_	10,000		10,00	
Insurance		22,000 30		22.00	
Damages/Right of Way	203	30			
Survey/Stake Location	204	30)4		
Location/Pits/Road Expense	205	10,000 30	05 10,000	20,00	
Drilling / Completion Overhead	206	5,000 30	1,000	6,00	
Turnkey Contract	207	30	07		
Footage Contract	208	30	08		
Daywork Contract 12:3 @ \$13000/day	209	156,000 30	39,000	195,00	
Directional Drilling Services, With RS	210	350,000 31	10	350,00	
Fuel & Power	211	68,000 31	11 17,000	85,00	
Water		25,000 31	12 75,000	100,00	
Bits	213	30,000 31	13 1,000	31,00	
Mud & Chemicals	214	15,000 31	14	15,00	
Drill Stem Test	215	31	15		
Coring & Analysis	216		<u> </u>		
Cement Surface	217				
Cement Intermediate	218				
Cement 2nd Intermediate 7"	218	31	19		
Cement Squeeze & Other (NO Kickoff Plug)	220		20		
Float Equipment & Centralizers	- 221	32			
Casing Crews & Equipment	222	32		13,00	
Fishing Tools & Service	- 223	100,000 32		100,00	
Geologic/Engineering	- 224	10,000 32		11,00	
Contract Labor	225	10,000 32		40,00	
Company Supervision	- 226	2,000 32	the second se	4,00	
Contract Supervision	- 227	17,000. 32		21,20	
Testing Casing/Tubing	- 228	4,000 32		5,50	
Mud Logging Unit	- 229	12,000 32		12,00	
	230	12,000 32	······	12,00	
Logging Perforating/Wireline Services	- 230	15,000 33		27,50	
Stimulation/Treating	231	<u> </u>		and the second sec	
		12,000 33		950,000	
Completion Unit			and the second distance of the second distanc	57,000	
Swabbing Unit		33			
Rentals-Surface	235	15,000 33		60,000	
	236	60,000 33	·······	70,00	
Trucking/Forklift/Rig Mobilization	237	40,000 33		60,00	
Welding Services	238	3,000 33		4,50	
Water Disposal	239	33	·····	25,000	
Plug to Abandon	240	34	and the second se		
Seismic Analysis	241	34	the second se	(
Closed Loop & Environmental	244	: 50,000 34		50,000	
Miscellaneous	242	5,000 34		6,00	
Contingency	243	105,000 34		236,300	
TOTAL INTANGIBLES		1,151,000	1,436,000	2,587,000	
		•			
TANGIBLE COSTS				1	
Surface Casing	401	.		1,200	
Intermediate Casing	402	50			
Production Casing/Liner 4200' - 4.5"		50		51,000	
Tubing	_	50	ومستعدا المست المشارك الكرميا ومراكلا فعالك فالمتحاطية		
Wellhead Equipment	405	50)5		
Pumping Unit	_	50			
Prime Mover		50			
Rods		50			
Pumps	_	50	the second se		
Tanks	_	51		(
Flowlines		51	1		
Heater Treater/Separator		51	2		
Electrical System		51	3		
Packers/Anchors/Hangers	414	51	······································	230,000	
Couplings/Fittings/Valves	415	2,000 51		27,00	
Gas Compressors/Meters	<u> </u>	51		4,00	
Dehydrator	·	51			
Injection Plant/CO2 Equipment		51			
Miscellaneous	419	1,000 51		2,000	
Contingency	420	1,000 52	the second s	33,000	
TOTAL TANGIBLES	_ ·	4,000	343,000	347,000	
TOTAL WELL COSTS	·	1,155,000	1,779,000	2,934,000	

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

1,155,000

We approve: _% Working Interest

Company:

By:

Printed Name:

Title: Date:

TOTAL WELL COSTS

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

1,779,000

June 20, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #5H SHL: 10' FNL & 1781' FEL of Section 13, T17S, R31E BHL: 330' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #5H, as a triple lateral well to penetrate the Yeso Formation at a legal location within Unit Letter O of Section 12, to depths of approximately 5,500' TVD, 9.900' MD for a Paddock lateral; 6,100' TVD, 10,500' MD for an Upper Blinebry lateral; and 6,600' TVD, 11,021' MD for a Lower Blinebry lateral ("Operation"). The total cost of the Operation is estimated to be \$9,648,000.00 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.

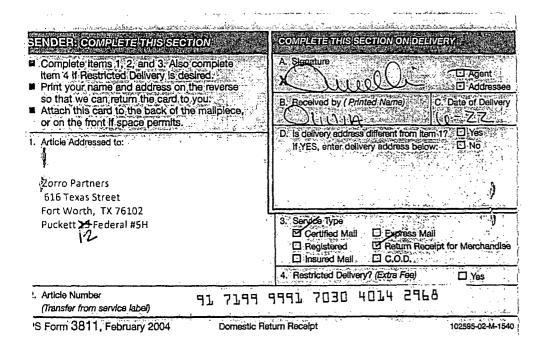
If you desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-685-4354.

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (°) DRE/rc	<u>.</u> Г	M		
	Confirmation	Package ID: 91 Destination ZIP Customer Refe	 968	Electronic Certified ss Large Envelope
	Services	Recipient: 2 Address: 7 444	5 H	count #: 41592288 Serial #: 1364097 N 20 2011 4:17 PM



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BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E OBJECTIVE: 11021' MD (WO/Pilot, 160 Acre INTANGIBLE COSTS BCP A Title/Curative/Permit 201 10,000 Insurance Damages/Right of Way 203 15,000 303 Survey/Stake Location 204 3,000 304 Location/Pits/Rad Expense 205 40,000 305 Tumkey Contract 207 307 Foctage Contract 208 308 Daywork Contract 202 @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 313 Mud & Chemicals 214 25,000 314 Drill Stem Test 215 315 Cernent Noduction Tx5.5* 218 316 Cernent Squeaze & Other (NO Kickoff Plug) 220 320 Fibal Equipment & Centralizers 221 3,500 321 Casing Twask Equipment 2	CP TOTAL 10,000 22,000 15,000 15,000 3,000 65,000 10,000 0 20,000 0 20,000 0 10,000 0 20,000 0 10,000 0 26,000 286,000 11,250 123,750
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E OBJECTIVE: 11021' MD (WO/Pilot, 160 Acre INTANGIBLE COSTS BCP A Title/Curative/Permit 201 10,000 Insurance 202 22,000 302 Damages/Right of Way 203 15,000 303 Survey/Stake Location 204 3,000 304 Location/Pits/Road Expense 205 40,000 305 Drilling / Completion Overhead 206 5,000 306 Tumkey Contract 207 307 Some Some <th>CP TOTAL 10,000 22,000 15,000 3,000 65,000 105,000 1,000 6,000 0 0 26,000 286,000 400,000 400,000</th>	CP TOTAL 10,000 22,000 15,000 3,000 65,000 105,000 1,000 6,000 0 0 26,000 286,000 400,000 400,000
WO/Pilot, 160 Acre INTANGIBLE COSTS BCP A Insurance 202 22,000 302 Damages/Right of Way 203 15,000 303 Survey/Stake Location 204 3,000 304 Location/Pits/Road Expense 205 40,000 306 Turnkey Contract 207 307 307 Footage Contract 208 308 308 Daywork Contract 20? @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 314 Drill Stem Test 215 315 315 Coring & Analysis 216 320 320 Cement Nurface 217 16,000 322 Cement Surface 213 3,500 321 Casing Crews & Equipment 222 7,000	CP TOTAL 10,000 22,000 15,000 3,000 65,000 105,000 1,000 6,000 0 0 26,000 286,000 400,000 400,000
Title/Curative/Permit 201 10,000 Insurance 202 22,000 302 Damages/Right of Way 203 15,000 303 Survey/Stake Location 204 3,000 304 Location/Pits/Road Expense 205 40,000 305 Difling / Completion Overhead 206 5,000 306 Tumkey Contract 207 307 307 Footage Contract 208 308 308 Dawork Contract 20:2 @ \$13000/day 209 260,000 309 301 Fuel & Power 211 112,500 311 311 Water 212 30,000 312 313 Water 213 45,000 313 314 Drill Stem Test 215 315 315 315 Coring & Analysis 216 217 16,000 22 320 Cement Intermediate 218 319 22 323 323 323 323 323 323	10,000 22,000 15,000 3,000 65,000 105,000 1000 65,000 0 0 26,000 26,000
Title/Curative/Permit 201 10,000 Insurance 202 22,000 302 Damages/Right of Way 203 15,000 303 Survey/Stake Location 204 3,000 304 Location/Pits/Road Expense 205 40,000 305 Titling / Completion Overhead 206 5,000 306 Tumkey Contract 207 307 Footage Contract 208 308 Dawork Contract 20:2 @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 313 Drill Stem Test 215 315 216 Cement Intermediate 218 16,000 22 Cement Intermediate 218 319 22 Cement Squeeze & Other (NO Kickoff Plug) 220 323 323 Geologic/	10,000 22,000 15,000 3,000 65,000 105,000 1000 65,000 0 0 26,000 26,000
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Drilling / Completion Overhead 206 5,000 306 Tumkey Contract 207 307 Footage Contract 208 308 Dawork Contract 20:2 @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 314 Drill Stem Test 215 315 Coring & Analysis 216	1,000 6,000 0 26,000 286,000 400,000
Turnkey Contract 207 307 Footage Contract 208 308 Daywork Contract 20:2 @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 312 Mud & Chemicals 214 25,000 314 Drill Stem Test 215 315 Coring & Analysis 216	26,000 0 26,000 286,000 400,000
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Daywork Contract 20:2 @ \$13000/day 209 260,000 309 Directional Drilling Services, With RS 210 400,000 310 Fuel & Power 211 112,500 311 Water 212 30,000 312 Bits 213 45,000 313 Mud & Chemicals 214 25,000 314 Drill Stem Test 215 315	26,000 286,000 400,000
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Mud & Chemicals 214 25,000 314 Drill Stem Test 215 315	75,000 105,000
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Coring & Analysis 216 Cement Surface 217 16,000 Cement Intermediate 218 16,000 Cement Intermediate 218 16,000 Cement Production 7"x5.5" 218 319 Cement Squeeze & Other (NO Kickoff Plug) 220 320 Float Equipment & Centralizers 221 3,500 321 Casing Crews & Equipment 222 7,000 322 Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Contract Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Completion Unit 333 333 Swabbing Unit 334 334 Rentals-Surface 236	25,000
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Cement Production 7"x5.5" 218 319 Cement Squeeze & Other (NO Kickoff Plug) 220 320 Float Equipment & Centralizers 221 3,500 321 Casing Crews & Equipment 222 7,000 322 Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 331 311 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Subfrace 235 20,000 335	16,000
Cement Squeeze & Other (NO Kickoff Plug) 220 320 Float Equipment & Centralizers 221 3,500 321 Casing Crews & Equipment 222 7,000 322 Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 331 331 Stimulation/Treating 332 333 Swabbing Unit 333 334 Rentals-Surface 235 20,000 335	16,000
Float Equipment & Centralizers 221 3,500 321 Casing Crews & Equipment 222 7,000 322 Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Swabbing Unit 235 20,000 335 Rentals-Surface 235 20,000 335	70,000 70,000
Casing Crews & Equipment 222 7,000 322 Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Swabbing Unit 334 333 334 Rentals-Surface 235 20,000 335	0
Fishing Tools & Service 223 323 Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Swabbing Unit 334 334 Rentals-Surface 235 20,000 335	15,000 18,500
Geologic/Engineering 224 10,000 324 Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Swabbing Unit 334 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	13,000 20.000
Contract Labor 225 10,000 325 Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Completion Unit 334 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	00
Company Supervision 226 2,000 326 Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	1,000 11,000
Contract Supervision 227 28,000 327 Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	30,000 40,000
Testing Casing/Tubing 228 4,000 328 Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	<u>2,000</u> <u>4,000</u> 4,000 <u>32,000</u>
Mud Logging Unit 229 16,000 329 Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	1,500 5,500
Logging 230 0 330 Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 Completion Unit 333 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	16,000
Perforating/Wireline Services 231 3,500 331 Stimulation/Treating 332 333 333 Completion Unit 333 334 334 Swabbing Unit 235 20,000 335 Rentals-Subsurface 236 30,000 336	5,000 5,000
Stimulation/Treating 332 Completion Unit 333 Swabbing Unit 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	125,000 128,500
Completion Unit 333 Swabbing Unit 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	760,000 760,000
Swabbing Unit 334 Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	40,000 40,000
Rentals-Surface 235 20,000 335 Rentals-Subsurface 236 30,000 336	0
	100,000 120,000
	10,000 40,000
Trucking/Forklift/Rig Mobilization 237 40,000 337	100,000 140,000
Welding Services 238 3,000 338	1,500 4,500
Water Disposal 239 · 339	25,000 25,000
Plug to Abandon 240 340	0
Seismic Analysis 241 341	0
Closed Loop & Environmental 244 120,000 344	120,000
Miscellaneous 242 5,000 342	1,000 6,000
Contingency 243 131,500 343	149,750 281,250
TOTAL INTANGIBLES 1,433,000	1,633,000 3,066,000
TANGIBLE COSTS	
	1,200
Surface Casing 550' 13 3/8" 401 20,000 intermediate Casing 1850' 9 5/8" 402 48,000 503	48,000
Production Casing/Linar 6900' - 7", 4200' - 5.5" 503	260,000 260,000
Tubing 6200' 2 7/8" 504	38,000 38,000
Wellhead Equipment 405 30,000 505	18,000 48,000
Pumping Unit 506	97,000 97,000
Prime Mover 507	0
Rods 508	
Pumps 509	
Tanks 510	39,000 39,000
Flowlines 511	39,000 39,000 4,500 4,500
Heater Treater/Separator 512	39,000 39,000 4,500 4,500 20,000 20,000
Electrical System 513	39,000 39,000 4,500 4,500 20,000 20,000
Packers/Anchors/Hangers 414 514	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 25,000
Couplings/Fittings/Valves 415 2,000 515	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 25,000 0 0
Gas Compressors/Meters 516	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 25,000 0 0
Dehydrator 517	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 0 25,000 27,000
Injection Plant/CO2 Equipment 518	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 0 25,000 27,000 4,000 4,000
Miscellaneous 419 1,000 519	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 0 25,000 27,000 4,000 0 0 0
Contingency 420 11,000 520	39,000 39,000 4,500 4,500 20,000 20,000 15,000 25,000 25,000 0 25,000 27,000 4,000 4,000 0 0 0 0 25,000 27,000 4,000 2,000
TOTAL TANGIBLES 112,000	39,000 39,000 4,500 4,500 20,000 20,000 15,000 25,000 25,000 25,000 0 0 25,000 27,000 4,000 4,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
TOTAL WELL COSTS 1,545,000	39,000 39,000 4,500 4,500 20,000 20,000 15,000 15,000 25,000 0 0 0 25,000 27,000 4,000 4,000 0 0 0 0 25,000 27,000 4,000 2,000

COG Operating LLC

By: J. Coffman / C. Bird

We approve: _____% Working Interest

Date Prepared: 5/16/11

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.



WELL NAME: Puckett "12" Federal #5	ы	PROSPECT NAME: Puckett			
Surf. Loc: 10' FNL, 1781' FEL, Sec 1	COUNTY & STATE: Eddy Co, NM				
BHL: 330' FNL, 1980' FEL, Sec 12, 17S-31E		OBJECTIVE:	10500	'MD (6100' TVD) U	pper Blinebry
WO/Pilot, 160 Acre	······	·		<u></u>	
INTANGIBLE COSTS		BCP		ACP	<u>TOTAL</u>
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203		303		0
Survey/Stake Location	204		304		0
Location/Pits/Road Expense	205	10,000	305	10,000	20,000
Drilling / Completion Overhead	206	5,000	306 🗂	1,000	6,000
Turnkey Contract	207		307		0
Footage Contract	208		308		0
Daywork Contract 12:3 @ \$13000/day	209 -	156,000	309 🗂	39,000	195,000
Directional Drilling Services, With RS	210	350,000	310		350,000
Fuel & Power	211	68,000	311	17,000	85,000
Water	212	25,000	312	75,000	100,000
Bits	213	30,000	313	1,000	31,000
Mud & Chemicals	214	15,000	314		15,000
Drill Stem Test	215		315		0
Coring & Analysis	216				0
Cement Surface	217		_		0
Cement Intermediate	218				0

Turnkey Contract	207		307	
Footage Contract	208		308	-
Daywork Contract 12:3 @ \$13000/day	209 -	156,000	309	39,000
Directional Drilling Services, With RS	210	350,000	310	
Fuel & Power	211	68,000	311	17,000
Water	212	25,000	312	75,000
Bits	213	30,000	313	1,000
Mud & Chemicals	214	15,000		
Drill Stem Test	215		315	
Coring & Analysis	216			
Cement Surface	217			
Cement Intermediate	218			<u> </u>
Cement 2nd Intermediate 7"	218	· · · · · · · · · · · · · · · · · · ·	319	
Cement Squeeze & Other (NO Kickoff Plug)	220		320	
Float Equipment & Centralizers	221		321	
Casing Crews & Equipment	222		322	13,000
Fishing Tools & Service	223	100,000		
Geologic/Engineering	224	10,000		1,000
Contract Labor	225	10,000		30,000
Company Supervision	226	2,000		2,000
Contract Supervision	227	17,000	the second se	4,200
Testing Casing/Tubing	228	4,000		1,500
Mud Logging Unit	229	12,000		
Logging	230		330	
Perforating/Wireline Services		15,000	331	12,500
Stimulation/Treating			332	950,000
Completion Unit		12,000		45,000
Swabbing Unit			334	
Rentals-Surface	235	15,000		45,000
Rentals-Subsurface	236	60,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000
Welding Services	238	3,000	338	1,500
Water Disposal		·	339	25,000
Plug to Abandon	240		340	
Seismic Analysis	241		341	
Closed Loop & Environmental	244	50,000	344	
Miscellaneous	242	5,000	342	1,000
Contingency	243	105,000	343	131,300
TOTAL INTANGIBLES		1,151,000		1,436,000
TANGIBLE COSTS				
Surface Casing	401			
Intermediate Casing	402		503	_
Production Casing/Liner 4200' - 4.5"			503	51,000
Tubing		·		

Inte Production Casing/Liner 4200' - 4.5' 503 Tubing 504 Wellhead Equipment 405 505 Pumping Unit 506 Prime Mover 507 Rods 508 Pumps 509 Tanks 510 Flowlines 511 Heater Treater/Separator 512 Electrical System 513 Packers/Anchors/Hangers Couplings/Fittings/Valves 414 514 415 2,000 515 Gas Compressors/Meters 516 Dehydrator 517 Injection Plant/CO2 Equipment 518 1,000 519 1,000 520 4,000 Miscellaneous 419 Contingency TOTAL TANGIBLES 420

1,200 0 51,000 0 0 0 0 0 0 0 0 0 230,000 27,000 4,000 0 0 2,000 33,000 347,000

2,934,000

230,000

25,000

4.000

1,000

32,000 343,000

1,779,000

0 0 0 13,000 100,000 11,000 40,000 4,000 21,200 5,500 12,000 0 27,500 950,000 57,000 0 60,000 70,000 60,000 4,500 25,000 0 0 50,000 6,000 236,300 2,587,000

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/17/11

1,155,000

We approve: _____% Working Interest

- _
- Company:

By: Printed Name: Title: Date:

TOTAL WELL COSTS

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

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COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

Surf Loo: 10'ENI 17011EEL 0 10 1	70 045	PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM			
Surf. Loc: 10' FNL, 1781' FEL, Sec 13, 1					
3HL: 330' FNL, 1980' FEL, Sec 12, 175	-31E	1E OBJECTIVE: 9900' MD (5500' TVD) F			ddock
VO/Pilot, 160 Acre					
NTANGIBLE COSTS		BCP		ACD	TOTAL
Fitle/Curative/Permit	201			ACP	TOTAL
nsurance	- 207	10,000 22,000	302 —		10,
		22,000	_		22,
amages/Right of Way	203		303		
urvey/Stake Location ocation/Pits/Road Expense	204		304	······	
	205	10,000	305 _	10,000	20,
rilling / Completion Overhead	206	5,000	306	1,000	6,
urnkey Contract	207		307		
oolage Contract	208		308		
aywork Contract 12:3 @ \$13000/day irectional Drilling Services, With RS	209	156,000	309	39,000	195,
uel & Power	- 210	350,000	310	47.000	350,
ater	- 211	68,000	311	17,000	
its	_ 212	25,000	312	75,000	100,
	213	30,000	313 _	1,000	31,
ud & Chemicals	214	15,000	314	<u> </u>	15,
rill Stem Test	_ 215	w	315		
oring & Analysis	_ 216				
ement Surface	- 217	······			
ement Intermediate	_ 218				
ement 2nd Intermediate 7"	218	·	319	·····	
ement Squeeze & Other (NO Kickoff Plug) oat Equipment & Centralizers	220		320	<u> </u>	
	221		321		
asing Crews & Equipment	_ 222		322	13,000	13,
shing Tools & Service	223	100,000	323 _		100,
eologic/Engineering	224	10,000	324	1,000	11,
ontract Labor	225	10,000	_	30,000	40,
ompany Supervision	226	2,000	326	2,000	4,1
ontract Supervision	227	17,000	327	4,200	21,
esting Casing/Tubing	228	4,000	328	1,500	5,
lud Logging Unit	229	12,000	329		12,
ogging	230		330		
erforating/Wireline Services	231	15,000	331	12,500	27,
timulation/Treating			332	950,000	950,
ompletion Unit	_	12,000	333	45,000	57,
wabbing Unit			334		
entals-Surface	235	15,000	335	45.000	60,0
entals-Subsurface	236	60,000	336	10,000	70,
rucking/Forklif/Rig Mobilization	237	40,000	337	20,000	60,
/elding Services	_ 238	3,000	338 _	1,500	4,
/ater Disposal	_ 239		339	25,000	25,
lug to Abandon	240	·	340		
eismic Analysis	241		341		
losed Loop & Environmental	244	: 50,000	344		50,0
liscellaneous	- 242	5,000	342	1,000	6,0
ontingency	243	105,000	343	131,300	236,
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,0
ANGIBLE COSTS					
urface Casing	401				1.
Itermediate Casing	- 401		503 —		i,
roduction Casing/Liner 4200' - 4.5"			503	51,000	51,0
ubing	_	······	504		
/ellhead Equipment	405		505	_	
umping Unit			506		
rime Mover	-		507	· · · · ·	·
nds	_	······	508		
umps	-		509		
anks	-		510		
owlines		·	511		
eater Treater/Separator	_		512	······································	
ectrical System	_	······································	513		
ackers/Anchors/Hangers	414		514	230,000	230,
puplings/Fittings/Valves	415	2,000	515	25,000	27,
as Compressors/Meters			516	4,000	
ehydralor	-	·	517		
ection Plant/CO2 Equipment	-		518		
iscellaneous	419	1,000	519	1,000	2,1
onlingency	420	1,000	520	32,000	33,(
TOTAL TANGIBLES	_	4,000	_	343,000	347.
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,
DG Operating LLC					
/: J. Coffman / C. Bird		Date Prepared:	5/17/11		
y: J. Conman / C. Bird		Date Prepared:	5/17/11		

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.

