CONCHO

Jones

November 14, 2012

VIA CERTIFIED USPS MAIL

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Attention: Jami Bailey, Director
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: Itemized Schedule of actual Well Costs
Compulsory Pooling Order No. R-13630
Loving Falcon 28 #1H

Case 14880

RECEIVED OCD 2012 NOV 15 P 2:

Gentlemen:

Pursant to Paragraph 11 of the Order of the Division (New Mexico Oil Conservation Division), per Case No. 14880 and Order No. R-13630, enclosed is the itemized schedule of actual well costs for the Loving Falcon 28 1H well, located in the S/2N/2 of Section 28, Township 23 South, Range 28 East, Eddy County, NM, N.M.P.M.

Please see a copy of the letter submitted to Larry A. Jones, pooled mineral interest owner per the abovementioned case and order.

Sincerely,
COG Operating LLC

Lisa Winter

Lisa Winter, RPL
Landman

:lw
Enclosures

CONCHO

November 14, 2012

VIA CERTIFIED USPS MAIL

Mr. Larry A. Jones
Route #1 Box 29
Central City, Nebraska 68826

RE: Itemized Schedule of actual Well Costs
Compulsory Pooling Order No. R-13630
Loving Falcon 28 #1H

Dear Mr. Jones:

Pursant to Paragraph 11 of the Order of the Division (New Mexico Oil Conservation Division), per Case No. 14880 and Order No. R-13630, enclosed is the itemized schedule of actual well costs for the Loving Falcon 28 1H well, located in the S/2N/2 of Section 28, Township 23 South, Range 28 East, Eddy County, NM, N.M.P.M.

Sincerely,
COG Operating LLC

Lisa Winter

Lisa Winter, RPL
Landman

:lw
Enclosures

AFE Well Cost Estimate

AFE Category	Description	Budget Amount	Supplement Amount	Total	Actual Amount	Variance	Variance%
Owner Code: 02							
Owner Name: COG OPERATING LLC		**AFE: 000866**		**Loving Falcon 28 #1H**		**Beginning Date: 01/11/2012**	
Zone 308872.001H.1	LOVING FALCON 28 #1H						
Budget Type: Drilling							
Category Class:							
AFE Category/Type: PPE PROP,PLANT & EQUIP							
200.2000	IDC	0.00	0.00	0.00	1,176,145.85	**(1,176,145.85)**	100.00
TOTAL PROP,PLANT & EQUIP		**0.00**	**0.00**	**0.00**	**1,176,145.85**	**(1,176,145.85)**	
Category Class: ICC	**Intangible Completion Costs**						
AFE Category/Type: ICC IDC - ACP							
305	Lctn/Pits/Roads	25,000.00	0.00	25,000.00	124,356.26	**(99,356.26)**	**(397.43)**
306	Completion OH	1,000.00	0.00	1,000.00	912.12	87.88	8.79
311	Fuel & Power	0.00	0.00	0.00	17,249.73	**(17,249.73)**	100.00
312	Water	98,000.00	0.00	98,000.00	59,428.25	38,571.75	39.36
313	Bits	2,000.00	0.00	2,000.00	0.00	2,000.00	100.00
319	Cement Productn	100,000.00	0.00	100,000.00	76,321.22	23,678.78	23.68
321	Float Equipment	30,000.00	0.00	30,000.00	7,434.70	22,565.30	75.22
322	Csg Crews & Equip	25,000.00	0.00	25,000.00	10,936.98	14,063.02	56.25
324	Geologic/Engnrg	1,000.00	0.00	1,000.00	0.00	1,000.00	100.00
325	Contract Labor	70,000.00	0.00	70,000.00	102,346.87	**(32,346.87)**	**(46.21)**
326	Company Sprvsn	2,000.00	0.00	2,000.00	0.00	2,000.00	100.00
327	Contract Sprvsn	12,000.00	0.00	12,000.00	18,791.81	**(6,791.81)**	**(56.60)**
331	Perf/Wireline Svc	135,000.00	0.00	135,000.00	94,873.23	40,126.77	29.72
332	Stimulation/Treating	2,080,000.00	0.00	2,080,000.00	1,408,951.32	671,048.68	32.26
333	Completion Unit	175,000.00	0.00	175,000.00	20,166.20	154,833.80	88.48
334	Swabbing Unit	0.00	0.00	0.00	17,013.54	**(17,013.54)**	100.00
335	Rentals-Surface	247,500.00	0.00	247,500.00	235,533.77	11,966.23	4.83
336	Rentals-Subsrfc	55,000.00	0.00	55,000.00	11,994.59	43,005.41	78.19
337	Trucking/Forklift/Rig Mob	55,000.00	0.00	55,000.00	25,465.75	29,534.25	53.70
338	Welding Services	7,500.00	0.00	7,500.00	359.55	7,140.45	95.21
339	Water Disposal	100,000.00	0.00	100,000.00	55,750.19	44,249.81	44.25
342	Miscellaneous	0.00	0.00	0.00	1,822.91	**(1,822.91)**	100.00
343	Contingency	162,000.00	0.00	162,000.00	0.00	162,000.00	100.00
344	Envrnmtl/Clsd Loop	10,000.00	0.00	10,000.00	4,727.46	5,272.54	52.73
TOTAL IDC - ACP		**3,393,000.00**	**0.00**	**3,393,000.00**	**2,294,436.45**	**1,098,563.55**	
Category Class: IDC	**Intangible Drilling Costs**						
AFE Category/Type: IDC IDC - BCP							
201	Title/Permits	10,000.00	0.00	10,000.00	32,405.61	**(22,405.61)**	**(224.06)**
202	Insurance	22,000.00	0.00	22,000.00	1,379.01	20,620.99	93.73
203	Damages/ROW	15,000.00	0.00	15,000.00	56,637.22	**(41,637.22)**	**(277.58)**

