



February 13, 2014

Via Certified Mail
Certificate Number: 91 7199 9991 7033 4972 9877

Oxy Y-1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521

Attn: Permian Land Manager

RE: **Well Proposal – Stonewall 9 Fee #2H**
SHL: 150' FNL & 1700' FWL (Unit C)
BHL: 330' FSL & 1700' FWL (Unit N)
Section 9, T19S, R26E, Eddy County, New Mexico

Dear Madam or Sir:

COG Operating LLC ("COG"), as Operator, proposes to drill the Stonewall 9 Fee #2H at the above-captioned location or at an approved surface location within location unit letter C, to a depth of approximately 3000' TVD, 7415' MD to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$3,548,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE"). COG anticipates that it will spud the well on or before July 4, 2014.

COG is proposing to drill this well under the terms of a modified 1989 AAPL Model Form Operating Agreement ("OA") covering the E ½ of the W ½ of Section 9, T-19-S, R-26-E, with the following general provisions:

- 200/500 Non-consenting penalty
- Drilling and Producing rate:
\$4500/\$450 for vertical wells from surface to 8000'
\$5450/\$545 for vertical wells below 8000' and horizontal wells all depths
- COG named as Operator

If you wish to participate, please sign and return the AFE and the additional set of signature pages to the OA.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your interest for the following general terms:

- Three year primary term
- Delivering a 77.5% NRI, proportionately reduced
- \$500 per net acre bonus consideration

This offer to acquire your interest is subject to the approval of COG's management and verification of title.

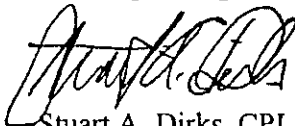
BEFORE THE OIL CONVERSION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: COG OPERATING LLC
Hearing Date: April 30, 2014

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

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

A handwritten signature in black ink, appearing to read "Stuart A. Dirks". The signature is stylized with a large, looped initial "S" and a cursive "A. Dirks".

Stuart A. Dirks, CPL
Senior Landman

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Stonewall 9 Fee #2H	PROSPECT NAME: LAKEWOOD/CEMETARY
SHL: 150' FNL & 1700' FWL UL: C	STATE & COUNTY: New Mexico, Eddy
BHL: 330' FSL & 1700' FWL UL: N	OBJECTIVE: SH9 Yeso Horizontal
FORMATION: Yeso	DEPTH: 7,415
LEGAL: Sec. 9 T19S R26E API#: 30-015-39778	TVD: 3,000

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	10,000		10,000
Insurance	202	22,000	0	22,000
Damages/Right of Way	203	50,000	0	50,000
Survey/Stake Location	204	3,000	0	3,000
Location/Pits/Road Expense	205	55,000	25,000	80,000
Drilling / Completion Overhead	206	2,500	2,000	4,500
Turnkey Contract	207			0
Footage Contract	208			0
Daywork Contract (0 days @ \$0)	209	160,000	29,000	189,000
Directional Drilling Services (0 dir days @ \$0)	210	125,000		125,000
Fuel & Power	211	33,000	6,000	39,000
Water	212	27,000	130,000	157,000
Bits	213	25,000	5,000	30,000
Mud & Chemicals	214	21,000	0	21,000
Drill Stem Test	215		0	0
Coring & Analysis	216			0
Cement Surface	217	42,000		42,000
Cement Intermediate	218	0		0
Cement 2nd Intermediate/Production	218	0	61,000	61,000
Cement Squeeze & Other (Kickoff Plug)	220		0	0
Float Equipment & Centralizers	221	2,000	20,000	22,000
Casing Crews & Equipment	222	5,000	12,000	17,000
Fishing Tools & Service	223			0
Geologic/Engineering	224	8,000		8,000
Contract Labor	225	16,000	21,000	37,000
Company Supervision	226	2,000	2,000	4,000
Contract Supervision	227	19,000	20,000	39,000
Testing Casing/Tubing	228	3,000	5,000	8,000
Mud Logging Unit (logging 1/24 days)	229	10,000		10,000
Logging	230	0		0
Perforating/Wireline Services	231	1,500	85,000	86,500
Stimulation/Treating			1,100,000	1,100,000
Completion Unit			30,000	30,000
Swabbing Unit				0
Rentals-Surface	235	16,000	200,000	216,000
Rentals-Subsurface	236	26,000	60,000	86,000
Trucking/Forklift/Rig Mobilization	237	43,000	20,000	63,000
Welding Services	238	5,000	2,500	7,500
Water Disposal	239	0	130,000	130,000
Plug to Abandon	240	0	0	0
Seismic Analysis	241	0	0	0
Closed Loop & Environmental	244	55,000	0	55,000
Miscellaneous	242	0	0	0
Contingency 10%	243	79,000	198,500	277,500
TOTAL INTANGIBLES		866,000	2,174,000	3,040,000

TANGIBLE COSTS				
Surface Casing (8 5/8" 32# J55 LTC)	401	25,000		25,000
Intermediate Casing(2150' 8 5/8" 32# J55 LTC)	402	0	0	0
Production Casing (5 1/2" 17# L80)			107,000	107,000
Tubing			15,000	15,000
Wethead Equipment	405	6,000	20,000	26,000
Pumping Unit			60,000	60,000
Prime Mover			20,000	20,000
Rods			12,000	12,000
Pumps			70,000	70,000
Tanks			21,000	21,000
Flowlines			8,000	8,000
Heater Treater/Separator			30,000	30,000
Electrical System			20,000	20,000
Packers/Anchors/Hangers	414	0	2,500	2,500
Couplings/Fittings/Valves	415	500	60,000	60,500
Gas Compressors/Meters			5,000	5,000
Dehydrator				0
Injection Plant/CO2 Equipment				0
Miscellaneous	419	500	500	1,000
Contingency	420	2,000	23,000	25,000
TOTAL TANGIBLES		34,000	474,000	508,000
TOTAL WELL COSTS		900,000	2,548,000	3,548,000

COG Operating LLC

By: Carl Bird

Date Prepared: 9/9/2013

GB

We approve:

% Working Interest

COG Operating LLC

By:

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.