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August 11, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #5H SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E BHL: 660' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman



and the second of the second	s in the second s	and the second sec
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SEC	TION ON DELIVERY.
 Complete items: 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reso that we can return the card to you. 	verse	[™] ∏'Agent ; ⊡'Addressee
Attach this card to the back of the mail or on the front if space permits.	piece,	C. Date of Delivery
1. Article Addressed to:	D. Is delivery address dif If YES, enter delivery	Terent from item 1?
Burnett Oil Company Burnett Plaza, Unit 9		
801 Cherry Street, Suite 1500 Fort Worth, Texas 73102 Puckett 12 Federal #5H	Registered D Insured Mail) Express Mail Return Receipt for Merchandise J.C.O.D
an a	4. Restricted Delivery? (Extra Fee)
2. Article Number. (Transfer from service le 91 71	19 9991 7030 4047	8333 EEE8
PS Form 3811, February 2004	Domestic Return Receipt	102595-02-M-1540



August 11, 2011

U.S. Certified Mail Return Receipt Requested

Javelina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #5H SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E BHL: 660' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman



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· .	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY.	
•	 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. 	A. Signature	
	 Attach this card to the back of the mailplece, or on the front if space permits. 	B. Received by (Printed Name) C. Date of Delivery (
	1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below:	
- 4			
يې د : ۱	Javalina Partners 616 Texas Street		
3 3	Fort Worth, TX 76102	3. Septce Type	
1	Puckett 12 Federal #5H	Express Mail Registered D Return Receipt for Merchandise Insured Mail C.O.D	<u> </u>
	2. Article Number	4. Restricted Delivery? (Extra Fee)	
in an	(Transfer from service label) 91 7199 99	91 7030 4047 8326	
100	PS Form 3811, February 2004 Domestic Retu	rm Receipt 102595-02-M-1540	

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August 11, 2011

U.S. Certified Mail **Return Receipt Requested**

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: **Amendment to New Well Proposal** Puckett "12" Federal #5H SL: 10' FSL & 1781' FEL of Section 12, T17S, R31E BHL: 660' FNL & 1980 FEL, of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated June 20, 2011 proposing the subject well. Please note the following corrections:

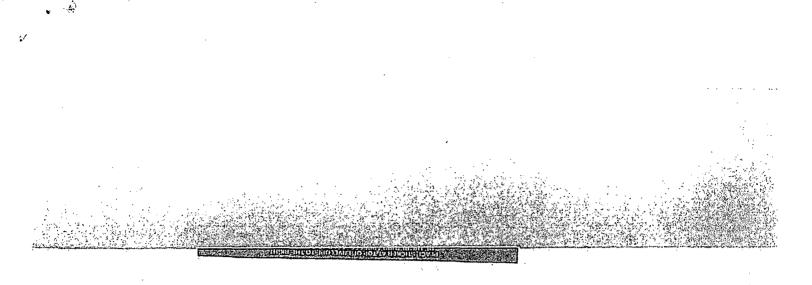
- The well will be drilled at an approved surface location within location unit letter O in Section 12.
- The approximate BHL has been moved to 660' FNL and 1980' FEL of Section 12.

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

Yours truly,

COO Operating LLC

Stuart A. Dirks, CPL Senior Landman

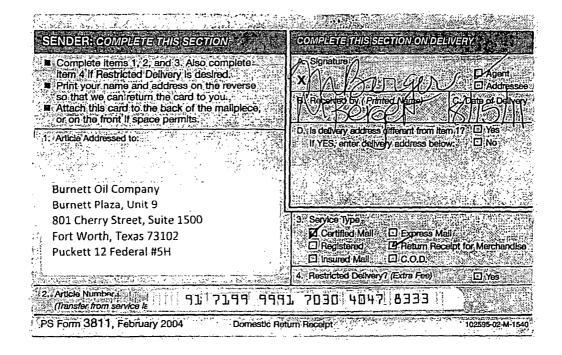


SENDER COMPLETENTISSECTION B. Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. Print your name and address on the reverse.	A Signature				
so that we can return the card to you. Attach this card to the back of the mailplece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery				
j. Artičle Addressed to:	D. Is delivery address different from Item 1? D Yes If YES, enter delivery address below: D.No				
Zorro Partners					
616 Texas Street Fort Worth, TX 76102 Puckett 12 Federal #5H	3. Service Type D Certified Mall D Dopress Mall Registered DV. Return Receipt for Merchandise				
	Insured Mail Image: C.O.D. 4. Restricted Delivery? (Extra Fee) Image: Yes				
2. Article Number (Transfer from service) 91.71.99.999	11 7030 4047 8319				

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



SENDER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVER Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. Â Signature: C Agent X Rrint your name and address on the reverse so that we can return the card to you:
 Attach this card to the back of the maliplece, 0 Addres ATTU Received by (Printed Name) C. Date at t B HIU(C or on the front if space permits. · · · D. is delivery address different from item 1? . . Yes 1. Article Addressed to: If YES; enter delivery address below: S. Y. 12 Javalina Partners 616 Texas Street 3. Service Type ange de s Fort Worth, TX 76102 E Certified Mail Express Mall
 Frank Receipt for Merchandise Puckett 12 Federal #5H 🖸 Registered Insured Mail 🖸 C.O.D. 4. Restricted Delivery? (Extra Fee) 91 7199 9991 7030 4047 8326 2. Article Number (Transfer from service label) PS Form 3811, February 2004 Domestio Return Receipt 102595-02-11-1540

SENDER: COMPLETE THIS SECTION.	COMPLETE THIS SECTION ON DELIVERY
 Complete Items 1, 2, and 3: Also complete	A Senetine/ X (0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,
so that we can return the card to you. ■ Attach this card to the back of the maliplece, or on the front if space permits.	B (Received by (Printed Name) AUG Date-of Delivery
1. Article Addressed to:	If YES, enter delivery address below:
Zorro Partners 616 Texas Street	
Fort Worth, TX 76102	3: Service Type
Puckett 12 Federal #5H	OD'Certified Mail Opress Opress Mail Opress M
	4. Restricted Delivery? (Extra Fee)
2 Article Number (<i>Trensfer from service</i>) 191 7191 9991	, 7030 4047 8319
PS Form 3811, February 2004 Domestic Ret	um Receipt 102595-02-M-1540

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May 25, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: New Well Proposal

Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David R. Evans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443

FAX 432.683.7441

WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			.10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307	<u></u>	0
Footage Contract	208		308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310		400,000
Fuel & Power	211	112,500	311	11,250	123,750
Water	212	30,000	312	75,000	105,000
Bits Mud & Chemicals	213	45,000	313	1,000	46,000
Drill Stem Test	214 215	25,000	314 315		25,000
Coring & Analysis	215		315	······	0
Cement Surface	210	16,000	,		16,000
Cement Intermediate	217	16,000			16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222	7,000	322	13,000	20,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	16,000	329		16,000
Logging	230	0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344	4 000	120,000
Miscellaneous Contingency		5,000	342 343	1,000	<u></u>
TOTAL INTANGIBLES	243	1,433,000	343	1,633,000	3,066,000
	_				\$
TANGIBLE COSTS					.:
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing 6200' 2 7/8"			504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit	_		506	97,000	97,000
Prime Mover	_		507		<u> </u>
Rods			508	39,000	39,000
Pumps	• ·		509	4,500	4,500
Tanks		<u> </u>	510	20,000	20,000
Flowlines			511	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System	·····		513		
Packers/Anchors/Hangers	414		514	OF 202	0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	
Dehydrator Injection Plant/CO2 Equipment		·····	517 518		0
Miscellaneous	419	1,000		1,000	2,000
Contingency	420	11,000		55,500	66,500
TOTAL TANGIBLES		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,000
COG Operating LLC					:
By: J. Coffman / C. Bird		Date Prepared:	5/16/1	1	
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We approve:					•
% Working Interest					i
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Company:					
By:					
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Printed Name: Title:

Date:

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

WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre

0 •

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

		DOD		400	TOTAL
INTANGIBLE COSTS Title/Curative/Permit	201	BCP		ACP	TOTAL
Insurance		10,000	302		10,000
	202				Arran
Damages/Right of Way		15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense Drilling / Completion Overhead	205	40,000	305	65,000	105,000
Turnkey Contract	- 206 207	5,000	306 307	1,000	6,000
Footage Contract	207		308		; C
Daywork Contract 20:2 @ \$13000/day	- 208	260,000	309	26,000	
Directional Drilling Services, With RS	- 209 210	400,000	309	26,000	286,000
Fuel & Power	- 210		311	11,250	400,000
Water	- 212	112,500	312	75.000	123,750
Bits	212	45,000	313	1,000	
Mud & Chemicals	- 213 214	25,000	314	1,000	46,000
Drill Stem Test	214	25,000	314		25,000
Coring & Analysis	215		515		(
Cement Surface	- 217	16,000			16,000
Cement Intermediate	218	16,000			16,000
Cement Production 7"x5.5"	218	10,000	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	- 220		320	10,000	70,000
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	- 222	7,000	322	13,000	20,000
Fishing Tools & Service	223		323		
Geologic/Engineering	- 224	10.000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	16,000	329		16,000
Logging	230	0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit	_		333	40,000	40,000
Swabbing Unit	_		334		i (
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		<u>'</u>
Seismic Analysis	241	<u> </u>	341		
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	²⁴³	131,500	343	149,750	281,250
TOTAL INTANGIBLES	-	1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					I
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	_		503	260,000	260,000
Tubing 6200' 2 7/8"			504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover	_		507		0
Rods	_		508	39,000	39,000
Pumps	_		509	4,500	4,500
Tanks			510	20,000	20,000
Flowlines	-		511	15,000	15,000
Heater Treater/Separator	_		512	25,000	25,000
Electrical System		<u></u>	513		(
Packers/Anchors/Hangers	414		514	87.000	
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters	_		516	4,000	4,000
Dehydrator Injection Plant/CO2 Equipment	_	<u> </u>	517 518		· · · · · · · · · · · · · · · · · · ·
Miscellaneous		1,000	519	1,000	2,000
Contingency	420	11,000		55,500	66,500
TOTAL TANGIBLES		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000	4	2,235,000	3,780,000
	-				
COC Operating 11 C					;
COG Operating LLC					:
By: J. Coffman / C. Bird		Date Prepared:	5/16/	11	
We approve:					
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.

WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

WO/Pilot, 160 Acre	-				
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000		ACF	10,000
Insurance	207	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		0
Foolage Contract	208		308		0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS Fuel & Power	- 210 211	400,000	310		400,000
Water	- 212	112,500	311 312	<u> </u>	123,750
Bits	- 212	45,000	313	1,000	46,000
Mud & Chemicals	214	25,000	314		25,000
Drill Stem Test	215		315	······	: 0
Coring & Analysis	216				f 0
Cement Surface	217	16,000			16,000
Cement Intermediate	218	16,000			16,000
Cement Production 7"x5.5"	_ 218	·	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers	220 221	3,500	320 321	15,000	18,500
Casing Crews & Equipment	- 222	7,000	322	13,000	20,000
Fishing Tools & Service	- 223		323	10,000	20,000
Geologic/Engineering	- 224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	16,000	329	<u>_</u>	16,000
Logging Perforating/Wireline Services	- 230 231	0 3,500	330 331	5,000	5,000
Stimulation/Treating	- 231	3,500	332	760,000	760,000
Completion Unit	_		333	40,000	40,000
Swabbing Unit		····	334		0
Rentais-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
TruckIng/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	- 238 239	3,000	338 339	1,500	4,500 25,000
Water Disposal Plug to Abandon	- 239		340	25,000	0
Seismic Analysis	- 241	<u> </u>	341	* 26	0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,000
TANCIPIE COSTS					1
TANGIBLE COSTS Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 19 5/8"	401	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing 6200' 2 7/8"		·······	504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit	_	<u> </u>	506	97,000	97,000
Prime Mover	_		507 508	20.000	<u>+0</u>
Rods Pumps			508 509	39,000	39,000 4,500
Tanks	-		510	20,000	20,000
Flowlines			511	15,000	15,000
Heater Treater/Separator	_		512	25,000	25,000
Electrical System	_		513		0
Packers/Anchors/Hangers	414		514		0
Couplings/Fittings/Valves Gas Compressors/Meters	415	2,000	515 516	25,000	27,000
Dehydrator			517	4,000	4,000
Injection Plant/CO2 Equipment			518	······	
Miscellaneous	419	1,000	519	1,000	2,000
Contingency	420	11,000	520	55,500	66,500
TOTAL TANGIBLES		112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,700,000
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By: J. Coffman / C. Bird	_	Date Prepared:	5/16/	11	
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We approve:					
% Working Interest					·
Company:					
By:					1

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

Printed Name: Title: Date:

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				ROM:	Robya Cummins Concho Resources Inc COO C 550 West Texns Avenue, Suite 1	il & Gus LP / COO C 00, Midland, Texas 7	ратыliag LLC 9701-4210			:	
			PI	HONE:	(432) 818-2324	FAX: (4	32) 686 3000				
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PAGE _1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

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FAX COVER SHEET

FROM:	Robyn Cummins Concho Resources Inc COG Oil & 550 West Texas Avenue, Suite 100,		• •	
PHONE:	(432) 818-2324	FAX:	(432) 686 3000	

Re:

New Well Proposal Puckett "12" Federal 7-H

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		FROM: Robyn (Concho	Cummins Resources Inc COO I Texns Avenue, Suite	Oil & Gus LP / CO 100, Midland, Text	G Operating LLC 19701-4210				
		PBONE: (432) 81	8-2324	FAX:	(432) 686 3000				
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X COVER SHEET

PAGE __1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

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FROM:	Robyn Cummins Concho Resources Inc COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210					
PHONE:	(432) 818-2324	FAX:	(432) 686 3000			
		<u></u>				

Re:

New Well Proposal Puckett "12" Federal 7-H

A. Signature Agant X Agant B. Received by (<i>Printed Name</i>) C. Date of Delivery B. It YES, enter delivery address below: No	3. Service Type 2. Service Type 2. Certified Mali Cartified Mali Cartified Mali Carter Admin Carter Admin C.O.D. 4. Restricted Delivery? (Extra Fee) 71. 7030 051.4 5607	Converter this section conditioners A Signature A Signa	3: Service Type 3: Certified Mail X Express Mail Certified Mail X Express Mail Certified Mail X Express Mail Cartified Mail C C.O.D. 4. Restricted Delivery? (Extra Fee) C Yes 7. 7 0 3 0 0 5 1 4 6. 7 0 3 0 0 5 1 4 7. 7 0 3 0 0 5 1 4 7. 7 0 3 0 0 5 1 4 7. 7 0 3 0 0 5 1 4
 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 malipiece, or on the front if space permits. Article Addressed to: 	Burnett Oil Company Burnett Oil Company Burnett Plaza, Unit 9 3. Servic 801 Cherry Street, Suite 1500 Rd Call Reg Fort Worth, TX 76102 Rd Call Reg Puckett "12" Federal #7H 4. Restrictions 2. Article Number 9.1 7.1.99 Prostrict from service labely 9.1 7.1.99 PS Form 3811, February 2004 Domestic Return Receipt	Is SECTION Si Also complete Si Also complete Si Also complete Si Also complete arrite arrite arrite	Burnett Plaza, Unit 9 Burnett Plaza, Unit 9 801 Cherry Street, Suite 1500 Fort Worth, TX 76102 Puckett "12" Federal #7H 2. Article Number 2. Article Number PS Form 3811, February 2004 Domestic Return Receipt
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Lisa Wilson

From:	Lisa Wilson			
Sent:	Wednesday, May 25, 201	1 4:26 PM		
То:	'dsrhodes@burnettoil.com			
Cc:	David Evans			
Subject:	Puckett Well Proposals			
Attachments:	Burnett_Puckett 24 Fed 2 Burnett_Puckett 12 Fed 9	H.pdf; Burnett_Puckett 24 Fed 6H.p H.pdf; Burnett_Puckett 13 Fed 1H.p	odf; Burnett_P odf; Burnett_P	uckett 12 Fed 7H.pdf; uckett 13 Fed 7H.pdf
Tracking:	Recipient	Delivery	Read	•
	'dsrhodes@burnettoil.com'	· · ·		-
	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25	/2011 4:27 PM

Mr. Rhodes,

Thank you,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Lisa Wilson (Oetting) Land Assistant COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 p.432.685.4366 f.432.686.3000

ЭСОПСНО

Lisa Wilson

From: To: Sent: Subject:

100

David Rhodes [dsrhodes@burnettoil.com] Lisa Wilson Wednesday, May 25, 2011 4:29 PM Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

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May 25, 2011

U.S. Certified Mail **Return Receipt Requested**

Javalina Partners 616 Texas Street Fort Worth, TX 76102

Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

)avid PErans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 Priore 432.683.7443

FAX 432.683.7441

RE: New Well Proposal

WELL NAME: *Puckett "12" Federal #7H* SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry このないというないないないない。 たいにいているのであるとないのであるとないないないないかいで、 いちいちょういちょう

INTANGIBLE COSTS		<u>BCP</u>		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location		3,000	304		3,000
Location/Pits/Road Expense		40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307		; (
Footage Contract	208		308		<u> </u>
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310		400,000
Fuel & Power	211	112,500	311	11,250	123,750
Waler	212	30,000	312	75,000	105,00
Bits Mud & Chemicals	213	45,000	313 314	1,000	46,00
Drill Stem Test	214 215	25,000	315		25,00
Coring & Analysis	<u> </u>		515 .		
Cement Surface	- 217 -	16,000	•	······································	16,00
Cement Intermediate	218	16,000	•		16,00
Cement Production 7"x5.5"	218		319	70,000	70,00
Cement Squeeze & Other (NO Kickoff Plug)	220		320		
Float Equipment & Centralizers	221	3,500	321	15,000	18,50
Casing Crews & Equipment	222	7,000	322	13,000	20,00
Fishing Tools & Service	223		323		. ··
Geologic/Engineering	224	10,000	324	1,000	11,00
Contract Labor	225	10,000	325	30,000	40,00
Company Supervision	226	2,000	326	2,000	4,00
Contract Supervision	227	28,000	327	4,000	32,00
Testing Casing/Tubing	228	4,000	328	1,500	5,50
Mud Logging Unit	229	16,000	329		16,00
Logging	230	0	330	5,000	5,00
Perforating/Wireline Services	231	3,500	331	125,000	128,50
Stimulation/Treating			332	760,000	760,00
Completion Unit			333	40,000	40,00
Swabbing Unit		20,000	334 335	100,000	120,00
Rentals-Surface Rentals-Subsurface	²³⁵	30,000	336	10,000	40,00
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,00
Welding Services	238	3,000	338	1,500	4,50
Water Disposal	239	0,000	339	25,000	25,00
Plug to Abandon	240		340		;
Selsmic Analysis	241		341		1
Closed Loop & Environmental	244	120,000	344		120,00
Miscellaneous	242	5,000	342	1,000	6,00
Contingency	243	131,500	343	149,750	281,25
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,00
TANGIBLE COSTS					:
Surface Casing 550' 13 3/8"	401	20,000			
Intermediate Casing 1850' 9 5/8"	402	48,000			48,00
Production Casing/Liner 6900' - 7", 4200' - 5.5"		,,,,,	503	260,000	260,00
Tubing 6200' 2 7/8"			504	38,000	38,00
Wellhead Equipment	405	30,000	505 506	18,000	48,00
Pumping Unit Prime Mover			507	97,000	
Rods			508	39,000	39,00
Pumps			509	4,500	4,50
Tanks			510	20,000	20,00
Flowlines			511	15,000	15,00
Heater Treater/Separator	_ _		512	25,000	25,00
Electrical System		· · · · · · · · · · · · · · · · · · ·	513		
Packers/Anchors/Hangers	414		514		
Couplings/Fittings/Valves	415	2,000	515	25,000	27,00
Gas Compressors/Meters			516	4,000	4,00
Dehydrator			517		
Injection Plant/CO2 Equipment			518		
Miscellaneous	419 -	1,000	519	1,000	2,00
Contingency	420	11,000	520	55,500	66,50
TOTAL TANGIBLES		112,000		602,000	714,00
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,00
					:
COG Operating LLC					:
					:
By: J. Coffman / C. Bird	<u>I</u>	Date Prepared:	5/16/1	1	

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.

