



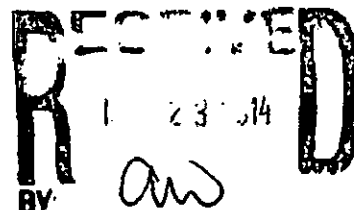
Jason A. Levine
Land Representative
713-372-5313
jlevine@chevron.com

MidContinent Business Unit
Chevron North America Exploration and
Production Company,
a division of Chevron U.S.A. Inc.
1400 Smith Street, Room 40006
Houston, Texas 77002

VIA E-MAIL AND CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 21, 2014

COG Operating LLC ("COG")
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701
Attn: Mike Wallace



Re: Well Proposal for Antelope Ridge 11-24-34 #3H (the "Well")
W/2W/2 of Section 11, T24S, R34E, NMPM Lea County, New Mexico

Dear Mr. Wallace:

Chevron Midcontinent, L.P. ("Chevron") hereby proposes to operate the Well for production from the second Bone Spring Sands interval of the Red Hills Bone Spring North Pool. The Well will comprise a one-hundred sixty (160) acre spacing unit in the W/2W/2 of Section 11, T24S, R34E, NMPM Lea County, New Mexico.

The surface location of the Well would be 330 feet from the north line and 980 feet from the west line. The bottom hole location would be 330 feet from the south line and 980 feet from the west line. Chevron expects to navigate the Well through the following depths:

- T.D. (M.D.) = 15,850 feet
- T.D. (T.V.D.) = 10,950 feet

With respect to the W/2W/2 of Section 11, T24S, R34E, public records indicate that Chevron owns a seventy-five percent (75%) working interest and COG owns a twenty-five percent (25%) working interest. I have enclosed an Authorization for Expenditure ("AFE"), in which the total estimated cost to drill, complete, and equip the Well is **\$7,313,573.00** divided as follows:

- Drilling = \$3,320,436.00
- Completions = \$2,769,046.00
- Facilities = \$1,224,091.00
- **Total = \$7,313,573.00**

BEFORE THE OIL CONVERSION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: CHEVRON U.S.A. INC.
Hearing Date: November 19, 2014

May 21, 2014

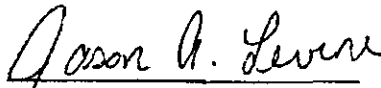
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Please indicate whether you elect to participate in the Well by marking your election in the space provided on the next page. Please also sign your counterpart on the next page and return it to me at your earliest convenience. Chevron's Joint Operating Agreement will be furnished if requested prior to your election.

I encourage you to contact me at either 713-372-5313 or jlevine@chevron.com if you have any questions about this matter.

Sincerely,

CHEVRON MIDCONTINENT, L.P.

A handwritten signature in cursive script that reads "Jason A. Levine". The signature is written in dark ink and is positioned above a horizontal line.

Jason A. Levine

Land Representative

COG ELECTS:

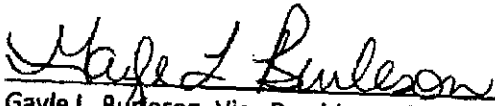
☐

Not to participate in the well

☒

To participate in the well at 25.00% for \$1,828,393.

COG OPERATING LLC


Gayle L. Bugleson, Vice President of New Mexico

September 30, 2014