AFE Well Cost Estimate

AFE Category	Description	Budget Amount	Supplement Amount	Total	Actual Amount	Variance	Variance%
204	Survey/Stake Lctn	3,000.00	0.00	3,000.00	0.00	3,000.00	100.00
205	Lctn/Pits/Roads	80,000.00	0.00	80,000.00	91,312.76	**(11,312.76)**	**(14.14)**
206	Drilling Overhead	5,000.00	0.00	5,000.00	4,004.42	995.58	19.91
209	Daywork Contract	330,000.00	0.00	330,000.00	317,747.80	12,252.20	3.71
210	Directional Drlg Services	135,000.00	0.00	135,000.00	199,114.14	**(64,114.14)**	**(47.49)**
211	Fuel & Power	84,000.00	0.00	84,000.00	56,015.18	27,984.82	33.32
212	Water	45,000.00	0.00	45,000.00	18,894.32	26,105.68	58.01
213	Bits	57,500.00	0.00	57,500.00	52,418.39	5,081.61	8.84
214	Mud & Chemicals	45,000.00	0.00	45,000.00	37,603.61	7,396.39	16.44
217	Cement Surface	25,000.00	0.00	25,000.00	26,515.30	**(1,515.30)**	**(6.06)**
218	Cement Intermed	45,000.00	0.00	45,000.00	26,311.40	18,688.60	41.53
221	Float Equipment & Centralizers	10,000.00	0.00	10,000.00	3,713.96	6,286.04	62.86
222	Csg Crews & Equip	15,000.00	0.00	15,000.00	12,638.73	2,361.27	15.74
224	Geologic/Engnrg	10,000.00	0.00	10,000.00	0.00	10,000.00	100.00
225	Contract Labor	10,000.00	0.00	10,000.00	0.00	10,000.00	100.00
226	Company Sprvsn	2,000.00	0.00	2,000.00	0.00	2,000.00	100.00
227	Contract Sprvsn	28,000.00	0.00	28,000.00	31,560.90	**(3,560.90)**	**(12.72)**
228	Tstg Csg/Tbg	7,000.00	0.00	7,000.00	5,755.39	1,244.61	17.78
229	Mud Logging Unit	24,000.00	0.00	24,000.00	19,035.00	4,965.00	20.69
230	Logging	50,000.00	0.00	50,000.00	0.00	50,000.00	100.00
231	Perf/Wireline Svc	10,000.00	0.00	10,000.00	0.00	10,000.00	100.00
235	Rentals-Surface	45,000.00	0.00	45,000.00	50,111.16	**(5,111.16)**	**(11.36)**
236	Rentals-Subsrfc	50,000.00	0.00	50,000.00	55,849.52	**(5,849.52)**	**(11.70)**
237	Trucking/Forklift/Rig Mob	80,000.00	0.00	80,000.00	97,126.48	**(17,126.48)**	**(21.41)**
238	Welding Services	5,000.00	0.00	5,000.00	1,861.21	3,138.79	62.78
242	Miscellaneous	5,000.00	0.00	5,000.00	723.33	4,276.67	85.53