WELL NAME: *Puckett "12" Federal #7H* SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry

	004	BCP		ACP	TOTAL
Fitle/Curative/Permit		10,000		<u> </u>	10.
		22,000	302		22,
Damages/Right of Way	203	15,000	303		15,
Survey/Stake Location	204	3,000	304		. 3,
ocation/Pits/Road Expense	205	40,000	305	65,000	105,
Drilling / Completion Overhead	206	5,000	306	1,000	<u> </u>
Furnkey Contract	207	·	307		·
Footage Contract Daywork Contract 20:2 @ \$13000/day			308		
	209	260,000	309	26,000	286,
Directional Drilling Services, With RS	210	400,000	310	11.050	400,
	211	112,500	311	11,250	123,
Vater	212	30,000	312	75,000	105,
lits	213	45,000	313	1,000	46,
Aud & Chemicals	214	25,000	314		25,
Drill Stem Test	215		315		
Coring & Analysis	216			<u> </u>	·
Cement Surface	217	16,000	_		16,
Cement Intermediate	218	16,000			
Cement Production 7"x5.5"	218		319	70,000	70,
Cement Squeeze & Other (NO Kickoff Plug)	220		320		·
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Casing Crews & Equipment	222	7,000	322	13,000	20,
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Beologic/Engineering	224	10,000	324	1,000	11,
iontract Labor	225	10,000	325	30,000	40.
Company Supervision	226	2,000	326	2,000	4,
ontract Supervision	227	28,000	327	4,000	32,
esting Casing/Tubing	228	4,000	328	1,500	5,
lud Logging Unit	229	16,000	329		16,
ogging	230	0	330	5,000	5,
Perforating/Wireline Services	231	3,500	331	125,000	128,
timulation/Treating			332	760,000	760,
Completion Unit			333 🗍	40,000	40,
wabbing Unit			334		
entals-Surface	235	20,000	335	100,000	120,
lentals-Subsurface	236	30,000	336	10,000	40,
rucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,
Velding Services	238	3,000	338	1,500	· 4,
Vater Disposal	239		339 🗍	25,000	25,
lug to Abandon			340		
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Closed Loop & Environmental	244	120,000	344		120,
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Contingency	243	131,500	343	149,750	281,
TOTAL INTANGIBLES		1,433,000		1,633,000	3,066,
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ackers/Anchors/Hangers	414		514		
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jection Plant/CO2 Equipment			518		
liscellaneous	419	1,000	519	1,000	2,
ontingency	420	11,000	520	55,500	66,
TOTAL TANGIBLES		112,000		602,000	714.
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,
COG Operating LLC					•
iy: J. Coffman / C. Bird	<u>Da</u>	te Prepared:	5/16/11		1

Company: By: Printed Name: Title:

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

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SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E				E: Eddy Co, NM	/2001/
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INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305		105,000
Drilling'/ Completion Overhead	206	5,000	306		6,000
Turnkey Contract	207		307		0
Footage Contract Daywork Contract 20:2 @ \$13000/day	208 209	260,000	308 309		00000
Directional Drilling Services, With RS	209	400,000	310		400,000
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Fishing Tools & Service Geologic/Engineering	223 224	10.000	323 324		11,000
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Mud Logging Unit	229	16,000	329	the second se	16,000
Logging Perforating/Wireline Services	230 231	3,500	330 331	5,000	128,500
Stimulation/Treating	231		332	And and a second s	760,000
Completion Unit		• •••• ••	333		40,000
Swabbing Unit			334		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336		40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services Water Disposal	238	3,000	338 339	1,500	25,000
Plug to Abandon	239 240		340	A DESCRIPTION OF THE OWNER OWNER OF THE OWNER OWNER OF THE OWNER OWNE	23,000
Seismic Analysis	241		341	·	: 0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342		6,000
Contingency	243	131,500	343		281,250
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Production Casing/Liner 6900' - 7", 4200' - 5.5"			503		260,000
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Wellhead Equipment	405	30,000	505 506	18,000	48,000 97,000
Prime Mover			507	57,000	
Rods			508	39,000	39,000
Pumps			509	4,500	4,500
Tanks			510	20,000	20,000
Flowlines			511	15,000	15,000
Heater Treater/Separator Electrical System			512 513	25,000	25,000
Packers/Anchors/Hangers	414	<u></u>	514	·····	; 0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters			516	4,000	4,000
Dehydrator			517		0
Injection Plant/CO2 Equipment	440	1.000	518	1 000	2,000
Miscellaneous Contingency	419 420	1,000	519 520	1,000	66,500
TOTAL TANGIBLES	420	112,000		602,000	714,000
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,000
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COG Operating LLC					
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				(452) 080 3000		w		·	
	FROM:	Robyn Cummins Conche Resources Inc COO 550 West Texas Avenue, Suite	Oil & Gas LP / COC 100, Midland, Texa	\$ 79701-4210					
	NOTICE: This intended saly for intended recipton copying of this for receive this fast	facefuils message contains PRI the use of the specific individual it of this facefunds, you are here cainche or the information contain alle in error, plesse notify the sea	or individuals to which by notified that any u sed berein or attached 1 der named below by te	it is addressed. If you a nauthorized use, distensis servio is strictly prohibite	antan Lation or L. If you				
	DATE: 1 TO:	-	E. Randall Hudsc	n III			•		
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	05-25-2011 4326863000	4326863000 (re PAGE _ I. DATE: 1 TO: FAX: (NOTICE: This intender early for factor regive all factor dearroy the factor FROM: 1 PHONE: (05-25-2011 4326863000 This document (reduced sample Document Sourcesses PAGE _1_ OF _5_ PAGES DATE: May 25, 2011 TO: Javelina Partners-Mr. 1 FAX: (817) 334-0442 NOTICE: This feedmake receipted address handled recipiest of this feedmake receipted address treeying of this feedmake receipted address PAGE _10 OF _5_ PAGES DATE: May 25, 2011 TO: Javelina Partners-Mr. 1 FAX: (817) 334-0442 NOTICE: This feedmake receipted address treeying of this feedmake received in arror. Think yea BROM: Rebyn Cumandas Conclus Resources Inc COO SO West Texes Avenue, Suite PHONE: (432) 818-2324	05-25-2011 4326863000 This document : Conf (reduced sample and det Document size : 8.5) Concent size : 8.5) PAGE _1_ OF _5_PAGES DATE: May 25, 2011 TO: Javelina Partners-Mr. E. Randall Hudso FAX: (817) 334-0442 NOTICE: This facefully means for the later state of the state of the second det state of the seco	4326863000 Local Name 1	03:21:33 p.m. Transmit Header Text Local Name 1 Land A326863000 This document : Confirmed (reduced sample and details below) Document size : 8.5 "x14" <i>EXECOVER SHEET</i> PAGE _1_OF_5_PAGES DATE: May 25, 2011 To: Javeline Partners-Mr. E. Randall Hudson III FAX COVER SHEET MINING IN 134-0442 MINING	05-25-2011 43268653000 03:21:33 p.m. Transmit Header Text Local Name 1 Land End Counter 1: Confirmed (reduced sample and details below). Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below.</i> Document size : 8.5 "x14" <i>Excourse for the second sample and details below. Excourse for the second sample and the secon</i>	05-25-2011 4326863000 03:21:33 p.m. Transmit Header Text Local Name 1 Land End Colspan="2">Confirmed (reduced sample and details below) Document size : 8.5"x14" EXECUTE Set 10:1000 End Colspan=2000 End Colspan=	05-25-2011 4326863000 03:21:33 p.m. Transmit Header Text Local Name 1 Land End Councer to Confirmed (reduced sample and details below) Document size : 8,5 "x14" Document Size : 8,5 "x14" Distribution of the Size

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FAX COVER SHEET

PAGE __1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:	ROM: Robyn Cummins Concho Resources Inc COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210					
PHONE:	(432) 818-2324	FAX:	(432) 686 3000	•		

Re: New Well Proposal Puckett "12" Federal 7-H

	<u></u>	<u> </u>			A	
		V	Transmission	Report	U j	
Date/Time Local ID 1	05–25–2011 4326863000	03:21:33 p.m.	Transmit He Local Name		Land	
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		Ca	byn Cummins ncho Resources Inc COG Oil & Gas LP / C West Texas Avenue, Suile 100, Midland, T	COO Operating LLC exas 79701-4210		
		PHONE: (43	2) 818-2324 FAX:	(432) 686 3000		
		·····		······		
		Re: Ne	w Well Proposal Puckett "12" Federal 7-	H	÷.	
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No.	Job	Remote Stat	lon	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	168	8173340442		02:33:26 p.m. 05-25-	2011 00:05:17	5/5	1	EC	HS	CP14400
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	ost send ost recel		PL: Polled loca PR: Polled ren		iallbox print port	FA: Fail	pieteu		G3: Group 3	u by system
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FAX COVER SHEET

PAGE __1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:	: Robyn Cummins Concho Resources Inc COG Oil & Gas LP/ COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210						
PHONE:	(432) 818-2324	FAX:	(432) 686 3000				

Re:

New Well Proposal Puckett "12" Federal 7-H



)) [
 A Signature Complete items 1, 2, and 3. Also complete item 4 if Restricted Defivery is desired. Complete items 1, 2, and 3. Also complete item 4 if Restricted Defivery 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 maliplece, or on the front if space permits. Article Addressed to: 	Javelina Partners 616 Texas Street Fort Worth, TX 76102 Puckett "12" Federal #7H 2. Article Number (Transfer from service label) 2. Article Number (Transfer from service label) 2. Article Number (Transfer from service label) (Transfer from service label)	SENDER; COMPLETE THIS SECTION Complete THIS SECTION • Complete items: 1, 2; and 3; Also complete item '1 if Restricted Delivery is desired. • Complete items: 1, 2; and 3; Also complete item '1 if Restricted Delivery is desired. • Print your name and address on the neverse so that we can return the card to you. • Addressed (1, 1, 1, 1) • Addressed (1, 1, 1) • Addressed to trach, this card to the back of the malplece, or on the front if space permits. • Delivery address below. • Print on them 1? • Addressed to: • If YES, enter delivery address below. • If YES, enter delivery address below. • No	Javelina Partners Javelina Partners Javelina Partners 616 Texas Street 616 Texas Street 3. Service Type Fort Worth, TX 76102 3. Service Type Puckett "12" Federal #7H 3. Service Type Puckett "12" Federal #7H 1. Repistened Mail Form 3811, February 2004 Domestic Return Receipt	
Package II): 9171999991703005145539 2IP Code: 76102 Reference:		Electronic Certified Priority Envelope or package CBP PBP Account #: 41592288 Serial #: 1364097 MAY 25 2011 4:42pm	

May 25, 2011

U.S. Certified Mail Return Receipt Requested

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal

Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL (Unit P) of Section 12, T17S, R31E BHL: 330' FSL & 990' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating, LLC ("COG") proposes to drill the Puckett "12" Federal #7H as a triple lateral well at the captioned location, or a legal location within Location Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,340,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating, LLC

David REVans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address:	Fasken Center, Tower II	550 West Texas Avenue, Suite 100	Midland, Texas 79701	PHONE 432,683,7443	FAX 432.683.7441
					:
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WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM

OBJECTIVE: YESO (11, 021' MD) (6600' TVD) Lower Blinebry

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WO/Pilot, 160 Acre

Injection Plant/CO2 Equipment

Dehydrator

Miscellaneous

WO/Pilot, 160 Acre					:
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	- 202 -	22,000	302 -		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	203		304		3,000
Location/Pits/Road Expense	- 204 -	3,000	304 -	65,000	105,000
Drilling / Completion Overhead	205 -	5,000	305 -	the state of the s	6,000
Turnkey Contract	200 - 207 -	5,000	307 -	1,000	0,000
Foolage Contract	207 -		308 -		0
Daywork Contract 20:2 @ \$13000/day	208 -	260,000	309	26.000	286,000
Directional Drilling Services, With RS	210	400,000	310	26,000	400.000
Fuel & Power	211	112,500	311	11,250	123,750
Water	- 212 -	30,000	312	75,000	105,000
Bits	- 212 - 213 -	45,000	313	1,000	46,000
Mud & Chemicals	- 214 -	25,000	314	1,000	25,000
Drill Stem Test	215	23,000	315		20,000
Coring & Analysis	216				0
Cement Surface	217	16,000	-		16,000
Cement Intermediate	218	16,000	-		16,000
Cement Production 7"x5.5"	218	10,000	319 -	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	- 220 -		320	70,000	1 0,000
Float Equipment & Centralizers	221 -	3,500	321 -	15,000	3 18,500
Casing Crews & Equipment	222	7,000	322	13,000	3 20,000
Fishing Tools & Service	223		323	101000	0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision		28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328	1,500	; 5,500
Mud Logging Unit	229	16,000	329		16,000
Logging		0	330	5,000	5,000
Perforating/Wireline Services		3,500	331 -	125,000	: 128,500
Stimulation/Treating			332 -	760,000	760,000
Completion Unit			333 -	40,000	40,000
Swabbing Unit			334 -		; 0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338 _	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244	120,000	344		. 120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000	_	1,633,000	3,066,000
		_		•,	
TANGIBLE COSTS		-			
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000			48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing 6200' 2 7/8"	<u> </u>	·······	504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	\$ 48,000
Pumping Unit			506	97,000	97,000
Prime Mover			507	20.000	: 0
Rods			508	39,000	39,000
Pumps			509	4,500	4,500
Tanks			510	20,000	20,000
Flowlines Heater Treater/Separator			511 512	15,000	15,000
			-	25,000	25,000
Electrical System Packers/Anchors/Hangers	— ₄₁₄ —		513 _ 514 _		· · · · · · · · · · · · · · · · · · ·
Couplings/Fittings/Valves		2,000		25,000	27,000
Gas Compressors/Meters	<u> </u>	2,000	516	4,000	4,000
Dehydrator			517	4,000	<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>

1,000 2,000 55,500 66,500 602,000 714,000 2,235,000 3,780,000

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COG Operating LLC

Contingency TOTAL TANGIBLES

By: J. Coffman / C. Bird

Date Prepared:

419

420

517

518

5/16/11

1,000 519

112,000

1,545,000

11,000 520

We approve:

% Working Interest

Company: By:

Printed Name Title Date:

TOTAL WELL COSTS

2

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (6600' TVD) Lower Blinebry

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INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,000
Insurance	202	22,000	302 _		22,000
Damages/Right of Way	203	15,000	303 _		15,000
Survey/Stake Location	204	3,000	304 _		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	: 105,000
Drilling / Completion Overhead	206	5,000	306	1,000	. 6,000
Turnkey Contract	207		307 _		0
Footage Contract	208		308 _		1 0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	286,000
Directional Drilling Services, With RS	210	400,000	310	44.050	400,000
Water	211 212	112,500	311	11,250	123,750
Bits	212	30,000	312 313	75,000	105,000
Mud & Chemicals	213	25,000	314	1,000	25,000
Drill Stem Test	214	23,000	315		23,000
Coring & Analysis	216		- 010		
Cement Surface	217	16,000	-		16,000
Cement Intermediate	218	16,000	-		16,000
Cement Production 7"x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221	3,500	321	15,000	18,500
Casing Crews & Equipment	222	7,000	322	13,000	20.000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	. 227	28,000	327	4,000	32,000
Testing Casing/Tubing	228	4,000	328 _	1,500	5,500
Mud Logging Unit	229	16,000	329]		16,000
Logging	230	. 0	330	5,000	5,000
Perforating/Wireline Services	231	3,500	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit			333	40,000	40,000
Swabbing Unit			334 _		0
Rentals-Surface	235	20,000	335	100,000	120,000
Rentals-Subsurface	236	30,000	336 _	10,000	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338 _	1,500	4,500
Water Disposal Plug to Abandon	239 240		339 340	25,000	25,000
Seismic Analysis	240		340		0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	131,500	343	149,750	281,250
TOTAL INTANGIBLES		1,433,000	-	1,633,000	3,066,000
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TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000
Tubing 6200' 2 7/8"			504	38,000	38,000
Wellhead Equipment	405	30,000	505	18,000	48,000
Pumping Unit			506	97,000	97,000
Prime Mover			507		<u> </u>
Rods			508 _	39,000	39,000
Pumps			509 _	4,500	4,500
Tanks			510	20,000	20,000
Flowlines		·	511 _	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System		·	513 _		0
Packers/Anchors/Hangers	414		514	00.000	
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters		······	516	4,000	4,000
Dehydrator			517 518		0
Injection Plant/CO2 Equipment Miscellaneous	419	1,000	510 -	1,000	2,000
Conlingency	420		520	55,500	66,500
TOTAL TANGIBLES	→£0	112,000		602.000	714,000
TOTAL WELL COSTS		1,545,000	-	2,235,000	3,780,000
					·····
COG Operating LLC					
Bur I Coffman / C Bird		Date Prepared:	5/16/11		•
By: J. Coffman / C. Bird		Date ricpareo.	0110/11	. <u> </u>	:
We approve:					
% Working Interest					:
					;
Company:					•
By:					

By:

Printed Name: Title:

This AFE is only an estimate. By signing you agree to pay your share n actual / ete incurrad

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WELL NAME: Puckett "12" Federal #7H SHL: 10' FNL & 850' FEL, Sec. 12-17S-31E BHL: 330' FSL & 990' FEL, Sec. 12-17S-31E WO/Pilot, 160 Acre PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM

OBJECTIVE: YESO (11, 021' MD) (6600' TVD) Lower Blinebry

INTANGIBLE COSTS <u>BCP</u> <u>ACP</u> TOTAL Title/Curative/Permit 10,000 201 10,000 Insurance 202 22,000 302 22,000 Damages/Right of Way 203 15,000 303 15,000 Survey/Stake Location 204 3,000 304 3 000 Location/Pits/Road Expense 205 40,000 305 65,000 105,000 Drilling / Completion Overhead 206 5,000 306 1,000 6,000 **Turnkey Contract** 207 307 0 Footage Contract 208 308 0 Daywork Contract 20:2 @ \$13000/day 209 260.000 309 26,000 286.000 Directional Drilling Services, With RS 210 400,000 310 400.000 Fuel & Power 211 112,500 311 11,250 123,750 75,000 Water 212 30,000 312 105,000 Bits 213 45.000 313 1,000 46,000 Mud & Chemicals 214 25,000 314 25,000 Drill Stem Test 215 315 0 Coring & Analysis 216 0 Cement Surface 217 16,000 16,000 Cement Intermediate 218 16,000 16,000 Cement Production 7"x5.5" 70,000 218 319 70,000 Cement Squeeze & Other (NO Kickoff Plug) 220 320 0 Float Equipment & Centralizers 221 3,500 321 15,000 18,500 Casing Crews & Equipment 222 7,000 322 13,000 20,000 Fishing Tools & Service 223 323 0 Geologic/Engineering 11,000 224 10,000 324 1.000 Contract Labor 225 10,000 325 30,000 40,000 Company Supervision 226 2,000 326 2,000 4,000 Contract Supervision 227 28,000 327 4,000 32,000 Testing Casing/Tubing 228 4.000 328 1,500 5,500 Mud Logging Unit 229 16,000 329 16,000 230 5,000 0 330 5,000 Logging 231 125,000 Perforating/Wireline Services 3,500 331 128,500 Stimulation/Treating 332 760,000 760,000 Completion Unit 333 40,000 40,000 Swabbing Unit 334 0 120,000 Rentals-Surface 235 20,000 100.000 335 30,000 Rentals-Subsurface 236 336 10,000 40,000 Trucking/Forklift/Rig Mobilization 237 40,000 337 100,000 140,000 Welding Services 238 3,000 338 1,500 4,500 Water Disposal 239 339 25.000 25.000 Plug to Abandon 240 340 0 Seismic Analysi 241 341 0 120,000 120.000 Closed Loop & Environmental 244 344 Miscellaneous 242 5,000 342 1.000 6.000 281,250 131,500 149,750 243 343 Contingency TOTAL INTANGIBLES 1,433,000 1,633,000 3,066,000 **TANGIBLE COSTS** 20.000 Surface Casing 550' 13 3/8' 401 1,200 Intermediate Casing 1850' 9 5/8" 503 48,000 402 48,000 260,000 Production Casing/Liner 6900' - 7", 4200' - 5.5" 503 260,000 Tubing 6200' 2 7/8" 504 38,000 38,000 Wellhead Equipment 405 30,000 505 18,000 48,000 97,000 506 Pumping Unit 97,000 507 0 Prime Mover 39,000 39.000 Rods 508 Pumps 509 4 500 4,500 20,000 Tanks 510 20.000 15,000 15,000 511 Flowlines 25,000 512 25,000 Heater Treater/Separator Electrical System 513 0 Packers/Anchors/Hangers 414 514 0 27,000 25,000 Couplings/Fittings/Valves 415 2.000 515 4,000 516 4,000 Gas Compressors/Meters Dehydrator 517 0 Injection Plant/CO2 Equipment 518 1,000 519 2.000 419 1,000 Miscellaneous 11,000 420 520 55,500 66,500 Cont ngency 714,000 602,000 TOTAL TANGIBLES 3,780,000 TOTAL WELL COSTS 1,545,000 2,235,000 COG Operating LLC Date Prepared: 5/16/11 By: J. Coffman / C. Bird

