



Via Certified Mail

May 6, 2015

**Working Interest Owners - Listed on Attached Exhibit "A"**

**RE: Well Proposal – Ice Dancer 30 Federal Com #2H**  
Township 23 South, Range 30 East, N.M.P.M.  
Section 30: W/2 E/2  
SHL: 475' FSL & 1890' FEL (Or at a legal location in Unit O)  
BHL: 330' FNL & 2230' FEL (Or at a legal location in Unit B)  
Eddy County, New Mexico

Dear Working Interest Owners:

COG Operating LLC ("COG"), as Operator, proposes to drill the Ice Dancer 30 Federal Com #2H 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 10,422' and a MD of 14,700' with a PH-TD of 10,380' to test the 3<sup>rd</sup> Bone Spring Sand Formation ("Operation"). The total cost of the Operation is estimated to be \$6,828,790 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers the W/2E/2 of Section 30, T23S – R30E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below and return this letter, along with an executed AFE and a copy of your geological well requirements to the corporate address, attention Amanda Neagle. If you do not wish to participate, COG proposes to acquire your interest via term assignment.

Should you have any questions, please do not hesitate to contact Amanda Neagle at 432-688-6602.

Very truly yours,  
**COG Operating LLC**

Savannah Haller  
Land Technician – Delaware Basin

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

Case No. 15339 Exhibit 3

Submitted by: COG OPERATING LLC

Hearing Date: July 9, 2015

**CORPORATE ADDRESS**

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701  
PHONE 432.683.7443 | FAX 432.683.7441

**LOCAL ADDRESS**

Concho West | 2208 Main Street | Artesia, New Mexico 88210  
PHONE 575.748.6940 | FAX 575.746.2096



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\_\_\_\_\_ I/We hereby elect to participate in the Ice Dancer 30 Federal Com #2H.

\_\_\_\_\_ I/We hereby elect not to participate in the Ice Dancer 30 Federal Com #2H.

Company or  
Individual Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



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**EXHIBIT "A"**  
**Working Interest Owners**

**COG Operating LLC**  
One Concho Center  
600 W. Illinois Ave.  
Midland, TX 79701  
Attention: Amanda Neagle (Landman)

**Khody Land & Minerals Company**  
Land Department  
210 Park Avenue, Suite 900  
Oklahoma City, OK 73102  
Attention: Sam McCurdy

**Worrall Investment Corporation**  
P.O. Box 1834  
Roswell, NM 88202  
Attention: John Worrall

**ConocoPhillips Company**  
Land Department  
P.O. Box 2197  
Houston, TX 77252-2197  
Attention: Beverly Wander

**CORPORATE ADDRESS**

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**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME:	ICE DANCER 30 FEDERAL COM 2H	PROSPECT NAME:	TOMAHAWK 2330 (717133)
SHL:	475 FSL & 1890 FEL	STATE & COUNTY:	New Mexico, Eddy
BHL:	330 FNL & 2230 FEL	OBJECTIVE:	DRILL & COMPLETE
FORMATION:	SLBSS/3RD BSS	DEPTH:	14,700 PH: 10380
LEGAL:	30-23S-30E	TVD:	10,422

**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	5,000	303	5,000
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	9,000	306	9,000
Turnkey Contract	207	0	307	0
Footage Contract	208	0	308	0
Daywork Contract	209	352,000	309	352,000
Directional Drilling Services	210	138,000	310	138,000
Fuel & Power	211	68,000	311 10,000	78,000
Water	212	45,000	312 272,000	317,000
Bits	213	69,000	313 6,000	75,000
Mud & Chemicals	214	60,000	314 35,000	95,000
Drill Stem Test	215	0	315	0
Coring & Analysis	216	0		0
Cement Surface	217	25,000		25,000
Cement Intermediate	218	45,000		45,000
Cement 2nd Intermediate/Production	218	0	319 90,000	90,000
Cement Squeeze & Other (Kickoff Plug)	220	50,000	320 0	50,000
Float Equipment & Centralizers	221	10,000	321 15,000	25,000
Casing Crews & Equipment	222	18,000	322 18,000	36,000
Fishing Tools & Service	223	0	323	0
Geologic/Engineering	224	0	324	0
Contract Labor	225	10,000	325 176,500	186,500
Company Supervision	226	0	326	0
Contract Supervision	227	33,000	327 70,000	103,000
Testing Casing/Tubing	228	10,000	328	10,000
Mud Logging Unit	229	21,000	329	21,000
Logging	230	150,000	330	150,000
Perforating/Wireline Services	231	7,000	331 233,000	240,000
Stimulation/Treating		0	332 2,500,000	2,500,000
Completion Unit		0	333 125,000	125,000
Swabbing Unit		0	334	0
Rentals-Surface	235	65,000	335 185,000	250,000
Rentals-Subsurface	236	65,000	336 20,000	85,000
Trucking/Forklift/Rig Mobilization	237	120,000	337 45,000	165,000
Welding Services	238	5,000	338 5,000	10,000
Water Disposal	239	0	339 234,000	234,000
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	244	125,000	344 5,000	130,000
Miscellaneous	242	0	342	0
Contingency	243	35,000	343 50,000	85,000
<b>TOTAL INTANGIBLES</b>		<b>1,663,000</b>	<b>4,119,500</b>	<b>5,782,500</b>

**TANGIBLE COSTS**

Surface Casing	401	12,000		12,000
Intermediate Casing	402	75,000	503	75,000
Production Casing		0	503 238,000	238,000
Tubing		0	504 44,000	44,000
Wellhead Equipment	405	25,000	505 35,000	60,000
Pumping Unit		0	506 115,000	115,000
Prime Mover		0	507	0
Rods		0	508 55,000	55,000
Pumps		0	509 36,000	36,000
Tanks		0	510 90,000	90,000
Flowlines		0	511 27,000	27,000
Heater Treater/Separator		0	512 54,000	54,000
Electrical System		0	513 36,000	36,000
Packers/Anchors/Hangers	414	0	514 9,000	9,000
Couplings/Fittings/Valves	415	0	515 135,000	135,000
Gas Compressors/Meters		0	516 7,290	7,290
Dehydrator		0	517	0
Injection Plant/CO2 Equipment		0	518	0
Miscellaneous	419	0	519	0
Contingency	420	3,000	520 50,000	53,000
<b>TOTAL TANGIBLES</b>		<b>115,000</b>	<b>931,290</b>	<b>1,046,290</b>
<b>TOTAL WELL COSTS</b>		<b>1,778,000</b>	<b>5,050,790</b>	<b>6,828,790</b>

COG Operating LLC

Date Prepared: 3.18.15

COG Operating LLC

We approve:  
\_\_\_\_\_% Working Interest

By: DRL A.KORZENIEWSKI/KEN LAFORTUNE KG

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.