243	Contingency	72,500.00	0.00	72,500.00	0.00	72,500.00	100.00
244	Envrnmtl/Clsd Loop	175,000.00	0.00	175,000.00	115,940.30	59,059.70	33.75
TOTAL IDC - BCP		**1,500,000.00**	**0.00**	**1,500,000.00**	**1,314,675.14**	**185,324.86**	
Category Class: TCC	**Tangible Completion Costs**						
AFE Category Type: LWC - L&W EQUIP - ACP							
503	Prodctn Csg/Liner	216,000.00	0.00	216,000.00	205,886.32	10,113.68	4.68
504	Tubing	45,000.00	0.00	45,000.00	36,385.68	8,614.32	19.14
505	Wellhead Equip	25,000.00	0.00	25,000.00	18,266.98	6,733.02	26.93
510	Tanks	46,000.00	0.00	46,000.00	45,293.00	707.00	1.54
511	Flowlines/Pipelines	3,000.00	0.00	3,000.00	142,022.15	**(139,022.15)**	**(4,634.07)**
512	Htr Trtr/Seprtr	65,000.00	0.00	65,000.00	62,174.10	2,825.90	4.35
513	Electrical System/Equipment	0.00	0.00	0.00	26,952.58	**(26,952.58)**	100.00
514	Pckrs/Anchors/Hgrs	6,000.00	0.00	6,000.00	0.00	6,000.00	100.00
515	Couplings/Fittings/Valves	100,000.00	0.00	100,000.00	219,442.38	**(119,442.38)**	**(119.44)**
516	Compressors/Meters	8,100.00	0.00	8,100.00	0.00	8,100.00	100.00
520	Contingency	52,900.00	0.00	52,900.00	0.00	52,900.00	100.00
521	Pumps-Surface	0.00	0.00	0.00	1,735.69	**(1,735.69)**	100.00

AFE Well Cost Estimate

AFE Category	Description	Budget Amount	Supplement Amount	Total	Actual Amount	Variance	Variance%
TOTAL L&W EQUIP - ACP		**567,000.00**	**0.00**	**567,000.00**	**758,158.88**	**(191,158.88)**	
Category Class: TDC	**Tangible Drilling Costs**						
AFE Category Type: LWD	**L&W EQUIPMENT - BCP**						
401	Surface Casing	18,000.00	0.00	18,000.00	17,420.71	579.29	3.22
402	Intermed Csg	75,400.00	0.00	75,400.00	65,160.96	10,239.04	13.58
405	Wellhead Equip	20,000.00	0.00	20,000.00	16,147.26	3,852.74	19.26
420	Contingency	12,600.00	0.00	12,600.00	0.00	12,600.00	100.00
TOTAL L&W EQUIPMENT - BCP		**126,000.00**	**0.00**	**126,000.00**	**98,728.93**	**27,271.07**	
TOTAL Drilling		**5,586,000.00**	**0.00**	**5,586,000.00**	**5,642,145.25**	**(56,145.25)**	
AFE TOTALS		**5,586,000.00**	**0.00**	**5,586,000.00**	**5,642,145.25**	**(56,145.25)**	