We approve:

Printed Name:

____% Working Interest

Company: By:

Title:

;

This AFE is only an estimate. By signing you agree to pay your share

		<u></u>		<u> </u>	
			Transmission Rep	ort 🧐	:
Date/Time Local ID 1	05–25–2011 4326863000	02:26:30 p.m.	Transmit Header T Local Name 1	ext Land	
			his document : Confirr		
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		PAGE _1_ O DATE: May TO: Zorr FAX: (817) NOTICE: This feedm iscended enty for the us iscended recipiest of th copping of this localisatio		ddreased. If you are not an rized une, dissemination or is eiricily prohibited. IT you	
		destroy the facsimile rec	lived is error. Thank you.		:
		Conche	i Cummins o Resources Inc COG Oil & Gas LP / COG Ope est Texas Avenue, Suite 100, Midland, Texas 7970	nting LLC)1-4210	
		PHONE: (432) 8	118-2324 FAX: (432)	686 3000	:
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No. Job Re	note Station	Start Time	Duration	Pages	Line	Mode	Job Type	Results
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FAX COVER SHEET

PAGE 1_ OF 5_ PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

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FROM:	Robyn Cummins Concho Resources Inc COG Oi 550 West Texas Avenue, Suite 10			
PHONE:	(432) 818-2324	FAX:	(432) 686 3000	• • • • • • • • • • • • • • • • • • • •

Re: New Well Proposal Puckett "12" Federal 7-H

		Transmission Report	
Date/Time Local ID 1	05-25-2011 4326863000	02:26:30 p.m. Transmit Header Text Local Name 1 Land	
			:
		This document : Confirmed	
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		(reduced sample and details below)	
		Document size : 8.5 "x14"	
		SCONCHO	:
		PAGE1 OF _5_ PAGES	
		DATE: May 25, 2011	
		TO: Zorro Partners-Mr. William A. Hudson II	- - -
		FAX: (817) 334-0442	
		NOTICE: This farstnile memore centains FRIVILEGED and CONFIDENTIAL foformation and is	
		istended saily for the use of the specific individual ar individuals to which it is inderessed. If you are not an introduct recipient of his factionals, you are bereby modified that any consubortant one, dimensional or copying at his factionile or the information considered faction or staticated berets is intrictly prohibited. If you review this faceionile is error, please outly the condor samed below by the hybrid conduct reply faceionile and desires the faceionile review in error. Thank you,	
		FRUM: Robyn Commins Concho Resources Inc COG Oil & Gas LP / COG Operating LLC 550 West Texas Avenue, Suite 100, Midland, Texas 79701-4210	
		PHONE: (432) 818-2324 FAX: (432) 686 3000	
		Re: New Well Proposal Puckett "12" Federal 7-H	:
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HS: Ho		PL	olled local olled remote	MP: Mallbox RP: Report	k print	CP: Com FA: Fail	pleted		T5: Terminate G3: Group 3	ed by system



FAX COVER SHEET

PAGE 1 OF 5 PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

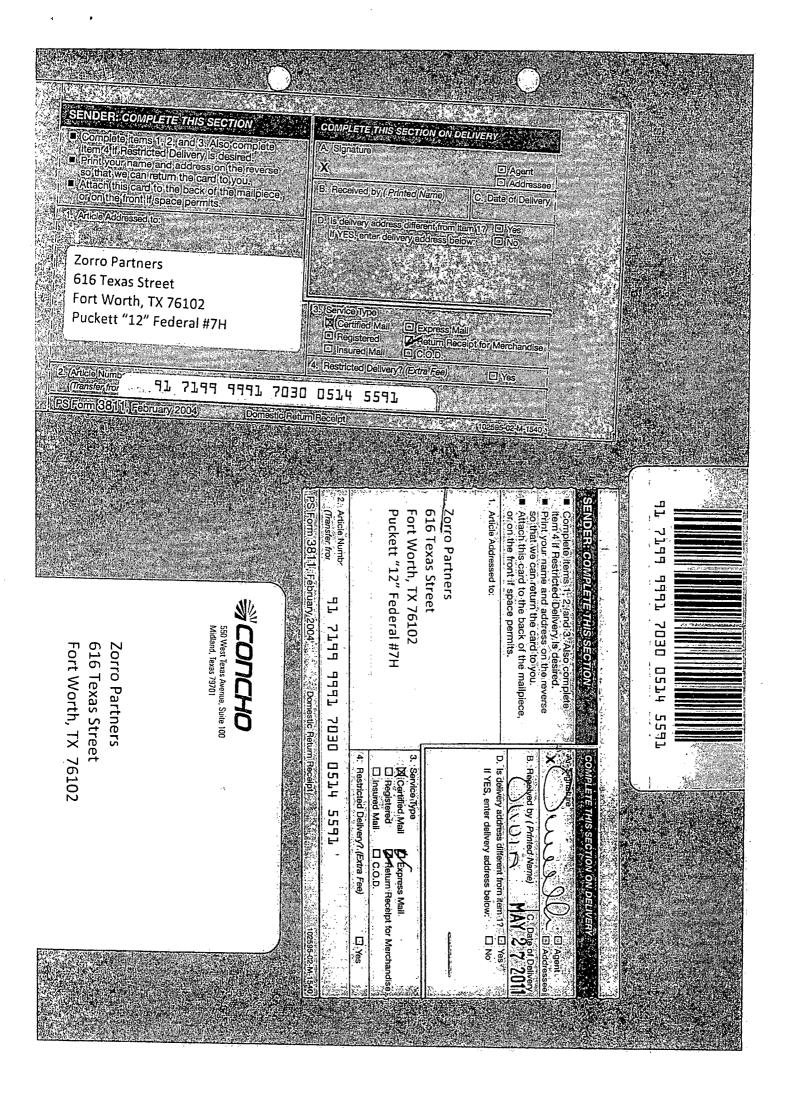
FAX: (817) 334-0442

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FROM:	Robyn Cummins Concho Resources Inc CO 550 West Texas Avenue, Sui			
PHONE:	(432) 818-2324	FAX:	(432) 686 3000	
· · · · · · · · · · · · · · · · · · ·		······································		

Re:

New Well Proposal Puckett "12" Federal 7-H



🔊 СОПСНО

August 5, 2011

U.S. Certified Mail **Return Receipt Requested**

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

Amendment to New Well Proposal RE:

Puckett "12" Federal #9H SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330 FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter • D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'. .
- The two subsequent laterals will be drilled to approximately 9900' MD for the • Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs . (Authority for Expenditure) are enclosed to replace those sent previously.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443

rax 432,683,7441

Surf. Loc: 330' FNL, 330' FWL, Sec 12-	17S-31E	COUNTY & STATE	Eddy Co, NM	
B.H. Loc: 330' FNL, 330' FEL, Sec 12-1		OBJECTIVE: 1102	1' MD (6600' TVD) B	linebry
W/Pilot, 160 Acre				
NTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,
nsurance	202	22,000 302		22,
Damages/Right of Way	203	15,000 303		15,
Survey/Stake Location	· 204	3,000 304		3,
.ocation/Pits/Road Expense	205 -	40,000 305	65,000	105,
Drilling / Completion Overhead	206	5,000 306	1,000	6.
Furnkey Contract	207	307	<u></u>	
ootage Contract	208	308		
Daywork Contract 24:2 @ \$13000/day	209	312,000 309	26,000	338.
Directional Drilling Services, With RS	210	400,000 310		400,0
uel & Power	211	135,000 311	11,250	146,3
Vater	212	34,000 312	75,000	109,
lits	213	45,000 313	1,000	46,6
fud & Chemicals	214	25,000 314		25,0
rill Stern Test	215	315		
oring & Analysis	216			
ement Surface	217	16,000		16,0
ement Intermediate	218	16,000		16,0
ement Production 7"x5.5"	218	319	. 70,000	70,0
ement Squeeze & Other (Kickoff Plug)	220	25,000 320		25,0
loat Equipment & Centralizers	221	3,500 321	15,000	18,5
asing Crews & Equipment	222	7,000 322	13,000	20,0
ishing Tools & Service	223	323		
eologic/Engineering	224	10,000 324	1,000	11,0
ontract Labor	225	10,000 325	30,000	40,0
ompany Supervision	226	2,000 326	2,000	4.0
ontract Supervision	227	28,000 327	4,000	32,0
esting Casing/Tubing	228	4,000 328	1,500	5,5
ud Logging Unit	229	20,000 329	· · · · · · · · · · · · · · · · · · ·	20,0
ogging	230	30,000 330	5,000	35,0
erforating/Wireline Services	231	3,500 331	125,000	128,5
timulation/Treating		332 _	760,000	760,0
ompletion Unit		333 _	40,000	40,0
wabbing Unit		334 -	400.000	
entals-Surface	235	24,000 335	100,000	124,0
entals-Subsurface	236	35,000 336 40,000 337	100,000	45,0
rucking/Forklift/Rig Mobilization	- ²³⁷ -	3,000 338	1,500	4,5
/elding Services /ater Disposal	239	339	25,000	25,0
ug to Abandon	- ²³⁹ -		20,000	
eismic Analysis	- 240 -	340		
losed Loop & Environmental	244	135,000 344		135,0
iscellaneous	242	5,000 342	1,000	6,0
ontingency	243	147,000 343	149,750	296,7
TOTAL INTANGIBLES	_ ~~ _	1,610,000	1,633,000	3,243,0
			110001000	
ANGIBLE COSTS				
urface Casing 550' 13 3/8"	401	20.000		1,2
termediate Casing 1850' 9 5/8"	402	48,000 503		48,0
oduction Casing/Liner 6900' - 7", 4200' - 5.5"		503	260,000	260,0
ubing 6200' 2 7/8"		504	38,000	38,0
ellhead Equipment	405	30,000 505	18,000	48,0
Imping Unit		506	97,000	97,0
ima Mover		507		
xds .		508	39,000	39,0
mps		509	4,500	4.5
nks		510	20,000	20,0
owlines		511	15,000	15,0
ater Treater/Separator		512	25,000	25,0
ectrical System		513		
ckers/Anchors/Hangers	414	514		
uplings/Fittings/Valves	415	2,000 515	25,000	27,00
s Compressors/Meters		516	4,000	4,00
hydrator	_ ` _	517	·····•	····
ection Plant/CO2 Equipment		518		<u> </u>
scellaneous	_ 419 _	1,000 519	1,000	2,00
ntingency	420	11,000 520	55,500	66,50
TOTAL TANGIBLES		112,000	602,000	714,00
TOTAL WELL COSTS		1,722,000	2,235,000	3,957,0
G Operating LLC				
: J. Coffman / C. Bird	Da	le Prepared: 5/24/11		

We approve: ____% Working Interest

Company: 8у:

Printed Name: Title: Date:

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

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WO/Pilot, 160 Acre DitAcce DitAcce DitAccession DitAccession <thditaccession< th=""></thditaccession<>	Surf. Loc: 330' FNL, 330' FWL, Sec 12- B.H. Loc: 330' FNL, 330' FEL, Sec 12-1		COUNTY & STATE OBJECTIVE: 1050	:: Eddy Co, NM 0' MD (6100' TVD) U	pper Blinebry
Title/Course 10,000	WO/Pilot, 160 Acre			· · · · · · ·	<u></u>
Insurance 202 22,000 303 22 Damoge/Splate Location 203 5,000 305 1,000 6, Damoge/Splate Location 203 5,000 304 306	INTANGIBLE COSTS		BCP	ACP	TOTAL
Damages/Right of Way 203 303 303 Damages/Right of Way 203 303 303 303 Damages/Right of Way 203 503 10,000 20, Damages/Right of Way 203 500 305 10,000 20, Damages/Right of Way 203 500 304 306 20, Damages/Right of Way 203 500 300 6, 309 30000 105, Damages/Right of Way 203 500, 300 30000 30000 30000 30000 30000 30000 30000 <th>Title/Curative/Permit</th> <th></th> <th></th> <th></th> <th>10,0</th>	Title/Curative/Permit				10,0
Survey/Silva Location 04 304 205 306 10,000 307 Dating / Completion Overhead 295 5,000 308 1000 307 Torotage Contract 296 5,000 308 1000 308 Torotage Contract 12:0 291 309,000 1155,000 309 1000 355,000 100,000 355,000 100,000 355,000 100,000 355,000 100,000 355,000 100,000 355,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 100,000 357,000 156,000 316 100,000 357,000 100,000 357,000 156,000 130,000 130,000 130,000 130,000 130,000 130,000 130,000 130,000 130,000 130,000 1	Insurance	202	22,000 302		22,0
coation/Pit/Fibred Expanse 205 10.000 305 10.000 20, Dising / Compitation Overhead 206 5.000 308	Damages/Right of Way	203	. 303		
Deling / Competition Overhead 266 5.000 306 1.000 6. Tricky Contract 207 307	Survey/Stake Location				
Turchey Contract 207 307 Daywak Contract 12:2 (B 31000/day) 208 308 30,000 Daywak Contract 12:2 (B 31000/day) 208 306 30,000 Valier 211 66,000 311 17,000 360,000 Valier 212 25,000 312 75,000 100,000 Valier 213 30,000 313 1,000 317, Valier 214 50,000 313 1,000 317, Valier 214 50,000 316					20,0
Society Contract 200 300 155 Sprenk Contract 2:02 B 13000/dy 200 356,000 300 155 Vince Contract 2:02 B 13000/dy 200 350,000 300 350,000 350,000 350,000 350,000 350,000 350,000 350,000 350,000 350,000 351,000 352,000 352,000 352,000 352,000 352,000 352,000 352,000 352,000 352,000 351,000 351,000 351,000 351,000 352,000 352,000 352,000 352,000 352,000 352,000 351,000 351,000 351,000 351,000 351,000 351,000 351,000 351,000 351,000 <td></td> <td></td> <td></td> <td>1,000</td> <td>6,0</td>				1,000	6,0
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Unit & Power 211 66,000 311 17,000 85, 85,000 Water 212 25,000 313 1,000 317, 30,000 313 1,000 317, 315 Water 214 25,000 314 157, 315 315 315 Zenner, 115, Marca 216 315 315 316 317, 317, 317, 317, 317, 317, 317, 317, 317,					350,0
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April & Chemicals 214 15,000 314 15, Daring & Analysis 215 315	Water				100,0
216 215 315 315 2ring & Anaysis 216		~		1,000	31,0
2-ring & Analysis 216					15,0
Cornent Surface 217			313 -		
Jament Intermediate 218					
Sement Squeeze & Other (NO Kickoff Phig) 220 320 321 Seal Equipment & Contralizers 221 321 322 13.000 13.0 Stand Grews & Equipment 222 322 100.00 322 100.00 322 100.00 13.0 Sender Grews & Equipment 222 10.000 322 100.00 14.0 100.0 14.0 100.00 14.0 100.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 14.0 10.00 11.0 10.00 12.00 320 15.00 15.0 10.00 12.00 320 15.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00 10.00	Cement Intermediate				
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basing Crews & Equipment 222 322 13,000 131 ishing Tools & Service 223 100,000 323 1001 ishing Tools & Service 223 100,000 324 1,000 111 Contract Labor 225 10,000 324 1,000 401 Contract Labor 226 2,000 326 2,000 401 Contract Supervision 227 17,000 327 4,200 21,3 Saing Casing/Tubing 288 4,000 328 15,000 355 Aud Logging Unit 229 12,000 331 12,500 27,5 Orging 333 45,000 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 550,00 560,000 336 10,000 70,00 54,00 50,00 54,00 50,00 56,00 56,00 56,00 56,00 56,00 56,00 <td>Cement Squeeze & Other (NO Kickoff Plug)</td> <td></td> <td></td> <td></td> <td></td>	Cement Squeeze & Other (NO Kickoff Plug)				
ibing Tools & Service 223 100,000 323 100,001 Seadogic/Engineering 224 10,000 324 1,000 11/ Seadogic/Engineering 225 10,000 324 1,000 400 Company Supervision 226 2,000 326 2,000 400 Contract Liberorision 227 17,000 327 4,200 21.1 Seting Zesing/Tubing 228 4,000 328 1,500 55. Aud Logging Unit 229 12,000 329 12.600 331 12,500 227.5 Completion Unit 12,000 333 45,000 57.0 333 45,000 60.0 Cater Disposal 239 333 15,000 333 1,500 45.000 76.0 Letar Disposal 239 339 25,000 26.0 26.000 36 10,000 70.0 27.0 26.0 20.000 26.0 20.000 26.0 20.000 26.0 26.0 <	Float Equipment & Centralizers				
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orgging 230 330 27.5 refrarating/Wireline Services 231 15.000 331 12.500 27.5 immulation/Treating 332 950,000 951,000 951,000 951,00 951,0	esting Casing/Tubing			1,500	5,5
artorating/Wireline Services 231 15,000 331 12,500 227,5 immulation/Treating 32 950,000 930 25,000 950,000	Aud Logging Unit				12,0
itimulation/Treating 332 950,000 950,0 iompleton Unit 12,000 333 45,000 57,0 wabbing Unit 334				12 500	
iompletion Unit 12,000 333 45,000 57,0 wabbing Unit 334 333 45,000 56,000 60,000 335 45,000 70,0 60,000 70,0 70,000 70,0 70,000 70,0 70,000 70,00 70,0 70,000 70,0 70,000 70,0 70,000 70,0 70,000 70,00 70,0 70,000 70,0 70,000 70,0 70,000 70,0 70,000 70,00 70,0 70,000 70,0 70,000 70,0 70,000 70,0 70,00		_ 231 _			
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antals-Subsurface 236 60,000 336 10,000 70,0 rucking/Forkilt/Rig Mobilization 237 40,000 337 20,000 60,0 felding Services 238 3,000 338 1,500 44.5 /ater Disposal 239 339 25,000 25,000 25,000 /ater Disposal 240 341	wabbing Unit				
nucking/Forklift/Rig Mobilization 237 40,000 337 20,000 60,0 /elding Services 238 3,000 338 1,500 4,5 /ater Disposal 239 339 25,000 25,000 25,000 up to Abandon 240 340 340 340 340 340 lised Loop & Environmental 244 50,000 344 50,00 6,0 liscellaneous 242 5,000 342 1,000 6,0 onlingency 243 105,000 343 131,300 236,3 TOTAL INTANGIBLES 1,151,000 1,436,000 2,587,0 ANGIBLE COSTS 1,151,000 1,436,000 2,587,0 urface Casing 401 503 51,000 25,00 ander fraeter/Separator 503 51,000 51,0 504 odds 507 507 508 507 507 odds 510 500 27,00 230,00 230,00 230,00	Rentals-Surface	235	15,000 335	45,000	60,00
leiding Services 238 3.000 338 1,500 4,5 later Disposal 239 339 25,000 25,000 25,000 log to Abandon 240 340	lentals-Subsurface				70,0
/ater Disposal 239 339 25,000 25,000 lug to Abandon 240 340					the second se
lug to Abandon 240 340					
alsmic Analysis 241 341				23,000	23,00
Iosad Loop & Environmental 244 50,000 344 60,0 iscellaneous 242 5,000 342 1,000 60,0 ontingency 243 105,000 343 131,300 236,3 TOTAL INTANGIBLES 1,151,000 1,436,000 2,587,0 ANGIBLE COSTS urface Casing 401 1,2 roduction Casing/Liner 4200* 4.5* 503 51,000 51,00 oduction Casing/Liner 4200* 4.5* 503 51,000 51,00 ibing 504 505 505 506 imping Unit 506 505 505 506 505 imps Song 509 509 509 500 505 506 505 505 505 505 505 505 505 505 505 505 505 505 506 505 505 505 505 505 505 505 505 505 505 505 505 505 505 505					·
antingency 243 105,000 343 131,300 236,3 TOTAL INTANGIBLES 1,151,000 1,436,000 2,587,0 2,587,0 ANGIBLE COSTS 401 1,2 503 1,131,000 2,587,0 ANGIBLE Costs 401 503 1,2 503 51,000 50,000 51,000 50,000 50,000 50,000 50,000 50,000 51,000 51,000 50,000 51,000 51,000 51,000 51,000 51,000 50,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000 51,000<	losed Loop & Environmental	244	50,000 344		50,00
TOTAL INTANGIBLES 1,151,000 1,436,000 2,587,0 ANGIBLE COSTS urface Casing 401 1,2 1,2 1,2 termediate Casing 402 503 51,000 <td>liscellaneous</td> <td>242</td> <td>5,000 342</td> <td>1,000</td> <td>6,00</td>	liscellaneous	242	5,000 342	1,000	6,00
ANGIBLE COSTS urface Casing 401 1.2 termediate Casing 402 503 51,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 50,000 51,000 51,000 51,000 50,000 50,000 50,000 50,000 51,000 50,000 51,000 52,000 23,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 32,000 <td< td=""><td>ontingency</td><td>243</td><td></td><td></td><td>236,3</td></td<>	ontingency	243			236,3
401 1.2 termediate Casing 401 termediate Casing 402 fooduction Casing/Liner 4200' - 4.5" 503 toting 504 feilhead Equipment 405 mping Unit 506 ime Mover 507 ods 509 innes 509 inter Mover 509 ods 509 inters 509 inters 510 owlines 511 owlines 511 owlines 511 owlines 511 owlines 513 owlines 513 owlines 513 owlines/stanchors/Hangers 414 514 230,000 owlings/Fittings/Valves 516 scCompressors/Meters 516 owlingency 519 owlingency 419 owlingency 32,000 owlingency 400 owlingency	TOTAL INTANGIBLES	_ ~	1,151,000	1,436,000	2,587,0
termediate Casing 402 503	ANGIBLE COSTS				
soduction Casing/Liner 4200° - 4.5" 503 51,000 51,000 bibing 504 505 505 relibead Equipment 405 506 506 ime Mover 507 508 509 ods 508 509 509 anks 510 501 505 owlines 510 505 509 ackers/Anchors/Hangers 511 506 509 ackers/Anchors/Hangers 414 514 230,000 230,00 sog Compressors/Meters 516 4,000 4,00 4,000 abgrepsize 419 1,000 519 2,000 330,00 iningency 419 1,000 520 32,000 330,00			503	······	1,20
405 505 imping Unit 506 ime Mover 507 ods 508 imps 509 inks 510 owlines 511 acter Treater/Separator 511 acter Treater/Separator 512 acter Treater/Separator 513 acter Streater 513 acter Treater/Separator 513 acter Streater 513 acter Streater 513 acter Treater/Separator 513 acter Streater 513 acter Streater 513 acter Streater Streater 513 acter Streater Streater 515 acter Streater Streater 516 actor Streater Streater Streater 516 actor Streater Streater 517 actor Streater Streater 518 actor Streater Streater 518 actor Streater Streater 519 actor Streater Streater 518 actor Streater 32,000 <t< td=""><td>roduction Casing/Liner 4200' - 4.5"</td><td></td><td></td><td>51,000</td><td>51,00</td></t<>	roduction Casing/Liner 4200' - 4.5"			51,000	51,00
Jumping Unit 506 jme Mover 507 jme Mover 508 jms 508 jms 509 anks 510 swlines 511 aater Treater/Separator 512 actrical System 513 ackers/Anchors/Hangers 414 415 2,000 ass Compressors/Meters 516 scelareous 517 scelareous 518 scelareous 518 scelareous 519 Jongings/Fittings/Valves 516 Multical System 516 Scelareous 517 scelareous 518 scelareous 419 J.000 520 32,000 33,00 TOTAL TANGIBLES 4,000	ubing		504		
ime Mover 507 inds 508 inks 509 inks 509 inks 510 owlines 511 sater Treater/Separator 511 certrical System 512 inks scelars/Anchors/Hangers 414 513 230,000 ackers/Anchors/Hangers 414 514 230,000 as Compressors/Meters 516 shydrator 517 ection Plant/CO2 Equipment 518 scellaneous 419 1,000 519 1,000 2,000 TOTAL TANGIBLES 4,000 343,000	/ellhead Equipment	405			
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bater Treater/Separator 512 bater Treater/Separator 512 backers/Anchors/Hangers 414 513 230,000 backers/Anchors/Hangers 414 514 230,000 backers/Anchors/Hangers 414 515 25,000 scompressors/Meters 516 schrift 517 backers/Anchors/Hangers 516 scompressors/Meters 516 schrift 517 backers/Anchors/Hangers 518 scellaneous 419 1,000 scellaneous 419 1,000 520 TOTAL TANGIBLES 4,000 343,000 347,00					
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buplings/Fittings/Valves 415 2,000 515 25,000 27,00 as Compressors/Meters 516 4,000 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 4,00 518					
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Stellaneous 518				4,000	4,00
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TOTAL TANGIBLES 4,000 343,000 347,00	scellaneous		1,000 519		2,00
		420			33,00
TOTAL WELL COSTS 1,155,000 1,779,000 2,934,00					347,00
	IUTAL WELL COSTS		1,155,000	1,779,000	2,934,00

