



CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 91 7199 9991 7030 0513 6698

November 6, 2013

Mr. Clyde Archibeque
Property Asset Management Manager
New Mexico Department of Transportation
1120 Cerrillos Rd.
Santa Fe, NM 87504

Re: **Well Proposal – Sebastian Fed Com No. 3H**
W/2 E/2, Section 18-T24S-R34E: Unit Area
SHL: 190' FNL & 1770' FEL, or a legal location in Unit B
BHL: 330' FSL & 1770' FEL, or a legal location in Unit O
Lea County, New Mexico

Dear Mr. Archibeque:

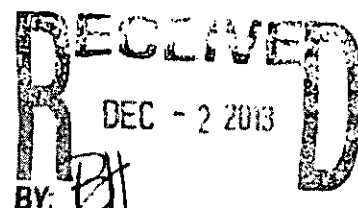
COG Operating LLC (COG), recently learned through title curative that the New Mexico Department of Transportation has unleased minerals in Sec. 18-T24S-R34E, Lea Co., NM.

In this regard, COG, as Operator, proposes to drill the Sebastian Fed Com No. 3H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 10,865' and a MD of 15,400' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$7,063,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

If you do not wish to participate in the Operation, COG would like to lease your minerals under the following general terms:

- \$750/Net Mineral Acre
- 3 Yr. Primary Term
- Delivery of an 80% NRI, proportionately reduced

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience.




Corporate Address: One Concho Center 600 West Illinois Avenue Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

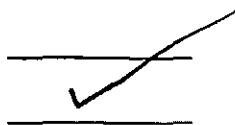
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 5
Submitted by: **COG OPERATING LLC**
Hearing Date: **December 19, 2013**

Sebastian Fed Com No. 3H
November 6, 2013
Page 2

If you have any questions, please do not hesitate to contact the undersigned at 432-221-0465.

Respectfully,


Mike Wallace
Senior Landman



I/We hereby elect to participate in the Sebastian Fed Com No. 3H.

I/We hereby elect not to participate in the Sebastian Fed Com No. 3H.

Company or
Individual Name: New Mexico Department of Transportation

By: _____
Name: _____
Title: _____
Date: _____



CERTIFIED MAIL
RETURN RECEIPT REQUESTED
NO. 91 7199 9991 7030 0513 6704

November 6, 2013

Mr. Clyde Archibeque
Property Asset Management Manager
New Mexico Department of Transportation
1120 Cerrillos Rd.
Santa Fe, NM 87504

Re: **Well Proposal – Sebastian Fed Com No. 4H**
E/2 E/2, Section 18-T24S-R34E: Unit Area
SHL: 190' FNL & 380' FEL, or a legal location in Unit A
BHL: 330' FNL & 380' FEL, or a legal location in Unit P
Lea County, New Mexico

Dear Mr. Archibeque:

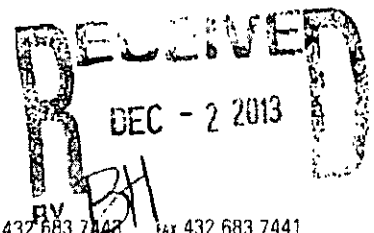
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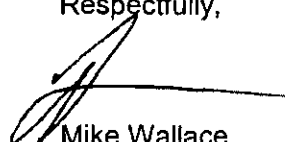


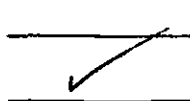
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Sebastian Fed Com No. 4H
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Company or
Individual Name: New Mexico Department of Transportation

By: _____
Name: _____
Title: _____
Date: _____

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

| | | | |
|------------|---------------------------|-----------------|--------------------|
| WELL NAME: | SEBASTIAN FEDERAL COM #4H | PROSPECT NAME: | BULLDOG 717040 |
| SHL: | 190 FNL & 380 FEL | STATE & COUNTY: | New Mexico, Lea |
| BHL: | 330 FSL & 380 FEL | OBJECTIVE: | DRILL AND COMPLETE |
| FORMATION: | 2ND BSS | DEPTH: | 15400 PH-TD: 12150 |
| LEGAL: | 18-24S-34E | TVD: | 10875 |

