



October 31, 2014

Kamimac, LLC & Pendragon Oil, LLC
Attn: Joseph P. DeWoody
309 West 7th Street, Suite 500
Fort Worth, TX 76102
Phone: (817) 370-7540

Re: **Well Proposal – Pan Head Fee #2H**
T17S, R32E, W2W2 of Section 11 & 14
SHL: 330' FNL & 990' FWL, Section 11 (Unit D)
BHL: 986' FNL & 986' FWL, Section 14 (Unit D)
Lea County, New Mexico

Mr. DeWoody,

Reference is made to a letter, dated September 19, 2104 proposing the subject well. Please accept this letter as notice by COG Operating LLC ("COG") of rescission of the proposal for the drilling of the Pan Head Fee #2H at the initially proposed Authority for Expenditure ("AFE") costs of \$3,826,000. This cost was estimated for a mile horizontal well and did not account for the mile and a quarter lateral length which we are now proposing to drill.

Furthermore, we plan to use a different completion operation than originally proposed. We are now proposing to complete the operation with tighter fracture cluster spacing. The newly proposed estimated cost for this operation is detailed in the enclosed AFE. If you have any technical questions please contact Harvin Broughton at 432-683-7443.

COG is proposing to drill this well under the terms of the previously enclosed 1989 AAPL form of Operating Agreement modified for horizontal development. If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your leasehold for the following general terms:

- 3 year primary term
- Delivering a 80% NRI, proportionately reduced
- \$700 per net acre bonus consideration

If you have not leased the above described lands, COG would offer to lease said lands under the following general terms:

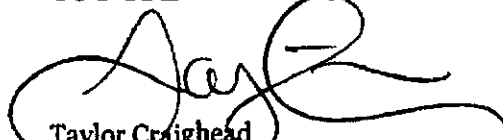
- 3 year primary term
- Retain a 3/16th royalty
- \$700 per acre bonus consideration

Term Assignment and Lease offers are subject to the approval of COG's management and verification of title. If we do not reach an agreement 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 have any Land related questions, please do not hesitate to contact Joseph Scott at 432-688-6601.

Respectfully,

COG OPERATING LLC


Taylor Craighead
Land Coordinator

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by: COG OPERATING LLC
Hearing Date: February 5, 2015

Well Proposal – Pan Head Fee #2H

T17S, R32E, W2W2 of Section 11 & 14

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Lea County, New Mexico

KAMIMAC, LLC

_____ Hereby ELECTS TO PARTICIPATE in the cost of the proposed Operation.

_____ Hereby ELECTS NOT TO PARTICIPATE in the proposed Operation

Approved By:

Signature

Date

Title

PI
Sign & Re