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We approve: _____% Working Interest

Company: By:

Date:

Printed Name: Title:

WELL NAME: Puckett "12" Federal #9H		PROSPECT NAME: Puckett						
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E		COUNTY & STATE: Eddy Co, NM						
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-	31E	OBJECTIVE: 99	00' MD (5500' TVD)	Paddock				
WO/Pilot, 160 Acre								
INTANGIBLE COSTS		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>				
Title/Curative/Permit	201	10,000		10,000				
Insurance	· 202	22,000 3		22,000				

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INTANGIBLE COSTS		BCP		<u>ACP</u>	TOTAL
Title/Curative/Permit	201	10,000		<u></u>	10,0
Insurance	· 202	22,000	302		22,0
Damages/Right of Way	203		303		
Survey/Stake Location	204		304		
Location/Pits/Road Expense	205	10,000	305	10,000	20,0
Drilling / Completion Overhead	206	5,000	306	1,000	6,0
Turnkey Contract		······································	307		
Footage Contract	208		308		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
Directional Drilling Services, With RS	210	350,000	310		350,0
Fuel & Power	211	68,000	311	17,000	85,0
Water	212	25,000	312	75,000	100,0
Bits		30,000	313	1,000	31,0
Mud & Chemicals		15,000	314		15,0
Drill Stem Test	215		315		
Coring & Analysis			-		
Cement Surface	217		-		
Cement Intermediate		· · · · · · · · · · · · · · · · · · ·	•		
Cement 2nd Intermediate 7"	218		319		
Cement Squeeze & Other (NO Kickoff Plug)			320		
Float Equipment & Centralizers	221		321		
Casing Crews & Equipment			322	13,000	13,0
Fishing Tools & Service	223	100,000	323 -	<u> </u>	100,0
Geologic/Engineering	224	10,000	324	1,000	11.0
Contract Labor		10,000	325	30,000	40,0
Company Supervision	226	2,000	326	2,000	4,0
Contract Supervision	227	17,000	327	4,200	21,2
Testing Casing/Tubing	228	4,000	328	1,500	5,5
Mud Logging Unit		12,000	329		12,0
Logging	230		330		
Perforating/Wireline Services	231	15,000	331	12,500	27,5
Stimulation/Treating			332 -	950,000	950,0
Completion Unit		12,000	333 -	45,000	57,0
Swabbing Unit			334 -		
Rentals-Surface	235	15,000	335	45,000	60,0
Rentals-Subsurface	236	60,000	336	10,000	70,0
Trucking/Forklift/Rig Mobilization	- 237 -	40,000	337	20,000	60,0
Welding Services	238	3,000	338	1,500	4,5
Water Disposal	239		339	25,000	25,0
Plug to Abandon	240		340		
Selsmic Analysis			341		
Closed Loop & Environmental	244	50,000	344		50,00
Viscellaneous	242		342	1,000	6,00
Contingency	- 243 -		343	131,300	236,30
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587.00
TANGIBLE COSTS			-		
Surface Casing	401		-		1,20
ntermediate Casing	402		503		
Production Casing/Liner 4200' - 4.5"			503 🗌	51,000	51,00
ubing			504		
Vellhead Equipment	405		505		
umping Unit			506		
Prime Mover			507 _		
lods			508 _		
Pumps			509 🗌		
anks		•	510]		
lowlines			511 _		
leater Treater/Separator			512 🗍		
lectrical System			513 _	·	
ackers/Anchors/Hangers	414		514 _	230,000	230,00
ouplings/Fittings/Valves	415	2,000	515 _	25,000	27,00
as Compressors/Meters			516 _	4,000	4,00
ehydrator			517 🗍		
jection Plant/CO2 Equipment			518		
fiscellaneous	419		519 🗂	1,000	2,00
ontingency	420		520 -	32,000	33,00
	_		_		
TOTAL TANGIBLES		4,000		343,000	347,00

COG Operating LLC

By: J. Coffman / C. Bird

5/17/11 Date Prepared:

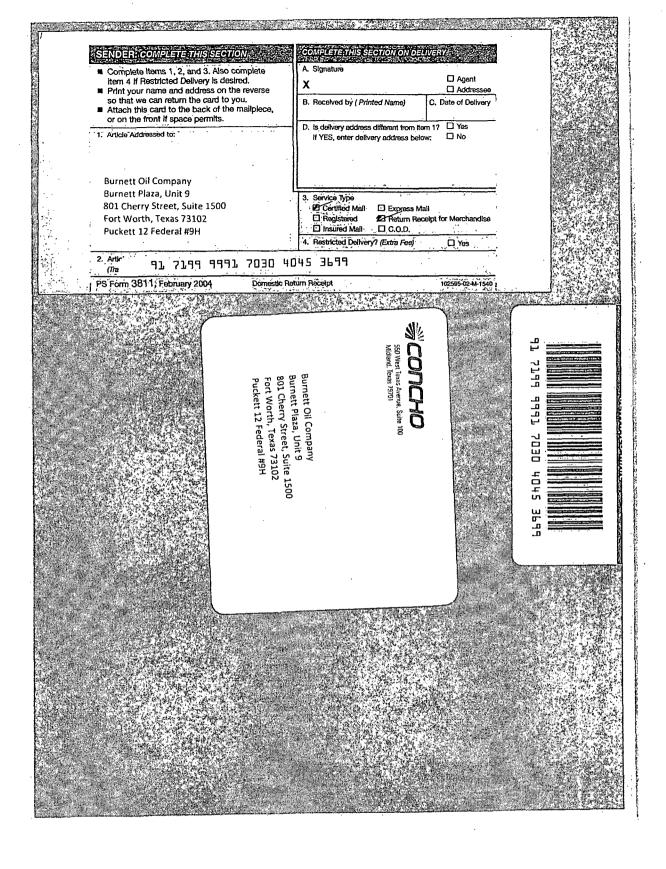
We approve:

% Working Interest ____

Company: By.

Printed Name:

Title: Date:



August 5, 2011

U.S. Certified Mail Return Receipt Requested

Javelina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>Amendment to New Well Proposal</u> Puckett "12" Federal #9H SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330 FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'.
- The two subsequent laterals will be drilled to approximately 9900' MD for the Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs (Authority for Expenditure) are enclosed to replace those sent previously.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 million 432.683.7443 HAX 432.683.7441

B.H. Loc: 330' FNL, 330' FEL, Sec 12-1	7S-31E	OBJECTIVE:	11021	MD (6600' TVD) BI	inebry
W/Pilot, 160 Acre					
INTANGIBLE COSTS	201	BCP		ACP	TOTAL
Title/Curative/Permit	- 201 -	10,000 22,000	302 —		10,1
Damages/Right of Way	203	15,000	303	· ·······	15,
Survey/Stake Location	204 -	3,000	304		3,
ocation/Pits/Road Expense	- 204 ·	40,000	305	65,000	105,
Drilling / Completion Overhead	206 -	5,000	306	1,000	6,
Furnkey Contract	207		307		
ootage Contract	208		308		
Daywork Contract 24:2 @ \$13000/day	209	312,000	309	26,000	338,
Directional Drilling Services, With RS	210	400,000 135,000	310		400,
Vater		34,000	311 312	11,250	146,
lits	213 -	45,000	313	1,000	46,
Aud & Chemicals	214	25,000	314		25,
rill Stem Test	215		315		
Coring & Analysis	216		_		
Cement Surface	217	16,000			16,1
Cement Intermediate	218	16,000			16,1
Cament Production 7"x5.5"	- ²¹⁸ 220 -	25.000	319 320	70,000	70,1
loat Equipment & Centralizers	220	3,500	321	15,000	18,
Casing Crews & Equipment	- 222 -	7,000	322	13,000	20,0
Ishing Tools & Service	223		323		
Beologic/Engineering	224	10,000	324	1,000	11,0
ontract Labor	225	10,000	325	30,000	40,0
ompany Supervision	226	2,000	326	2,000	4,0
Contract Supervision	227 -	28,000	327	4,000	32,0
esting Casing/Tubing Ind Logging Unit	²²⁸ 229 -	4,000 20,000	329	1,500	
ogging	- 230 -	30,000	330	5.000	35,0
erforating/Wireline Services	231	3,500	331	125,000	128,5
timulation/Treating			332	760,000	760,0
ompletion Unit			333 🔄	40,000	40,0
wabbing Unit			334		
entals-Surface	235	24,000	335	100,000	124,0
entals-Subsurface rucking/Forklift/Rig Mobilization	- ²³⁶ 237 -	35,000 40,000	336 337	10,000	45,0
/elding Services	- 238 -	3,000	338	1,500	4,5
/ater Disposal	239 -		339	25,000	25,0
lug to Abandon	240		340		
eismic Analysis	241		341		
losed Loop & Environmental	244		344		135,0
liscellaneous	242		342	1,000	6,0
TOTAL INTANGIBLES	243	1,610,000	343	149,750	296,7
		1,010,000	_	,,035,000	
ANGIBLE COSTS urface Casing 550' 13 3/8"	401	20,000			1,2
termediate Casing 1850' 9 5/8"	402 -		503		48,0
roduction Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,0
ubing 6200° 2 7/8"			504	38,000	38,0
ellhead Equipment	405		505	18.000	48,0
umping Unit	<u> </u>		506 507	97.000	97.0
ime Mover			508	39,000	39,0
umps			509	4,500	4,5
inks			510	20,000	20,0
owlines			511	15,000	15.0
ater Treater/Separator			512	25,000	25,0
ectrical System			513		·····
ckers/Anchors/Hangers	- 414 -		514 <u>-</u> 515 -	26.000	27,0
ouplings/Fittings/Valves	415		516	25.000	4,0
hydrator			517	4,000	
ection Plant/CO2 Equipment			518		
scellaneous	419		519	1.000	2,0
ontingency	420		520	55,500	66,5
TOTAL TANGIBLES		112,000		602,000	714,0
TOTAL WELL COSTS		1,722,000		2,235,000	3,957,0

We approve: ____% Working Interest

Company:

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By:

Printed Name: Title: Date:

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

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Surf. Loc: 330' FNL, 330' FWL, Sec 12-1	75-315	COUNTY & S	TATE	Eddy Co, NM	
				' MD (6100' TVD) (Inner Blinghry
B.H. Loc: 330' FNL, 330' FEL, Sec 12-1 WO/Pilot, 160 Acre	13-31E	OBJECTIVE.	10300	MD (0100 10D) (opper bimebry
WO/FIIOL, TOU ACIE	- <u></u>				
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,00
Insurance		22,000	302		22,00
Damages/Right of Way	203		303		
Survey/Stake Location			304	······	
Location/Pits/Road Expense	205	10,000	305	10,000	20,00
Drilling / Completion Overhead	206	5,000	306 -	1,000	6,00
Turnkey Contract	207		307		
Footage Contract	208		308		
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,00
Directional Drilling Services, With RS	210	350,000	310		350,00
Fuel & Power	211	68,000	311	17,000	85,00
WaterBits	212	25,000	312 313	75,000	100,00
Mud & Chemicals	213 214	15,000	314	1,000	15,00
Drill Stem Test	214	13,000	315		
Coring & Analysis	216		· · · ·		
Cement Surface	217				
Cement Intermediate	218				
Cement 2nd Intermediate 7*	218		319		. (
Cement Squeeze & Other (NO Kickoff Plug)			320		
Float Equipment & Centralizers	221		321 🚞		(
Casing Crews & Equipment	222		322	13,000	13,000
Fishing Tools & Service	223	100,000	323		100,000
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision Contract Supervision	226	2,000	326 327	2,000	4,000
Testing Casing/Tubing	- 228	4,000	328	1,500	5,500
Mud Logging Unit	- 229	12,000	329	7,000	12,000
Logging	230		330		(
Perforating/Wireline Services	231	15,000	331	12,500	27.500
Stimulation/Treating			332	950,000	950,000
Completion Unit		12,000	333	45,000	57,000
Swabbing Unit	-		334		
Rentals-Surface	235	15,000	335	45,000	60,000
Rentals-Subsurface	236	60,000	336	10,000	70,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	20,000	60,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339	25,000	25,000
Plug to Abandon	240		340		C
Seismic Analysis	241	50.000	341		
Closed Loop & Environmental	244 242	50,000	344 342	1,000	50,000
Miscellaneous Contingency	- ²⁴² 243		342	131,300	236,300
TOTAL INTANGIBLES	243	1,151,000	J4J	1,436,000	2,587,000
		1101,000		1,100,000	
TANGIBLE COSTS					
Surface Casing	401				1,200
ntermediate Casing	402		503		C
Production Casing/Liner 4200' - 4.5"			503	51,000	51,000
ubing			504		0
Velthead Equipment	405		505		0
Pumping Unit			506		0
rime Mover			507		0
Rods			508		0
humps			509		0
anks			510 <u>–</u> 511		<u>0</u> 0
leater Treater/Separator			512	<u> </u>	0
lectrical System			513		0
ackers/Anchors/Hangers	414		514	230,000	230,000
ouplings/Fittings/Valves	415		515	25,000	27,000
as Compressors/Meters			516	4,000	4,000
ehydrator			517		0
Jection Plant/CO2 Equipment	_		518		0
liscellaneous	419		519	1,000	2,000
ontingency	420		520	32,000	33,000
TOTAL TANGIBLES		4,000		343,000	347,000
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,000
		,			
OG Operating LLC					
ar I Coffman / C Bird		Data Prenarad	17/11		
y: J. Coffman / C. Bird	~ -	Date Prepared: 5	17/11		
le approve:					
% Working Interest					
· • • • • • • • • • • • • • • • • •					
ompany:					

Printed Name: Title: Date:

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WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett						
Surf. Loc: 330' FNL, 330' FWL, Sec 12-	COUNTY & STATE: Eddy Co, NM						
B.H. Loc: 330' FNL, 330' FEL, Sec 12-1	17S-31E	OBJECTIVE:	9900'	MD (5500' TVD) Pa	ddock		
WO/Pilot, 160 Acre							
		DCD		ACD	TOTAL		
INTANGIBLE COSTS		BCP		ACP	<u>TOTAL</u>		
Title/Curative/Permit	201	10,000	302 -		10,		
nsurance	202	22,000					
Damages/Right of Way	203		303				
JUIVEYISIAKE LOCASON	204	10.000	304	10,000	20,		
ocation/Pits/Road Expense Drilling / Completion Overhead	205 	5,000	305 306	1,000	6,		
Furnkey Contract	200		307	1,000	,		
Footage Contract	208		308				
Daywork Contract 12:3 @ \$13000/day	209	156,000		39,000	195,		
Directional Drilling Services, With RS	210	350,000	310 -		350,		
uel & Power	211	68,000	311 -	17,000	85,		
Vater	212	25,000	312	75,000	100,		
Bits	213	30,000	313	1,000	31,		
Aud & Chemicals	214	15,000	_		15,		
Crill Stem Test	215		315		. <u></u>		
Coring & Analysis	216		_				
Cement Surface	217						
Cement Intermediate Cement 2nd Intermediate 7*	218 218	•	319 -				
Zement 2nd Intermediate 7 Zement Squeeze & Other (NO Kickoff Plug)	218		320	· · · · · · · · · · · · · · · ·			
toat Equipment & Centralizers	221	·	321				
Casing Crews & Equipment	222	<u> </u>	322	13,000	13,		
ishing Tools & Service	223	100,000	323		100,		
Seologic/Engineering	224	10,000	324	1,000	11,		
Contract Labor	225	10,000		30,000	40,		
Company Supervision	226	2,000	326	2,000	4.0		
Contract Supervision	227	17,000	327 _	4,200	21.		
esting Casing/Tubing	228	4,000	328	1,500	5,		
łud Logging Unit	229	12,000	329 330		12,0		
ogging Perforating/Wireline Services	230	15,000	331	12,500	27,5		
timulation/Treating	231	15,000	332	950,000	950,0		
Completion Unit		12,000	333	45,000	57,6		
wabbing Unit			334				
lentals-Surface	235	15,000	335	45,000	60,0		
entals-Subsurface	236	60,000	336	10,000	70,0		
nucking/Forklift/Rig Mobilization	237	40,000	337 _	20,000	60,0		
Velding Services	238	3,000	338	1,500	4,5		
/ater Disposal	239		339 _	25,000	25,0		
lug to Abandon	240	<u> </u>	340	. <u> </u>			
eismic Analysis losed Loop & Environmental	241 244	50,000	341 -		50,0		
liscellaneous	242	5,000	342	1,000			
Conlingency	243	105,000	343	131,300	236,3		
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,0		
			-				
ANGIBLE COSTS							
urface Casing	401		_	<u></u>	1,2		
termediate Casing	402		503				
roduction Casing/Liner 4200' - 4.5"			503	51,000	51,0		
ubing			504 _				
/ellhead Equipment	405 .		505		<u></u>		
nime Mover			507				
ods			508				
umps			509				
anks			510				
owlines			511	-			
eater Treater/Separator			512 _				
ectrical System			513	220.000	020.0		
ackers/Anchors/Hangers	414 415 -	2,000	514	230,000	230,0		
as Compressors/Meters	- "" -	2,000	515	4,000	4.0		
as compressors/meters			517 -	-,000	4,0		
ection Plant/CO2 Equipment			518	· · · · · · · · · · · · · · · · · · ·			
scellaneous	419	1,000	519	1,000	2,0		
ontingency	420		520	32,000	33,0		
TOTAL TANGIBLES		4,000		343,000	347,0		
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,0		

COG Operating LLC

By: J. Coffman / C. Bird

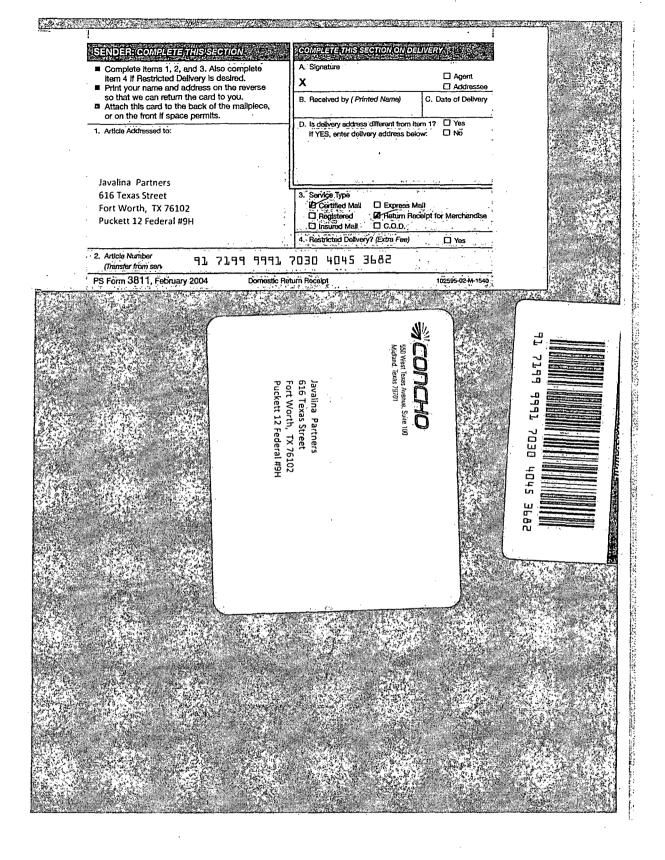
Date Prepared: 5/17/11

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.





