



January 29, 2016

Katherine Ross Madera Sharbutt
206 Farmall Lane
Manhattan, MT 59741

Katherine Ross Madera Sharbutt
408 Bosque
Tularosa, NM 88352

Re: Well Proposal – Viking Helmet State Com #2H
Sec 29: W/2E/2 - T24S-R35E
Sec 32: W/2NE/4 - T24S-R35E
SHL: 190' FNL / 1980' FEL, or a legal location in Sec 29 (Unit B)
BHL: 2310' FNL / 1980' FEL, or a legal location in Sec 32 (Unit G)
Lea County, New Mexico

Dear Mrs. Sharbutt:

COG Operating LLC (COG), as Operator, respectfully rescinds its Well Proposal letter dated July 16, 2015, regarding the Viking Helmet State Com #2H, and hereby re-proposes the drilling of the horizontal well at the above-captioned location as approved by the governing regulatory agency to a TVD of approximately 12,478' and a MD of 19,602' to test the Wolfcamp Formation(s) ("Operation"). The total cost of the Operation is estimated to be \$12,533,398.00 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 Sec 29: E/2 - T24S-R35E and Sec 32: NE/4 - T24S-R35E. It has the following general provisions:

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

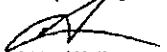
Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience.

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

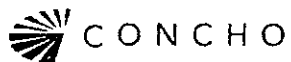
- \$750/net acre bonus
- 3 Year Primary Term
- 1/5 royalty

Please indicate your intent to lease by contacting me at the phone number or email at mwallace@concho.com. If you have any questions, please do not hesitate to contact the undersigned at 432-221-0465.

Respectfully,


Mike Wallace
Senior Landman

BEFORE THE OIL CONVERSATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG OPERATING LLC
Hearing Date: March 31, 2016



Katherine Ross Madera Sharbutt
Viking Helmet State Com #2H
January 29, 2016
Page 2

_____ I/We hereby elect to participate in the Viking Helmet State Com #2H.
_____ I/We hereby elect not to participate in the Viking Helmet State Com #2H.

Company or
Individual Name: KATHERINE ROSS MADERA SHARBUTT

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

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: VIKING HELMET STATE COM #2H	PROSPECT NAME: BULLDOG 2435 (717008)
SHL: SEC 29: 190 FNL & 1980 FEL	STATE & COUNTY: New Mexico, Lea
BHL: SEC 32: 2310 FNL & 1980 FEL	OBJECTIVE: DRILL & COMPLETE
FORMATION: WOLFCAMP	DEPTH: 19,602
LEGAL: 29-24S-35E	TVD: 12478' / PHTD: 12750'

INTANGIBLE COSTS		BCP	ACP	TOTAL
Title/Curative/Permit	201	11,000		11,000
Insurance	202	4,000	302	4,000
Damages/Right of Way	203	5,000	303	5,000
Survey/Stake Location	204	6,000	304	6,000
Location/Pits/Road Expense	205	120,000	305	133,648
Drilling / Completion Overhead	206	8,000	306	8,000
Turnkey Contract	207	0	307	0
Footage Contract	208	0	308	0
Daywork Contract	209	990,000	309	990,000
Directional Drilling Services	210	244,000	310	244,000
Fuel & Power	211	98,000	311	10,000
Water	212	75,000	312	684,000
Bits	213	77,000	313	4,500
Mud & Chemicals	214	187,000	314	25,000
Drill Stem Test	215	0	315	0
Coring & Analysis	216	30,000		30,000
Cement Surface	217	19,000		19,000
Cement Intermediate	218	38,000		38,000
Cement 2nd Intermediate/Production	219	76,000	319	128,250
Cement Squeeze & Other (Kickoff Plug)	220	43,000	320	43,000
Float Equipment & Centralizers	221	7,000	321	15,000
Casing Crews & Equipment	222	30,000	322	22,000
Fishing Tools & Service	223	0	323	0
Geologic/Engineering	224	0	324	0
Contract Labor	225	6,500	325	179,000
Company Supervision	226	0	326	0
Contract Supervision	227	125,000	327	70,000
Testing Casing/Tubing	228	10,000	328	10,000
Mud Logging Unit	229	33,000	329	33,000
Logging	230	250,000	330	250,000
Perforating/Wireline Services	231	4,000	331	372,000
Stimulation/Treating		0	332	4,772,000
Completion Unit		0	333	155,000
Swabbing Unit		0	334	0
Rentals-Surface	235	200,000	335	286,000
Rentals-Subsurface	236	220,000	336	75,000
Trucking/Forklift/Rig Mobilization	237	125,000	337	25,000
Wellbore Services	238	4,000	338	5,000
Water Disposal	239	0	339	936,000
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	244	160,000	344	5,000
Miscellaneous	242	0	342	0
Contingency	243	64,000	343	50,000
TOTAL INTANGIBLES		3,247,500	7,942,398	11,189,898

TANGIBLE COSTS				
Surface Casing	401	14,000		14,000
Intermediate Casing	402	421,000	503	421,000
Production Casing		0	503	187,000
Tubing		0	504	45,000
Wellhead Equipment	405	25,000	505	30,000
Pumping Unit		0	506	0
Prime Mover		0	507	0
Rods		0	508	0
Pumps		0	509	30,000
Tanks		0	510	90,000
Flowlines		0	511	0
Heater Treater/Separator		0	512	95,000
Electrical System		0	513	50,000
Packers/Anchors/Hangers	414	0	514	6,000
Couplings/Fittings/Valves	415	0	515	220,000
Gas Compressors/Meters		0	516	35,000
Dehydrator		0	517	0
Injection Plant/CO2 Equipment		0	518	0
Miscellaneous	419	0	519	70,000
Contingency	420	0	520	25,000
TOTAL TANGIBLES		460,000	883,000	1,343,000
TOTAL WELL COSTS		3,708,000	8,825,398	12,533,398

COG Operating LLC

Date Prepared: 11/5/2015

We approve:
_____% Working Interest

COG Operating LLC

By: TRAVIS NEWMAN/KEN LAFORTUNE KG

Company:
By:

Printed Name: KATHERINE ROSS MADERA SHARBUTT
Title:
Date:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.