



**Federal Express**

February 11, 2016

Chevron U.S.A., Inc.  
6001 Bolinger Canyon Rd.  
San Ramon, CA 94583  
Attention: Jason Levine

Re: **Well Proposal – Fascinator Fee Com #2**  
Sec 19: W/2 SE/4 - T24S-R35E  
Sec 30: W/2 E/2 - T24S-R35E  
BHL: 2310' FSL/1650' FEL, or a legal location in Sec 19 (Unit J)  
SHL: 210' FSL/1980' FEL, or a legal location in Sec 30 (Unit O)  
Lea County, New Mexico

Dear Mr. Levine:

COG Operating LLC (COG), as Operator, hereby proposes to drill the Fascinator Fee Com #2 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 12,295' and a MD of 19,862' to test the Bone Spring Formation ("Operation"). The total cost of the Operation is estimated to be \$12,849,931.00 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 19: SE/4 - T24S-R35E and Sec 30: E/2 - 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 below. If you have any questions, please do not hesitate to contact the undersigned at 432-685-2515.

Respectfully,

Adam Reker  
Landman  
[areker@concho.com](mailto:areker@concho.com)  
(432)685-2515

**BEFORE THE OIL CONVERSATION  
DIVISION**  
Santa Fe, New Mexico  
Exhibit No. 6  
Submitted by : COG OPERATING LLC  
Hearing Date: April 14, 2016



\_\_\_\_\_ I/We hereby elect to participate in the Fascinator Fee Com #2.

\_\_\_\_\_ I/We hereby elect **not** to participate in the Fascinator Fee Com #2.

Company or  
Individual Name: Chevron USA Inc.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: <b>FASCINATOR FEE COM #2H</b>	PROSPECT NAME: <b>BULLDOG 2435 (717008)</b>
SHL: <b>210 FSL &amp; 1980 FEL</b>	STATE & COUNTY: <b>New Mexico, Lea</b>
BHL: <b>2310 FSL &amp; 1650 FEL</b>	OBJECTIVE: <b>DRILL &amp; COMPLETE</b>
FORMATION: <b>DBSS/3RD BSS</b>	DEPTH: <b>19,862</b>
LEGAL: <b>30-24S-35E</b>	TVD: <b>12,295</b>

<u>INTANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
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	135,000	305	268,648
Drilling / Completion Overhead	206	8,000	306	8,000
Turnkey Contract	207	0	307	0
Footage Contract	208	0	308	0
Daywork Contract	209	855,000	309	855,000
Directional Drilling Services	210	245,000	310	245,000
Fuel & Power	211	96,000	311	106,000
Water	212	75,000	312	907,000
Bits	213	77,000	313	81,500
Mud & Chemicals	214	160,000	314	185,000
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	218	76,000	319	204,250
Cement Squeeze & Other (Kickoff Plug)	220	43,000	320	43,000
Float Equipment & Centralizers	221	7,000	321	22,000
Casing Crews & Equipment	222	30,000	322	52,000
Fishing Tools & Service	223	0	323	0
Geologic/Engineering	224	0	324	0
Contract Labor	225	6,500	325	186,500
Company Supervision	226	0	326	0
Contract Supervision	227	125,000	327	195,000
Testing Casing/Tubing	228	10,000	328	20,000
Mud Logging Unit	229	33,000	329	33,000
Logging	230	250,000	330	250,000
Perforating/Wireline Services	231	4,000	331	451,000
Stimulation/Treating		0	332	4,643,000
Completion Unit		0	333	230,000
Swabbing Unit		0	334	0
Rentals-Surface	235	210,000	335	485,000
Rentals-Subsurface	236	230,000	336	305,000
Trucking/Forklift/Rig Mobilization	237	125,000	337	150,000
Welding Services	238	4,000	338	9,000
Water Disposal	239	0	339	908,000
Plug to Abandon	240	0	340	0
Seismic Analysis	241	0	341	0
Closed Loop & Environmental	244	160,000	344	165,000
Miscellaneous	242	0	342	0
Contingency	243	75,000	343	100,000
<b>TOTAL INTANGIBLES</b>		<b>3,152,500</b>	<b>8,072,398</b>	<b>11,224,898</b>

<u>TANGIBLE COSTS</u>				
Surface Casing	401	26,000		26,000
Intermediate Casing	402	370,000	603	370,000
Production Casing		0	603	340,000
Tubing		0	604	45,000
Wellhead Equipment	405	25,000	605	55,000
Pumping Unit		0	606	0
Prime Mover		0	607	0
Rods		0	608	0
Pumps		0	609	30,000
Tanks		0	610	90,000
Flowlines		0	611	81,900
Heater Treater/Separator		0	612	117,000
Electrical System		0	613	60,000
Packers/Anchors/Hangers	414	0	614	6,000
Couplings/Fittings/Valves	415	0	615	285,000
Gas Compressors/Meters		0	616	35,000
Dehydrator		0	617	0
Injection Plant/CO2 Equipment		0	618	0
Miscellaneous	419	0	619	58,633
Contingency	420	0	620	25,000
<b>TOTAL TANGIBLES</b>		<b>421,000</b>	<b>1,203,533</b>	<b>1,624,533</b>
<b>TOTAL WELL COSTS</b>		<b>3,574,000</b>	<b>9,275,931</b>	<b>12,849,931</b>

COG Operating LLC

Date Prepared: 1/12/2016

We approve:  
% Working Interest

COG Operating LLC

By: DALLAS DALEY/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.