August 5, 2011

U.S. Certified Mail **Return Receipt Requested**

Zorro Partners, Ltd. 616 Texas Street Fort Worth, TX 76102

RE: Amendment to New Well Proposal Puckett "12" Federal #9H SL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330 FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

Reference is made to our letter to you dated May 25, 2011 proposing the subject well. Please note the following corrections:

- The well will be drilled at an approved surface location within location unit letter ٠ D.
- The well will be drilled with a pilot hole to an estimated TD of 6800'.
- The two subsequent laterals will be drilled to approximately 9900' MD for the Paddock and 10500' MD for the upper Blinebry.
- The total cost of the Operation is estimated to be \$9,825,000.00. A set of AFEs ٠ (Authority for Expenditure) are enclosed to replace those sent previously.

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

Yours truly,

COG Operating LLC

Stuart A. Dirks, CPL Senior Landman

Enclosure (s)

Corporate Address: Fasken Center, Tower I	550 West Texas Avenue, Suite 100	Midland, Texas 79701	phone 432.683.7443	fax 432.683.7441
---	----------------------------------	----------------------	--------------------	------------------

WELL NAME: Puckett "12" Federal #9H	PROSPECT NAME: Puckett
Surf. Loc: 330' FNL, 330' FWL, Sec 12-17S-31E	COUNTY & STATE: Eddy Co, NM
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17S-31E	OBJECTIVE: 11021' MD (6600' TVD) Blinebry
W/Pilot, 160 Acre	

INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			. 10,
Insurance	202	22,000			22,
Damages/Right of Way	203	15,000	303		15,
Survey/Stake Location	204	3,000			3,
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Footage Contract	208		308		<u>. </u>
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Coring & Analysis	216		_		
Cement Surface	217	16,000	_		16,
Cement Intermediate	218	16,000			16,
Cement Production 7"x5.5"	218		319	70,000	70,
Cement Squeeze & Other (Kickoff Plug)	220	25,000	320		25,
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Contract Supervision	227	28,000	327	4,000	32
Festing Casing/Tubing	228	4,000	328	1,500	5,
Aud Logging Unit	229	20,000	329 -		20
ogging	230	30,000	330	5,000	35,
Perforating/Wireline Services	231	3,500	331	125,000	128,
Stimulation/Treating			332 -	760,000	760,
Completion Unit			333 ~	40,000	40,
Swabbing Unit			334		
Rentals-Surface	235	24,000	335	100,000	124,
Rentals-Subsurface	236	35,000	336	10,000	45,
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Velding Services	238	3,000	338	1,500	4.
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Plug to Abandon	240		340		
Beismic Analysis	241		341		
Closed Loop & Environmental		135,000	344		135,
Aiscellaneous	242	5,000	342	1,000	6,
Contingency	243	147,000	343	149,750	296,
TOTAL INTANGIBLES		1,610,000	-	1,633,000	3,243,
ANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,:
termediate Casing 1850' 9 5/8"	402	48,000	503 -		48.
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umps			509	4,500	4,5
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TOTAL TANGIBLES		112,000		602,000	714,0
TOTAL WELL COSTS		1,722,000	-	2,235,000	3,957,0
		1,122,000		2,200,000	3,337,0

COG Operating LLC

By: J. Coffman / C. Bird

5/24/11 Date Prepared:

We approve:

_% Working Interest

Company: By:

Printed Name:

Title: Date:

Surf. Loc: 330' FNL, 330' FWL, Sec 12-1	7S-31F	COUNTY & S		Eddy Co, NM	
B.H. Loc: 330' FNL, 330' FEL, Sec 12-1				' MD (6100' TVD)	Inner Blinehry
WO/Pilot, 160 Acre	10-51L	OBJECHVE.	10500		opper Dimetry
NTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,4
nsurance	202	22,000	302		22,0
Damages/Right of Way	203		303		
Survey/Stake Location	204		304		
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Drilling / Completion Overhead	206	5,000	306	1,000	6,0
urnkey Contract	207	· · ·	307		
oolage Contract	208		308		-
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0
Directional Drilling Services, With RS	210	350,000	310		. 350,0
uel & Power	211	68,000	311	17,000	85,0
Valer	212	25,000	312	75,000	100,0
its	213	30,000	313 _	1,000	31,0
Aud & Chemicals	214	15,000	314		15,0
rill Stem Test	215		315		.
oring & Analysis	- 216 217		_		······
ement Surface	217				
ement 2nd Intermediate 7*	218		319	<u> </u>	
ement Squeeze & Other (NO Kickoff Plug)	- 220		320	<u> </u>	<u></u>
loat Equipment & Centralizers	- 221		321		
asing Crews & Equipment	- 222		322	13,000	13,0
shing Tools & Service	223	100,000	323		100,0
eologic/Engineering	224	10,000	324	1,000	11,0
ontract Labor	225	10,000	325	30,000	40,0
ompany Supervision	226	2,000	326	2,000	4,0
ontract Supervision	227	17,000	327	4,200	21,2
esting Casing/Tubing	228	4,000	328	1,500	5,5
ud Logging Unit	229	12,000	329		12,0
ogging	230		330		
erforating/Wireline Services	231	15,000	331	12,500	27,5
imulation/Treating			332	950,000	950,0
ompletion Unit	-	12,000	333	45,000	57,0
wabbing Unit		15.000	334 <u> </u>	45.000	60.0
entals-Surface		15,000 60,000	335	45,000	70,0
ucking/Forklift/Rig Mobilization	236	40,000	330	20,000	60,0
elding Services	- 238	3,000	338	1,500	4,5
ater Disposal	239		339 -	25,000	25.0
ug to Abandon	240		340	20,000	
eismic Analysis	241		341	17.	······
osed Loop & Environmental		50,000	344	<u></u>	50,0
scellaneous	242	5,000	342	1,000	6,0
ontingency	243	105,000	343	131,300	236,3
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587.0
ANGIBLE COSTS					
Inface Casing	- 401 402		503	<u></u>	1,2
ermediate Casing oduction Casing/Liner 4200' - 4.5"	- 402 .	·	503	51,000	51,0
hina di seconda di s		· · · · ·	504	51,000	
elihead Equipment	405		505		
mping Unit			506		
ime Mover			507		
ds			508		
mps	- •		509		
nks			510		
wlines			511	<u> </u>	
ater Treater/Separator			512		
ectrical System			513	000 000	
ckers/Anchors/Hangers	- 414 -	0.000	514	230,000	230,0
uplings/Fittings/Valves	415	2,000	515	25.000	27,0
s Compressors/Meters			516 517	4,000	4,0
ection Plant/CO2 Equipment			518		
cellaneous	419	1,000	519	1,000	2,0
ntingency	420		520	32,000	33,0
TOTAL TANGIBLES		4,000		343,000	347,0
TOTAL WELL COSTS		1,155,000		1,779,000	2,934,0
, 					
OG Operating LLC					
: J. Coffman / C. Bird	i	Date Prepared: 5	5/17/11		
e approve:					
% Working Interest					
пралу:					
npany	-				

Printed Name: Title:

Date:

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

Surf. Loc: 330' FNL, 330' FWL, Sec 12-17	7S-31E	PROSPECT NAME: Puckett COUNTY & STATE: Eddy Co, NM						
B.H. Loc: 330' FNL, 330' FEL, Sec 12-17	OBJECTIVE: 9900' MD (5500' TVD) Paddock							
WO/Pilot, 160 Acre				10000				
INTANGIBLE COSTS		BCP		ACP	TOTAL			
Title/Curative/Permit	201			AUL				
Insurance	- 201 - 202 -	10,000 22,000	302		10,0			
		22,000			22,0			
Damages/Right of Way	203		303 _					
Survey/Stake Location	204		304					
Location/Pits/Road Expense	205	10,000	305	10,000	20,0			
Drilling / Completion Overhead	206	5,000	306	1,000	6,0			
Turnkey Contract	207		307		<u> </u>			
Footage Contract	208		308					
Daywork Contract 12:3 @ \$13000/day	209	156,000	309	39,000	195,0			
Directional Drilling Services, With RS	_ 210 _	350,000	310		350,0			
Fuel & Power	_ 211 -	68,000	311	17,000	85,0			
Water	212	25,000	312	75,000	100,0			
Bits	213	30,000	313	1,000	31,0			
Mud & Chemicals	_ 214 _	15,000	314		15,0			
Drill Stem Test	215		315					
Coring & Analysis	216							
Cement Surface	_ 217 _							
Cement Intermediate	218		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	<u>·</u>				
Cement 2nd Intermediate 7"	_ 218 _		319					
Cement Squeeze & Other (NO Kickoff Plug)	_ 220 _		320		· ·			
Float Equipment & Centralizers	_ 221 _		321					
Casing Crews & Equipment	- 222 -	400.000	322	13,000	13,0			
Fishing Tools: & Service	223	100,000	323		100,0			
Geologic/Engineering	224	10,000	324	1,000	11,0			
Contract Labor	225	10,000	325	30,000	40,0			
Company Supervision	226	2,000	326	2,000	4,0			
Contract Supervision	- 227 -	17,000	327	4,200	21,2			
Testing Casing/Tubing	. 228 _	4,000	328	1,500	5,5			
Mud Logging Unit	229	12,000	329		12,0			
Logging	230		330					
Perforating/Wireline Services	231	15,000	331	12,500	27,5			
Stimulation/TreatIng			332	950,000	950,0			
Completion Unit		12,000	333	45,000	57,0			
Swabbing Unit			334	45.000				
Rentals-Surface	- 235 -	15,000	335	45,000	60,0			
Rentais-Subsurface	236	60,000	336	10,000	70,0			
Trucking/Forklift/Rig Mobilization	- 237 -	40,000 3,000	337 338	20,000	60,0			
Velding Services	_ 238 _	3,000	339	1,500	4,5			
Vater Disposal	- 239 -		340	25,000	25,0			
Plug to Abandon	_ 240 _							
Seismic Analysis	- 241 -	60.000	341					
Closed Loop & Environmental	- 244 -	50,000	344	1.000	50,0			
Aiscellaneous	_ 242 _	5,000	342	1,000	6,0			
Contingency :	243	105,000	343	131,300	236,3			
TOTAL INTANGIBLES		1,151,000		1,436,000	2,587,0			
ANGIBLE COSTS								
Surface Casing	401		E02 -		1,2			
ntermediate Casing	- ⁴⁰² _		503					
roduction Casing/Liner 4200' - 4.5"			503	51,000	51,0			
		<u> </u>	-					
Veilhead Equipment	405	<u> </u>	505					
umping Unit			506 507					
rime Mover			508					
umps			509					
anks			510					
owlines :			511					
eater Treater/Separator			512 -					
lectrical System			513					
ackers/Anchors/Hangers	414 ~~		514	230,000	230,0			
ouplings/Filtings/Valves	414 -	2,000	515	25,000	230,0			
as Compressors/Meters	- "" -	2,000	516	4,000	4,0			
lehydrator			517	-,000				
jection Plant/CO2 Equipment			518					
liscellaneous	419 -	1,000	519	1,000	2,00			
ontingency	- 420 -		520	32,000	33,00			
TOTAL TANGIBLES		4,000		343,000	347,00			

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COG Operating LLC

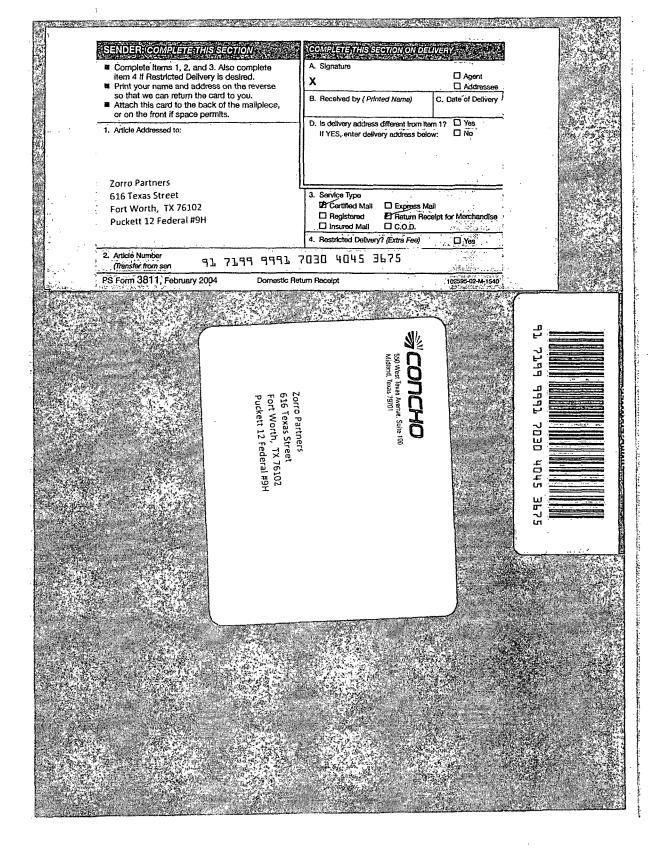
By: J. Coffman / C. Bird

Date Prepared: 5/17/11

We approve: _____% Working Interest

Company: By:

Printed Name: Title: Date:





May 25, 2011

U.S. Certified Mail Return Receipt Requested

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

RE: <u>New Well Proposal</u> Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

David R. Erans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

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		DRILLING			
WELL NAME: Puckett "12" Federal #	9Н	PROSPECT N		E: Tamano (Mack) 7200	117
SHL: 330' FNL & 330' FWL, Sec. 12-175-				E: Eddy Co, NM	
BHL: 330' FNL & 330' FEL, Sec. 12-17S-3	1E			D (11, 021' MD) (6100' TV	D) Lioner Blinebry
Pilot- 160 Acre					by opper dancery
INTANGIBLE COSTS		BCD		400	70741
Title/Curative/Permit	201	BCP		ACP	TOTAL
Insurance	- 201 - 202	10,000	302	~ <u>~~~~</u> ~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	10,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	204	3,000	304		3,000
Location/Pits/Road Expense	205	40,000	305	65,000	105,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307	· · · · · · · · · · · · · · · · · · ·	0
Footage Contract	208		308		0
Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS	209	260,000	309 310	26,000	286,000
Fuel & Power	- 210 - 211	400,000	311	11,250	400,000 123,750
Water	212	And the second se	312	75,000	105,000
Bits	213	45,000	313	1,000	46,000
Mud & Chemicals	214	25,000	314		25,000
Drill Stem Test	215		315		0
Coring & Analysis Cement Surface	- 216 - 217	16.000			0
Cement Intermediate	- 217	16,000		-	<u> </u>
Cement Production 7*x5.5"	218		319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320		0
Float Equipment & Centralizers	221		321	15,000	18,500
Casing Crews & Equipment Fishing Tools & Service	- 222	7,000	322 323	13,000	20,000
Geologic/Engineering	- 223 224	10,000	323	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227		327	4,000	32,000
Testing Casing/Tubing	228		328	1,500	5,500
Mud Logging Unit	- 229 230		329 330	5,000	<u>16,000</u> 5.000
Perforating/Wireline Services	231	the second se	331	125,000	128,500
Stimulation/Treating			332	760,000	760,000
Completion Unit	_		333	40,000	40,000
Swabbing Unit	- 235	20,000	334 335	100,000	00000
Rentals-Surface	235	30,000	336	10.000	40,000
TruckIng/Forklift/Rig Mobilization	237	40,000	337	100,000	140,000
Welding Services	238	3,000	338	1,500	4,500
Water Disposal	239		339 340	25,000	25,000
Plug to Abandon Seismic Analysis	240		340	former and the second	0
Closed Loop & Environmental	244	120,000	344		120,000
Miscellaneous	242		342	1.000	6,000
Contingency	243		343	149,750	281,250
TOTAL INTANGIBLES	-	1,433,000		1,633,000	3,066,000
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1,200
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"	_		503	260,000	260,000
Tubing 6200' 2 7/8"	405	30,000	504 505	38,000	38,000
Pumping Unit			506	97,000	97,000
Prime Mover	_		507	·	0
Rods			508	39,000	39,000
Pumps		<u> </u>	509 510	4,500	4,500
Tanks Flowlines			511	15,000	15,000
Heater Treater/Separator			512	25,000	25,000
Electrical System	-		513		0
Packers/Anchors/Hangers	414		514		0
Couplings/Fittings/Valves	415	2,000	515	25,000	27,000
Gas Compressors/Meters	_	<u></u>	516 517	4,000	4,000
Dehydrator Injection Plant/CO2 Equipment		<u></u>	518		0
Miscellaneous	419	1,000	519	1,000	2,000
Contingency	420	11,000	520	55,500	66,500
TOTAL TANGIBLES	_	112,000		602,000	714,000 3,780,000
TOTAL WELL COSTS		1,040,000			

COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve: _____% Working Interest

Company: By:

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Printed Name: Title: Date:

		DRILLING							
WELL NAME: Puckett "12" Federal f	5								
	PROSPECT NAME: Tamano (Mack) 720017								
SHL: 330' FNL & 330' FWL, Sec. 12-175	COUNTY & STATE: Eddy Co, NM								
BHL: 330' FNL & 330' FEL, Sec. 12-175-	31E	OBJECTIVE: YESO (11, 021' MD) (6100' TVD) Upper Blinebry							
Pilot- 160 Acre									
INTANGIBLE COSTS		BCP		ACP	TOTAL				
Title/Curative/Permit	201	10,000			10,000				
Insurance	202	22,000	302 -		22,000				
Damages/Right of Way	203	15,000	303 -		15,000				
Survey/Stake Location	204	3,000	304		3,000				
Location/Pits/Road Expense	205	40,000	305	65,000	105,000				
Drilling / Completion Overhead	206	5,000	306	1,000	6,000				
Turnkey Contract	207		307		0,000				
Footage Contract	208		308 -		0				
Daywork Contract 20:2 @ \$13000/day	209	260,000	309 -	26,000	286,000				
Directional Drilling Services, With RS	210	400,000	310		400,000				
Fuel & Power	211	112,500	311 [11,250	123,750				
Water	212	30,000	312	75,000	105,000				
Bits	213	45,000	313	1,000	46,000				
Mud & Chemicals	214	25,000	314		25,000				
Drill Stem Test	215		315		0				
Coring & Analysis	216		~		0				
Cement Surface	217	16,000	_		16,000				
Cement Intermediate	218	16,000			16,000				
Cement Production 7*x5.5*	218		319 _	70,000	70,000				
Cement Squeeze & Other (NO Kickoff Plug)	_ 220		320		0				
Float Equipment & Centralizers	221	3,500	321 _	15,000	18,500				
Casing Crews & Equipment	_ 222	7,000	322 _	13,000	20,000				
Fishing Tools & Service Geologic/Engineering	- ²²³ 224	10,000	323 324	1,000	0				
Contract Labor	- 225	10,000	325	30,000	<u> </u>				
Company Supervision	- 226	2,000	326	2,000	40,000				
Contract Supervision	- 227	28,000	327	4,000	32,000				
Testing Casing/Tubing	228	4,000	328	1,500	5,500				
Mud Logging Unit	229	16,000	329		16,000				
Logging	230	0	330	5,000	5,000				
Perforating/Wireline Services	231	3,500	331	125,000	128,500				
Stimulation/Treating	-		332 -	760,000	760,000				
Completion Unit	-		333 -	40,000	40,000				
Swabbing Unit			334 🗍		0				
Rentals-Surface	235	20,000	335	100,000	120,000				
Rentals-Subsurface	236	30,000	336	10,000	40,000				
Trucking/Forklift/Rig Mobilization	237	40,000	337 _	100,000	140,000				
Welding Services	238	3,000		1,500	4,500				
Water Disposal	239		339 _	25,000	25,000				
Plug to Abandon	240		340	······································	0				
Seismic Analysis	241		341 _		0				
Closed Loop & Environmental	244	120,000	344 -		120,000				
Miscellaneous	242	5,000	342 -	1,000	6,000				
Contingency	243	131,500	343 _	149,750	281,250				
TOTAL INTANGIBLES		1,433,000	-	1,633,000	3,066,000				
TANGIBLE COSTS									
Surface Casing 550' 13 3/8"	401	20,000			1,200				
Intermediate Casing 1850' 9 5/8"	402	48,000			48,000				
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,000				
Tubing 6200' 2 7/8"			504 -	38,000	38,000				
Weilhead Equipment	405		505	18,000	48.000				
Pumping Unit	_		506 507	97,000	97,000				
Prime Mover					0				