| INTANGIBLE COSTS | | BCP | | ACP | TOTAL |
|---------------------------------------|-----|-----------|-----|-----------|-----------|
| Title/Curative/Permit | 201 | 11,000 | | | 11,000 |
| Insurance | 202 | 5,000 | 302 | | 5,000 |
| Damages/Right of Way | 203 | 15,000 | 303 | | 15,000 |
| Survey/Stake Location | 204 | 7,000 | 304 | | 7,000 |
| Location/Pits/Road Expense | 205 | 100,000 | 305 | 25,000 | 125,000 |
| Drilling / Completion Overhead | 206 | 6,000 | 306 | | 6,000 |
| Turnkey Contract | 207 | 0 | 307 | | 0 |
| Footage Contract | 208 | 0 | 308 | | 0 |
| Daywork Contract | 209 | 672,000 | 309 | | 672,000 |
| Directional Drilling Services | 210 | 186,000 | 310 | | 186,000 |
| Fuel & Power | 211 | 191,000 | 311 | 10,000 | 201,000 |
| Water | 212 | 100,000 | 312 | 210,000 | 310,000 |
| Bits | 213 | 69,000 | 313 | 4,500 | 73,500 |
| Mud & Chemicals | 214 | 80,000 | 314 | | 80,000 |
| Drill Stem Test | 215 | 0 | 315 | | 0 |
| Coring & Analysis | 216 | 0 | | | 0 |
| Cement Surface | 217 | 40,000 | | | 40,000 |
| Cement Intermediate | 218 | 100,000 | | | 100,000 |
| Cement 2nd Intermediate/Production | 218 | 0 | 319 | 110,000 | 110,000 |
| Cement Squeeze & Other (Kickoff Plug) | 220 | 35,000 | 320 | | 35,000 |
| Float Equipment & Centralizers | 221 | 35,000 | 321 | 20,000 | 55,000 |
| Casing Crews & Equipment | 222 | 20,000 | 322 | 20,000 | 40,000 |
| Fishing Tools & Service | 223 | 0 | 323 | | 0 |
| Geologic/Engineering | 224 | 0 | 324 | | 0 |
| Contract Labor | 225 | 10,000 | 325 | 125,000 | 135,000 |
| Company Supervision | 226 | 0 | 326 | | 0 |
| Contract Supervision | 227 | 45,000 | 327 | 50,000 | 95,000 |
| Testing Casing/Tubing | 228 | 7,000 | 328 | | 7,000 |
| Mud Logging Unit | 229 | 42,000 | 329 | | 42,000 |
| Logging | 230 | 100,000 | 330 | 10,000 | 110,000 |
| Perforating/Wireline Services | 231 | 15,000 | 331 | 150,000 | 165,000 |
| Stimulation/Treating | | 0 | 332 | 2,100,000 | 2,100,000 |
| Completion Unit | | 0 | 333 | 125,000 | 125,000 |
| Swabbing Unit | | 0 | 334 | | 0 |
| Rentals-Surface | 235 | 125,000 | 335 | 250,000 | 375,000 |
| Rentals-Subsurface | 236 | 120,000 | 336 | 65,000 | 185,000 |
| Trucking/Forklift/Rig Mobilization | 237 | 200,000 | 337 | 25,000 | 225,000 |
| Welding Services | 238 | 5,000 | 338 | 7,500 | 12,500 |
| Water Disposal | 239 | 0 | 339 | 150,000 | 150,000 |
| Plug to Abandon | 240 | 0 | 340 | | 0 |
| Seismic Analysis | 241 | 0 | 341 | | 0 |
| Closed Loop & Environmental | 244 | 160,000 | 344 | 10,000 | 170,000 |
| Miscellaneous | 242 | 0 | 342 | | 0 |
| Contingency | 243 | 126,000 | 343 | 50,000 | 176,000 |
| TOTAL INTANGIBLES | | 2,627,000 | | 3,517,000 | 6,144,000 |

| TANGIBLE COSTS | | BCP | | ACP | TOTAL |
|-------------------------------|-----|-----------|-----|-----------|-----------|
| Surface Casing | 401 | 58,000 | | | 58,000 |
| Intermediate Casing | 402 | 144,000 | 503 | | 144,000 |
| Production Casing | | 0 | 503 | 244,000 | 244,000 |
| Tubing | | 0 | 504 | 65,000 | 65,000 |
| Wellhead Equipment | 405 | 20,000 | 505 | 35,000 | 55,000 |
| Pumping Unit | | 0 | 506 | 115,000 | 115,000 |
| Prime Mover | | 0 | 507 | 20,000 | 20,000 |
| Rods | | 0 | 508 | 55,000 | 55,000 |
| Pumps | | 0 | 509 | 75,000 | 75,000 |
| Tanks | | 0 | 510 | 75,000 | 75,000 |
| Flowlines | | 0 | 511 | 30,000 | 30,000 |
| Heater Treater/Separator | | 0 | 512 | 80,000 | 80,000 |
| Electrical System | | 0 | 513 | | 0 |
| Packers/Anchors/Hangers | 414 | 0 | 514 | 10,000 | 10,000 |
| Couplings/Fittings/Valves | 415 | 0 | 515 | 135,000 | 135,000 |
| Gas Compressors/Meters | | 0 | 516 | 8,100 | 8,100 |
| Dehydrator | | 0 | 517 | | 0 |
| Injection Plant/CO2 Equipment | | 0 | 518 | | 0 |
| Miscellaneous | 419 | 0 | 519 | | 0 |
| Contingency | 420 | 12,000 | 520 | 48,900 | 60,900 |
| TOTAL TANGIBLES | | 234,000 | | 996,000 | 1,230,000 |
| TOTAL WELL COSTS | | 2,861,000 | | 4,513,000 | 7,374,000 |

COG Operating LLC

Date Prepared: 10/30/2013

We approve:
% Working Interest

COG Operating LLC

By: SETH WILD

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.