The decidit Cash graner 0000 1, 4200 0.0	
Tubing 6200' 2 7/8"	
Wellhead Equipment	4
Pumping Unit	
Prime Mover	
Rods	
Pumps	
Tanks	
Flowlines	
Heater Treater/Separator	
Electrical System	
Packers/Anchors/Hangers	4
Couplings/Fittings/Valves	4
Gas Compressors/Meters	
Dehydrator	
Injection Plant/CO2 Equipment	
Miscellaneous	4
Contingency	
TOTAL TANGIBLES	
TOTAL WELL COSTS	

401	20,000				
402	48,000	503			
		503	260,000		
		504	38,000		
405	30,000	505	18,000		
		506	97,000		
		507			
		508	39,000		Contract of the local diversion of the local
		509	4,500		
		510	20,000		
		511	15,000		
		512	25,000	-	
		513			
414		514	,		
415	2,000	515	25,000	•	
		516	4,000		
		517			
		518	كمان		
419	1,000	519	1,000		
420	11,000	520	55,500		
-	112,000		602,000		
	1,545,000		2,235,000		

1,200 48,000 260,000 38,000 48,000 97,000 0 39,000 4,500 20,000 15,000 25,000 0 27,000 4,000 0 27,000 4,000 0 714,000 3,780,000

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COG Operating LLC

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:

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____% Working Interest

Company: By:

Printed Name: Title: Date:

		DRILLING		
WELL NAME: Puckett "12" Federal #	ы			700047
SHL: 330' FNL & 330' FWL, Sec. 12-17S-3		COUNTY & STATE	E: Tamano (Mack)	/2001/
BHL: 330' FNL & 330' FEL, Sec. 12-17S-3				TVD) Upper Blinebry
Pilot- 160 Acre	, L <u>.</u>		(11, 021 MD) (0100	1 VD) Opper Banebry
INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000	AOL	
Insurance	202	22,000 302		10,000
Damages/Right of Way	203	15,000 303	<u> </u>	
Survey/Stake Location	204	3,000 304		15,000
Location/Pits/Road Expense	204	40.000 305	65,000	3,000
Drilling / Completion Overhead	206	5,000 306	1,000	6,000
Turnkey Contract	207	307		0,000
Footage Contract	208	308	energen and a state of the second	0
Daywork Contract 20:2 @ \$13000/day	209	260,000 309	26,000	286,000
Directional Drilling Services, With RS	210	400,000 310		400,000
Fuel & Power	211	112,500 311	11,250	123,750
Water Bits	212	30,000 312	75,000	105.000
Mud & Chemicals	213 214	45,000 313	1,000	46,000
Drill Stem Test	215	20,000 314		0
Coring & Analysis	216			0
Cement Surface	217	16,000		16,000
Cement Intermediate	218	16,000		16,000
Cement Production 7"x5.5"	218	319	70,000	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220	320		0
Float Equipment & Centralizers	_ 221	3,500 321	15,000	18,500
Casing Crews & Equipment Fishing Tools & Service	222	7,000 322 323	13,000	20,000
Geologic/Engineering	- 223	10,000 324	1,000	0
Contract Labor	225	10,000 325	30,000	40,000
Company Supervision	226	2,000 326	2,000	4,000
Contract Supervision	227	28,000 327	4,000	32,000
Testing Casing/Tubing	228	4,000 328	1,500	5,500
Mud Logging Unit	229	16,000 329		16,000
Logging	230	0 330	5,000	5,000
Perforating/Wireline Services Stimulation/Treating	231	3,500 331 332	125,000	128,500
Completion Unit	-		40,000	40,000
Swabbing Unit	-	334	40,000	
Rentals-Surface	235	20,000 335	100,000	120,000
Rentals-Subsurface	236	30,000 336	10,000	40,000
Trucking/Forklift/Rlg Mobilization	237	40,000 337	100,000	140,000
Welding Services	238	3,000 338	1,500	4,500
Water Disposal	239	339	25,000	25,000
Plug to Abandon	240	340		0
Seismic Analysis Closed Loop & Environmental	241	341		120,000
Miscellaneous	244	5,000 342	1,000	6,000
Contingency	243	131,500 343	149,750	281,250
TOTAL INTANGIBLES	-	1,433,000	1,633,000	3,066,000
	-	· <u>····································</u>	· ·	
TANGIBLE COSTS		00.000		1,200
Surface Casing 550' 13 3/8"	401	20,000 48,000 503	<u>.</u>	48,000
Intermediate Casing 1850' 9 5/8" Production Casing/Liner 6900' - 7", 4200' - 5.5"	- 402	40,000 503	260,000	260,000
Tubing 6200' 2 7/8"	-	504	38,000	38,000
Wellhead Equipment	405	30,000 505	18,000	48.000
Pumping Unit	_	506	97,000	97,000
Prime Mover	-	507		0
Rods	-	508	39,000	39,000
Pumps	-	509 510	4,500	4,500
Tanks	-	511	15,000	15,000
Heater Treater/Separator	-	512	25,000	25,000
Electrical System	-	513		0
Packers/Anchors/Hangers	414	514		0
Couplings/Fittings/Valves	415	2,000 515	25,000	27,000
Gas Compressors/Meters	-	516	4,000	4,000
Dehydrator	-	517		0
Injection PlanUCO2 Equipment	419	1,000 519	1,000	2,000
Miscellaneous	419	11,000 520	55,500	66,500
Contingency TOTAL TANGIBLES	20	112,000 520	602,000	714,000
TOTAL WELL COSTS	-	1,545,000	2,235,000	3,780,000
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COG Operating LLC		•		
By: J. Coffman / C. Bird		Date Prepared: 5/16/	11	
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We approve: _____% Working Interest

Company: By:_____

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Printed Name: Title: Date:

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		FROM:		- COO Oil & Gat LP / Ci e, Suite 100, Midland, Te		
		PHONE:	(432) 818-2324	FAX:	(432) 686 3000	
		Re:	New Well Proposal F	wekett #12" Federal 9-6		
		KC.		Beneti 12 Federal Pe		
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FAX COVER SHEET

PAGE _1_ OF _5_ PAGES

DATE: May 25, 2011

TO: Burnett Oil Company-Attn: Land Manager

FAX: (817) 332-7832

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:	Robyn Cummins Concho Resources Inc COG Oil & 550 West Texas Avenue, Suite 100,	,	
PHONE:	(432) 818-2324	FAX:	(432) 686 3000

Re:

New Well Proposal Puckett "12" Federal 9-H

From: Sent: To: Cc: Subject: Attachments:		PM Burnett_Puckett 24 Fed 6H.pdf; Burnett_Puckett 13 Fed 1H.pdf;	
Tracking:	Recipient 'dsrhodes@burnettoil.com'	Delivery	Read
••	David Evans	Delivered: 5/25/2011 4:26 PM	Read: 5/25/2011 4:27 PM

Mr. Rhodes,

Attached are scanned copies of 6 Puckett Well Proposals. The originals are being sent today via U.S. Certified Mail.

Thank you,

Lisa Wilson (Oetting) Land Assistant COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 p.432.685.4366 f.432.686.3000



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From: To: Sent: Subject: David Rhodes [dsrhodes@burnettoil.com] Lisa Wilson Wednesday, May 25, 2011 4:29 PM Read: Puckett Well Proposals

Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

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From: Sent: To: Cc: Subject: Attachments:		PM Burnett_Puckett 24 Fed 6H.pdf; Burnett_Puckett 13 Fed 1H.pdf;	
Tracking:	Recipient 'dsrhodes@burnettoil.com'	Delivery	Read
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Your message was read on Wednesday, May 25, 2011 4:28:31 PM (GMT-06:00) Central Time (US & Canada).

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May 25, 2011

U.S. Certified Mail Return Receipt Requested

Javalina Partners 616 Texas Street Fort Worth, TX 76102

RE: <u>New Well Proposal</u> Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical questions should be directed to Carl Bird at 432-686-3057and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

David Pj. Évans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

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NELL NAME: Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL, Sec. 12-17S-		COUNTY & S	TATE:	Tamano (Mack) 7 Eddy Co, NM	
3HL: 330' FNL & 330' FEL, Sec. 12-17S-3				MD (6600' TVD) Low	er Blinebry
Pilot, 160 Acre	_				
	-				
NTANGIBLE COSTS		<u>BCP</u>		ACP	<u>TOTAL</u>
itle/Curative/Permit	201	10,000	_		10,0
surance	202	22.000	302	·····	22,0
amages/Right of Way	203	15,000	303		15,0
urvey/Stake Location	204	3,000	304		3,0
ocation/Pits/Road Expense	205	40,000	305	65,000	105,0
illing / Completion Overhead	206	5,000	306	1,000	6,0
urnkey Contract	207		307		
ootage Contract	208	<u></u>	308	·······	
aywork Contract 24:2 @ \$13000/day	209	312,000	309	26,000	338,0
rectional Drilling Services, With RS	210	400,000	310		400,0
el & Power	211	135,000	311	11,250	146,2
ater	212	34,000	312	75,000	109,0
IS	213	45,000	313	1,000	46,0
ud & Chemicats	214	25,000	314		25.0
ill Stem Test	215		315		
oring & Analysis	216		°	·····	
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ement Intermediate	218	16,000		<u> </u>	16,0
ement Production 7*x5.5*	218		319 —	70,000	70,0
ement Squeeze & Other (Kickoff Plug)	220	25,000	320 -		25.0
oat Equipment & Centralizers	- 221	3,500	321	15,000	18,5
asing Crews & Equipment	222	7,000	322	13,000	20,0
shing Tools & Service	- 223	.,,000	323 -		20,0
eologic/Engineering	224	10,000	324	1,000	11,0
ontract Labor	225	10,000	325	30,000	40,0
ompany Supervision	- 226	2,000	326	2,000	40,0
ontract Supervision	227	28,000	327	4,000	32,0
esting Casing/Tubing	228	4,000	328	1,500	5,5
ud Logging Unit	229	20,000	329		20,0
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ompletion Unit	- •		333 -	40,000	40,0
vabbing Unit	- ·		334	40,000	
entals-Surface	235	24,000	335	100,000	124,0
entals-Subsurface	236	35,000	336	10,000	45,0
ucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,0
elding Services	238	3,000	338	1,500	4,5
/ater Disposal	239		339	25,000	25.0
ug to Abandon	240		340	······	
eismic Analysis	241		341		<u> </u>
losed Loop & Environmental	244	135,000	344		135,0
liscellaneous	242	5,000	342	1,000	6,0
ontingency	243	147,000	343	149,750	296,7
TOTAL INTANGIBLES	-	1,610,000		1,633,000	3,243,0
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ANGIBLE COSTS					
urface Casing 550' 13 3/8"	401	20,000			1,2
termediate Casing 1850' 9 5/8"	402	48,000	503	<u></u>	48.0
roduction Casing/Liner 6900' - 7", 4200' - 5.5"	-		503	260,000	260,0
ubing 6200' 2 7/8"	-		504	38,000	38,0
fellhead Equipment	405	30,000	505	18,000	48,0
umping Unit			506	97,000	97,0
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ods		<u> </u>	508	39,000	39,0
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anks	-		510	20,000	20,0
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lectrical System	-		513		
ackers/Anchors/Hangers	414		514		
ouplings/Fittings/Valves	415	2,000	515	25,000	27,0
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jection Plant/CO2 Equipment	419 420	11,000	520 _		
jection Plant/CO2 Equipment	_		520	602,000	714,0
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WELL NAME: Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL, Sec. 12-17S-3	<u>1E</u>	PROSPECT NAME COUNTY & STATE	E: Eddy Co, NM	
BHL: 330' FNL & 330' FEL, Sec. 12-17S-31	E	OBJECTIVE: 11, 021	' MD (6600' TVD) Lo	wer Blinebry
Pilot, 160 Acre				
NTANGIBLE COSTS		P.C.D	400	
Title/Curative/Permit	201	BCP	ACP	TOTAL
nsurance	201	22,000 302	·	10,
amages/Right of Way	203	15,000 303		22,
urvey/Stake Location	203		<u> </u>	15,
ocation/Pits/Road Expense	204	3,000 304 40,000 305	CE 000	3,
rilling / Completion Overhead	205	5,000 306	65,000	105,
umkey Contract	200	307	1,000	6,
ootage Contract	208	308 -	<u> </u>	
aywork Contract 24:2 @ \$13000/day	209	312,000 309	26,000	338.0
Irectional Drilling Services, With RS	210	400,000 310	20,000	400.0
uel & Power	211	135,000 311	11,250	146,2
Vater	212	34,000 312	75,000	109,0
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Prill Stem Test	215	315		
oring & Analysis	216			
ement Surface	217	16,000	·····	16,0
ement Intermediate	218	16,000		16,0
ement Production 7*x5.5" ement Squeeze & Other (Kickoff Plug)	218	319	70,000	
loat Equipment & Centralizers	220 221	25,000 320 3500 321	15,000	25,0
asing Crews & Equipment	222	7,000 322	13,000	18,5
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ontract Labor	225	10,000 325	30,000	40,0
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esting Casing/Tubing	228	4,000 328	1,500	5,5
ud Logging Unit	229	20,000 329		20,0
ogging	230	30,000 330	5,000	35,0
erforating/Wireline Services	231	3,500 331	125,000 760,000	128,5
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/elding Services	238	3,000 338	1,500	4,6
/ater Disposal	239	339	25,000	25,0
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Contingency TOTAL INTANGIBLES	243	1.610,000	1,633,000	3,243,0
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ANGIBLE COSTS				
Surface Casing 550' 13 3/8"	401	20,000		1,2
ntermediate Casing 1850' 9 5/8"	402	48,000 503		48,0
Production Casing/Liner 6900' - 7", 4200' - 5.5"		503	260,000	260,0
ubing 6200' 2 7/8"		504	38,000	38,0
Vellhead Equipment	405	30,000 505	18,000	48,0
Pumping Unit		506	97,000	
Prime Mover		507	39,000	39,0
Rods		509	4,500	4,5
³ umps Tanks		510	20,000	20,0
lowlines		511	15,000	15.0
leater Treater/Separator		512	25,000	25,0
Electrical System		513		
Packers/Anchors/Hangers	414	514	AF 444	27,0
Couplings/Fittings/Valves	415	2,000 515	25,000	
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Dehydrator		517 518		<u> </u>
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COG Operating LLC				
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VELL NAME: Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL, Sec. 12-175	3-31E	PROSPECT 1 COUNTY & S	NAME:	Tamano (Mack) Eddy Co, NM	720017
3HL: 330' FNL & 330' FEL, Sec. 12-17S	-31E			MD (6600' TVD) Lc	wer Blinebry
Pilot, 160 Acre					
NTANGIBLE COSTS itle/Curative/Permit		<u>BCP</u>		ACP	TOTAL
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gging	230	30,000	330	5,000	35.
forating/Wireline Services	231	3,500	331	125,000	128,
mulation/Treating	— ·		332	760,000	760,
mpletion Unit			333	40,000	40,0
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ntals-Surface	235	24,000	335	100,000	124,0
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ater Disposal	239	·····	339	25,000	25,
g to Abandon	240		340		
ismic Analysis sed Loop & Environmental	241 244	135,000	341 <u>3</u> 44		135.0
scellaneous	242	5,000	342	1,000	
intingency	243	147,000	343	149,750	296,
TOTAL INTANGIBLES		1,610,000		1.633,000	3,243.
ANGIBLE COSTS					
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ermediate Casing 1850' 9 5/8"	402	48,000	503		48,
oduction Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,0
bing 6200' 2 7/8"			504	38,000	38,0
lihead Equipment	405	30,000	505	18,000	48,1
mping Unit			506	97.000	97,
me Mover			508	39,000	
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ater Treater/Separator		· · · · · · · · · · · · · · · · · · ·	512	25,000	25,
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ection Plant/CO2 Equipment	··· ·	1 000	518	1,000	2,1
scellaneous	419	1,000	520	55,500	
ntingency	420	11,000	³²⁰ —	602,000	
TOTAL TANGIBLES TOTAL WELL COSTS		1,722,000		2,235,000	3,957,
			_		<u> </u>
DG Operating LLC					
: J. Coffman / C. Bird	·	Date Prepared:	5/24/11		
e approve:					
Working Interest					
ompany:					
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inted Name:		This AFE is only an	estimate	. By signing you agre	e to pay your share

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PS Form 3811, February 2004 Domestic Return Receipt SERVDER: COMPLETE TAIS SECTION SERVDER: COMPLETE TAIS SECTION Second Second 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 mellplece or on the row for the back of the mellplece or on the front it space permits 1 Javelina Partners 616 Texas Street Fort Worth, TX 76102 Puckett "12" Federal #9H 2: Aritele Number (1)	2. Article Number 91.7199.991. (Transfer from service		Fort Worth, TX 76102 Puckett "12" Federal #9H	616 Texas Street		1. Article Addressed to:	 so that we can return the caro to you. Attach this card to the back of the mallplece, or on the front if space permits. 	tem 4 if Restricted Delivery is desired. Print your name and address on the reverse	SENDER: COMPLET Complete items 1, 2
Pieto Pieto					÷		ard to you. of the mailpiece, nits.	ary is desired. ress on the reverse	Complete items 1, 2, and 3. Also complete
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Transmission Report

Date/Time Local ID 1 05–25–2011 4326863000 Transmit Header Text Local Name 1

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This document : Confirmed (reduced sample and details below)

Document size : 8.5"x14"

≫СОПСНО FAX COVER SHEET

PAGE 1_ OF 5_ PAGES

DATE: May 23, 2011

03:16:16 p.m.

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

intended only intended reci capying of the receive this for	for the use of the specific loss pleat of this facsimile, you s is facsimile or the information	Siridual or individuals to y we hereby notified that a contained hereia or attac the sender named below it	CONFIDENTIAL Information and is raich it is addressed. If you are not an ay uousthorized use, disremination or and berrete is strictly prabibilied. If you by takphase and/or reply facelouile and
FROM:	Robyn Cummins Concho Resources Inc. 550 West Texas Avenu		
PHONE:	(432) 818-2324	FAX:	(432) 686 3000

Re: New Well Proposal Puckett "12" Federal 9-R

No.	Job	Remote Stati	on S	Start Time	Duration	Pages	Line	Mode	Job Type	Results
001	167	8173340442		2:32:35 p.m. 05-25-2011	00:04:57	5/5	1	EC	HS	CP7200
HS: H	eviations ost send ost recei Valting s	ve	PL: Polled local PR: Polled remo MS: Mailbox say	te RP: Report	•	CP: Com FA: Fall TU: Term	pleted ninated by u	(TS: Terminate G3: Group 3 EC: Error Corre	



FAX COVER SHEET

PAGE 1_ OF 5_ PAGES

DATE: May 25, 2011

TO: Javelina Partners-Mr. E. Randall Hudson III

FAX: (817) 334-0442

NOTICE: This facsimile message contains PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual or individuals to which it is addressed. If you are not an intended recipient of this facsimile, you are hereby notified that any unauthorized use, dissemination or copying of this facsimile or the information contained herein or attached hereto is strictly prohibited. If you receive this facsimile in error, please notify the sender named below by telephone and/or reply facsimile and destroy the facsimile received in error. Thank you.

FROM:	Robyn Cummins Concho Resources Inc COG Oil & 550 West Texas Avenue, Suite 100,		· •
PHONE:	(432) 818-2324	FAX:	(432) 686 3000

Re: New Well Proposal Puckett "12" Federal 9-H

May 25, 2011

U.S. Certified Mail **Return Receipt Requested**

Zorro Partners 616 Texas Street Fort Worth, TX 76102

RE: New Well Proposal

Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL (Unit D) of Section 12, T17S, R31E BHL: 330' FNL & 330' FEL, (Unit A) of Section 12, T17S, R31E Eddy County, New Mexico

Dear Sirs:

COG Operating LLC ("COG") proposes to drill the Puckett "12" Federal #9H, with pilot hole to approximately 6,800' TD, as a triple lateral well at the captioned location, or a legal location within said Unit M, to depth's of approximately 5,500' TVD (Paddock lateral), 6,100' TVD (Upper Blinebry lateral), and 6,600' TVD (Lower Blinebry lateral) TVD, each to approximately 11,021' MD, to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$11,517,000.00 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 desire to receive well information regarding the subject operations please return a Well Information Requirements list to COG. Technical guestions should be directed to Carl Bird at 432-686-3057 and land questions to the undersigned at 432-818-2298.

Yours truly,

COG Operating LLC

David RErans

David R. Evans New Mexico Shelf, Land Lead

Enclosure (s) DRE/rc

Corporate Address; Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

WELL NAME: Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E Pilot- 160 Acre

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ji,

PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021'MD) (5500' TVD) Paddock

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Title/Curative/Permit Insurance Damages/Right of Way Survey/Stake Location Location/Pits/Road Expense Drilling / Completion Overhead Turnkey Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Testing Casing/Tubing	201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 214 217 218 220 221 222 223 224 225 226	10,000 22,000 15,000 3,000 40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 16,000 3,500 7,000	302 303 304 305 306 307 308 309 310 311 312 313 314 315 319 320 321 322	65,000 1,000 26,000 11,250 75,000 1,000 1,000 1,000 15,000 15,000	10,00 22,00 15,00 3,00 105,00 6,00 286,00 400,00 123,75 105,00 46,00 25,00 16,00 70,00 18,50
Damages/Right of Way Survey/Stake Location Location/Pits/Road Expense Dirlling / Completion Overhead Turnkey Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Nurface Cement Intermediate Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision	203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224 225	15,000 3,000 40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	303 304 305 306 307 308 309 310 311 312 313 314 315 319 320 321	1,000 26,000 11,250 75,000 1,000 70,000 15,000	15,00 3,00 105,00 6,00 286,00 400,00 123,75 105,00 46,00 25,00 16,00 16,00 70,00
Survey/Stake Location .ocation/Pits/Road Expense Drilling / Completion Overhead Tumkey Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Nater Survey & Rower Nater Sits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Intermediate Cement Squeeze & Other (NO Kickoff Plug) Foat Equipment & Centralizers Casing Crews & Equipment Tishing Tools & Service Seologic/Engineering Contract Labor Company Supervision Contract Supervision	204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225	3,000 40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	304 305 306 307 308 309 310 311 312 313 314 315 319 320 321	1,000 26,000 11,250 75,000 1,000 70,000 15,000	3,00 105,00 6,00 286,00 400,00 123,75 105,00 46,00 25,00 16,00 16,00 16,00 16,00 16,00 16,00 16,00 16,00 16,00 10,000 10,000
Location/Pits/Road Expense Drilling / Completion Overhead Turnkey Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Intermediate Cement Production 7"x5,5" Cement Squeaze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision	205 206 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225	40,000 5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	305 306 307 308 309 310 311 312 313 314 315 319 320 321	1,000 26,000 11,250 75,000 1,000 70,000 15,000	3,0 105,0 6,0 286,0 400,0 123,7 105,0 46,0 25,0 16,0 16,0 70,0 0
Drilling / Completion Overhead Turnkey Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeaze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision	206 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225	5,000 260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	306 307 308 309 310 311 312 313 314 315 319 320 321	1,000 26,000 11,250 75,000 1,000 70,000 15,000	105.0 6,0 286.0 400.0 123.7 105.0 46,0 25,0 16,00 16,00 70,00
Turnkey Contract Footage Contract Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Flotat Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225	260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	307 308 309 310 311 312 313 314 315 319 320 321	1,000 26,000 11,250 75,000 1,000 70,000 15,000	6,00 286,00 400,00 123,75 105,00 46,00 25,00 16,00 16,00 70,00
Footage Contract Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	208 209 211 212 213 214 215 216 217 218 220 221 222 223 224 225	260,000 400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	307 308 309 310 311 312 313 314 315 319 320 321	26,000 11,250 75,000 1,000 	286,00 400,00 123,75 105,00 46,00 25,00 16,00 16,00 70,00
Daywork Contract 20:2 @ \$13000/day Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision	208 209 211 212 213 214 215 216 217 218 220 221 222 223 224 225	400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	308 309 310 311 312 313 314 315 319 320 321	11.250 75,000 1,000 70,000 15,000	400.00 123.75 105.00 46,00 25,00 16,00 16,00 70,00
Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224 225	400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	309 310 311 312 313 314 315 315 319 320 321	11.250 75,000 1,000 70,000 15,000	400,00 123,75 105,00 46,00 25,00 16,00 16,00 70,00
Directional Drilling Services, With RS Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	 210 211 212 213 214 215 216 217 218 220 221 222 223 224 225 	400,000 112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	310 311 312 313 314 315 315 319 320 321	11.250 75,000 1,000 70,000 15,000	400,00 123,75 105,00 46,00 25,00 16,00 16,00 70,00
Fuel & Power Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	211 212 213 214 215 216 217 218 218 220 221 222 223 224 225	112,500 30,000 45,000 25,000 16,000 16,000 3,500 7,000	311 312 313 314 315 315 319 320 321	75,000 1,000 70,000 15,000	123,75 105,00 46,00 25,00 16,00 16,00 70,00
Water Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	 212 213 214 215 216 217 218 218 220 221 222 223 224 225 	30,000 45,000 25,000 16,000 16,000 3,500 7,000	312 313 314 315 319 320 321	75,000 1,000 70,000 15,000	105.00 46.00 25.00 16.00 16.00 70.00
Bits Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	213 214 215 216 217 218 218 220 221 222 223 224 225	45,000 25,000 16,000 16,000 3,500 7,000	313 314 315 319 320 321	1,000 70,000 15,000	46,00 25,00 16,00 16,00 70,00
Mud & Chemicals Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	214 215 216 217 218 220 221 222 223 224 225	25,000 16,000 16,000 3,500 7,000	314 315 319 320 321	70,000	25,00 16,00 16,00 70,00
Drill Stem Test Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	215 216 217 218 220 221 222 223 224 225	16,000 16,000 3,500 7,000	315 319 320 321	15,000	16.00 16,00 70,00
Coring & Analysis Cement Surface Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	216 217 218 220 221 222 223 224 225	<u> 16,000</u> <u> </u>	319 320 321	15,000	16,00 70,00
Cement Surface Cement Intermediate Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	217 218 220 221 222 223 224 225	<u> 16,000</u> <u> </u>	320 321	15,000	16,00 70,00
Cement Intermediate Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	218 218 220 221 222 223 224 225	<u> 16,000</u> <u> </u>	320 321	15,000	16,00 70,00
Cement Production 7"x5.5" Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	218 220 221 222 223 224 225	3,500 7,000	320 321	15,000	70,00
Cement Squeeze & Other (NO Kickoff Plug) Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	220 221 222 223 224 225	7,000	320 321	15,000	
Float Equipment & Centralizers Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	221 222 223 224 225	7,000	321		
Casing Crews & Equipment Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	222 223 224 225	7,000			18,50
Fishing Tools & Service Geologic/Engineering Contract Labor Company Supervision Contract Supervision	223 224 225		322		
Geologic/Engineering Contract Labor Company Supervision Contract Supervision	224 225	10.000		13,000	20,00
Contract Labor Company Supervision Contract Supervision	225	10.000	323		
Company Supervision Contract Supervision			324	1,000	11,00
Contract Supervision	226	10,000	325		40,00
		2,000	326	2,000	4,00
Testing Casing/Tubing	227	28,000	327	4,000	32,00
	228	4,000	328	1,500	5,50
Mud Logging Unit	229	16,000	329		16,00
Logging	230	0	330	5,000	5,00
Perforating/Wireline Services	231	3,500	331	125,000	128,50
Stimulation/Treating			332	760,000	760,00
Completion Unit			333	.40,000	40,00
Swabbing Unit		······	334	; <u>.</u>	
Rentals-Surface	235	20,000	335	100,000	120,00
Rentals-Subsurface	236	30,000	336	10,000	40,00
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	140,00
Welding Services	238	3,000	338	1,500	4,50
Water Disposal	239	· · · ·	339	25,000	25,00
Plug to Abandon	240		340		
Seismic Analysis	241		341		<u></u>
Closed Loop & Environmental	244	120,000	344	· · · · ·	120,00
Miscellaneous	242	5,000	342	1,000	6,00
Contingency	243	131,500	343	149,750	281,25
TOTAL INTANGIBLES	2.0	1,433,000		1,633,000	3,066,00
TANGIBLE COSTS					
Surface Casing 550' 13 3/8"	401	20,000			1.20
Intermediate Casing 1850' 9 5/8"	402	48,000	503		48,00
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503	260,000	260,00
Tubing 6200' 2 7/8"			504	38,000	38,00
Wellhead Equipment	405	30,000	505	18,000	48,00
Pumping Unit			506	97,000	97,00
Prime Mover			507		
			508	39,000	39,00
Rods			509	4,500	4,50
Pumps			510	20,000	20,00
Tanks			511	15,000	15,00
Flowlines			512	25,000	25,00
Heater Treater/Separator				25,000	
Electrical System			513		
Packers/Anchors/Hangers	414		514		27,00
Couplings/Fittings/Valves	415	2,000	515	,25,000	4,00
Gas Compressors/Meters			516	4,000	4,00
Dehydrator			517		
Injection Plant/CO2 Equipment			518		
Miscellaneous	419	1,000	519	1,000	2,00
Contingency	420	11,000	520	55,500	66,50
TOTAL TANGIBLES		112,000		602,000	714,00
TOTAL WELL COSTS		1,545,000		2,235,000	3,780,00
IVING HELL OVOID					

By: J. Coffman / C. Bird

Date Prepared: 5/16/11

We approve:

__% Working Interest

Company:

By: Printed Name:

Title:

WELL NAME: Puckett "12" Federal #9H <u>SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E</u> <u>BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E</u> Pilot- 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

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INTANGIBLE COSTS		BCP		ACP		TOTAL
Title/Curative/Permit	201	10,000		AOP		TOTAL
Insurance	202	22,000	302	2		10,000
Damages/Right of Way	203	15,000	303	the second s		15,000
Survey/Stake Location	204	3.000	•			3,000
Location/Pits/Road Expense	205	40,000	305			105,000
Drilling / Completion Overhead	206	5,000	306			6,000
Turnkey Contract	207	******	307	and the second se	•	0
Footage Contract	208		308			0
Daywork Contract 20:2 @ \$13000/day	209	260,000	309	26,000	•	286,000
Directional Drilling Services, With RS	210	400,000	310			400,000
Fuel & Power	211	112,500	311			123,750
Water Bits	212	30,000	312			105,000
Mud & Chemicals	213	45,000	313			46,000
Drill Stem Test	214 215	25,000	314 315		-	25,000
Coring & Analysis	215		315		-	<u> </u>
Cement Surface	217	16,000			-	16,000
Cement Intermediate	218	16,000		······································	-	16,000
Cement Production 7"x5.5"	218		319	70,000	•	70,000
Cement Squeeze & Other (NO Kickoff Plug)	220		320			0
Float Equipment & Centralizers	221	3,500	321	15,000		18,500
Casing Crews & Equipment	222	7,000	322	13,000	-	20,000
Fishing Tools & Service	223		323			0
Geologic/Engineering	224	10,000	324		-	11,000
Contract Labor	225	10,000	325	:30,000	-	40,000
Company Supervision	226	2,000	326	and the second se	-	4,000
Contract Supervision	227	28,000	327	4,000	-	32,000
Testing Casing/Tubing	228 229	4,000	328 329		-	5,500
Mud Logging Unit	230	000,01	330	6,000	-	5,000
Perforating/Wireline Services	231	3,500	331	125,000	-	128,500
Stimulation/Treating	201		332	760,000	-	760,000
Completion Unit			333	40,000	-	40,000
Swabbing Unit			334	,	-	0
Rentals-Surface	235	20,000	335	100,000	-	120,000
Rentals-Subsurface	236	30,000	336	10,000	_	40,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	100,000	-	140,000
Welding Services	238	3,000	338	1,500	-	4,500
Water Disposal	239		339	25,000	-	25,000
Plug to Abandon	240		340 341		-	0
Seismic Analysis Closed Loop & Environmental	241 244	120,000	344	`	-	120,000
Miscellaneous	242	5,000	342	1,000	-	6,000
Contingency	243	131,500			-	281,250
TOTAL INTANGIBLES		1,433,000		1,633,000		3,066,000
TANGIBLE COSTS						
Surface Casing 550' 13 3/8"	401	20,000				1,200
Intermediate Casing 1850' 9 5/8"	402	48,000				48,000
Production Casing/Liner 6900' - 7", 4200' - 5.5"			503 504		•	38,000
Tubing 6200' 2 7/8"	405	30,000	504		-	48,000
Wellhead Equipment	405		506		•	97,000
Pumping Unit Prime Mover			507	the second s	•	0
Rods			508		-	39,000
Pumps			509	and the second se	•	4,500
Tanks			510	20.000		20,000
Flowlines			511	15,000		15,000
Heater Treater/Separator			512	25,000		25,000
Electrical System			513			0
Packers/Anchors/Hangers	414		514			27,000
Couplings/Fittings/Valves	415	2,000	515 516	the second se		4,000
Gas Compressors/Meters			517			0
Dehydrator			518	and the second se		0
Injection Ptant/CO2 Equipment Miscellaneous	419	1,000				2,000
Contingency	420	11,000		and the second se		66,500
TOTAL TANGIBLES		112,000	•	602,000		714,000
TOTAL WELL COSTS	•	1,545,000		2,235,000		3,780,000
	•					
COG Operating LLC						
			E 14 P	11.1		
By: J. Coffman / C. Bird	-	Date Prepared:	5/16	441		
 -						

We approve: _____% Working Interest

Company: By:

Printed Name: Title:

WELL NAME: Puckett "12" Federal #9H SHL: 330' FNL & 330' FWL, Sec. 12-17S-31E BHL: 330' FNL & 330' FEL, Sec. 12-17S-31E Pilot- 160 Acre

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PROSPECT NAME: Tamano (Mack) 720017 COUNTY & STATE: Eddy Co, NM OBJECTIVE: YESO (11, 021' MD) (5500' TVD) Paddock

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		BCP		ACP	TOTAL
Title/Curative/Permit	201	10,000			10,00
Insurance	202	22,000	302 _		22,00
Damages/Right of Way	203	15,000	303 _		15,00
Survey/Stake Location	204	3,000	304 _	b	3,00
ocation/Pits/Road Expense	205	40,000	305	65,000	105,00
Drilling / Completion Overhead	206	5,000	306	1,000	6,00
Furnkey Contract			307		
Cootage Contract Daywork Contract 20:2 @ \$13000/day		260.000	308	00.000	
Directional Drilling Services, With RS	<u> </u>	260,000 400,000	309 310	26,000	286,00
uel & Power	<u> </u>	112,500	310	11,250	400,00
Vater	212	30,000	312	75,000	105,00
Bits	213	45,000	313	1,000	46.00
Mud & Chemicals	214	25,000	314		25,00
Drill Stem Test	215		315	ţ.	
Coring & Analysis	216		_		,
Cement Surface	217	16,000	_	:	16,00
Cement Intermediate	218	16,000			16.00
Cement Production 7"x5.5"	218		319 -	70,000	70,00
Cement Squeeze & Other (NO Kickoff Plug)	220	2 500	320	45.000	10.50
toat Equipment & Centralizers	221	3,500	321	15,000	18,50
Casing Crews & Equipment	- 222	7,000	322 323	13,000	20,00
Geologic/Engineering	<u> </u>	10.000	323 -	1,000	11,00
Contract Labor	— ²²⁴ —	10,000	325	30,000	40.00
Company Supervision	- ²²⁶ -	2,000	326	2,000	4,00
Contract Supervision		28,000	327	4,000	32,00
esting Casing/Tubing	228	4,000	328	1,500	5,50
Aud Logging Unit	229	16,000	329		16,00
ogging	230	0	330 -	5,000	5,00
Perforating/Wireline Services	231	3,500	331]	125,000	128,50
Stimulation/Treating			332	760,000	760,00
Completion Unit			333 _	40,000	40,00
Swabbing Unit			334 -		100.00
Rentals-Surface	235	20,000	335 -	100,000	120,00
Rentals-Subsurface	<u> </u>	30,000 40,000	336 337 -	10,000	40,00
Velding Services	238	3,000	338 -	1,500	4,50
Water Disposal	239	0,000	339	25,000	25,00
Plug to Abandon	240		340		
Seismic Analysis	241		341		
Closed Loop & Environmental	244	120,000	344		120,00
Miscellaneous	242	5,000	342	1,000	6,00
Contingency	243	131,500	343	149,750	281,25
TOTAL INTANGIBLES	<u> </u>	1,433,000	-	1,633,000	3,066,00
TANGIBLE COSTS				,	4.00
Surface Casing 550' 13 3/8"	401	20,000			1,20
ntermediate Casing 1850' 9 5/8"	402	48,000		260,000	260.00
Production Casing/Liner 6900' - 7", 4200' - 5.5"		<u> </u>	503 504	38,000	38,00
fubing 6200' 2 7/8"	405	30,000	505	18,000	48,00
Wellhead Equipment	405		506	97,000	97,00
Pumping Unit Prime Mover			507	01,000	
Rods			508	39,000	39.00
Pumps			509	4,500	4,50
Tanks			510	20,000	, 20,00
Flowlines			511	15,000	15,00
Heater Treater/Separator			512	25,000	. 25,00
Electrical System			513		
Packers/Anchors/Hangers	414		514		
Couplings/Fittings/Valves	415	2,000		25,000	27,00
Gas Compressors/Meters			516	4.000	4,01
Dehydrator	<u> </u>		517 518		<u>.</u>
Injection Plant/CO2 Equipment		1,000	518	1,000	2,0
Miscellaneous	<u> </u>	11,000		(55,500	66,5
Contingency TOTAL TANGIBLES	720	112,000		602,000	714,00
TOTAL TANGIBLES		1,545,000		2,235,000	3,780,00
ICIAL HELL COOLD		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			

COG Operating LLC

By: J. Coffman / C. Bird

5/16/11 Date Prepared:

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.

	Confirmation Services	Package ID: 917199999170300514557 Destination ZIP Code: 76102 Customer Reference: Recipient: Address:	7	· · ·	Electronic Certified Priority Envelope or package CBP PBP Account #: 41592288 Serial #: 1364097 MAY 25 2011 4:40pm
2 Article Number 1 1 4 91 7199 9991 7030 0514 5577 (Transfer from service label) PS Form 3811; February 2004 Domestic Return Receipt	Fort Worth, TX 76102 Image: Street Puckett "12" Federal #9H Puckett "12" Federal #9H	Server procession Complete Terretures complete Item 4 if Restricted Delivery is desired. Item 4 if Restricted Delivery is desired. So that we can be and address on the involution of the back of the malvee Attach this leard to the back of the malvee Item 4 if Restricted Delivery is desired. Or on the front if space/permits Item 4 if Restricted Delivery is desired. Item 4 if Restricted Delivery is desired. Or on the front if space/permits Item 4 if Restricted Delivery is defined. Item 4 if space/permits Item 6 delivery is defined. Item 6 delivery is delivery. Item 6 delivery.	2. Article Number 91,71,99,991,7030 0514,5577 (Transfer from service label) 102535-02-M-1540 PS Form 3811, February 2004 Domestic, Return Receipt 102535-02-M-1540	Zorro Partners 616 Texas Street Fort Worth, TX 76102 Puckett "12" Federal #9H Image: Street insured Mail Image: Street insure insured Mail Image: Street insure in	SENDER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVERY 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. Article Addressed to: If YES, enter delivery address below: No If YES, enter delivery address below: No

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Transmission Report

Date/Time _ocal ID 1 05–25–2011 02:34:58 p.m. 4326863000

Transmit Header Text Local Name 1

Land

This document : Confirmed (reduced sample and details below) Document size : 8.5"x14"



FAX COVER SHEET

PAGE 1_ OF 5_ PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

intended out intended rec copying of the receive this is	This farchards pressage contains PRIVILEGED and CONFIDENTIAL information and; is y for the one of the specific individual or individuals to which it is addressed. If you are not no piptient of this farctuale, you are hereby positioned that may unsultorized any, discretization or in farctization or the information contained herein or altectived herein is strictly prohibited. If you herdinalis at the information contained herein or altectived herein is strictly prohibited. If you herdinalis active, picase positive the second posed below by telephone and/ar repty facilitation and herdinalis excited in error, Tanka you.
FROM:	Robyo Cummins Concho Resources Inc COO Oil & Ges LP / COO Operating LLC

	550 West Texas Avenue, Suite 1	00, Midland, T	exas 79701-4210	
PHONE:	(432) 818-2324	FAX:	(432) 686 3000	

Ra: New Well Proposal Puckett "12" Federal 9-H

No.	Job	Remote Station	Start Tim	le	Duration	Pages	Line	Mode	Job Type	Results
001	159	8173340442	02:20:25	p.m. 05-25-2011	00:04:18	5/5	1	EC	HS	CP9600
Appre	viations	:								
	viations ost send		led local	MP: Malibox	cprint	CP: Com	pleted		TS: Terminate	d by system
HS: Ho		PL: Po	led local lled remote	MP: Malibo RP: Report	cprint	CP: Com FA: Fall	bleted		TS: Terminate G3: Group 3	d by system



FAX COVER SHEET

PAGE 1_ OF 5_ PAGES

DATE: May 25, 2011

TO: Zorro Partners-Mr. William A. Hudson II

FAX: (817) 334-0442

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FROM:	Robyn Cummins		
	Concho Resources Inc C 550 West Texas Avenue, S		· •
PHONE:	(432) 818-2324	FAX:	(432) 686 3000

Re: New Well Proposal Puckett "12" Federal 9-H

ENDER: COMPLETE THIS SECTION	
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.	A. Signature
Attach this card to the back of the maliplece, or on the front if space bernits.	B. Received by (Printed Name) C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 17 C Yes If YES, enter delivery address below: C No
Zorro Partners	
616 Texas Street Fort Worth, TX 76102	3. Service Type ISI Certified Mail
Puckett "12" Federal #9H	
	4. Restricted Delivery? (Extra Fee)
2. Article Number (Transfer from service label)	קו קוקי קיפט מכוע אין
De Form 3811 Eabriany 2004 Domes	Domestic Return Receipt 1540

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