CONCHO

<u>Via Certified Mail – Return Receipt Requested</u>

May 4 2017

Working Interest Owners
Listed on Attached Exhibit "A"

RE **<u>Order No 14329 – Populus Fed 2H</u>**
<u>& Order No 14330 – Populus Fed 4H</u>

Dear Sir or Madam

COG Operating LLC (COG) applied for two non standard spacing and proration units and compulsory poolings for the above referenced horizontal wells under Case No 15639 and Case No 15640 Therefore pursuant to the referenced Order of Divisions COG as operator has provided herein the respective Authority for Expenditures (AFE) for the estimated costs of drilling and equipping the wells

Should you have any questions please do not hesitate to contact me at 432 685 2589 or by email at vcuccerre@concho com

Sincerely
COG Operating LLC

Vincent Cuccerre
Landman

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

EXHIBIT "A"
WORKING INTEREST OWNERS

COG Operatıng LLC
600 W Illınoıs Ave
Mıdland TX 79701
Attn Delaware Basın West Land Lead

OXY Y 1 Company
5 Greenway Plaza Suıte 110
Houston TX 77046
Attn Permıan Land Manager

EOG A Resources Inc
5509 Champıons Dr
Mıdland TX 79706
Attn Charles Moran

EOG M Resources Inc
5509 Champıons Dr
Mıdland TX 79706
Attn Charles Moran

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME	Pop l F d #2H	PROSPECT NAME	#717054	SL WC PH 1M
SHL	SEC 29 115 FNL & 2310 FEL	STATE & COUNTY	New M co, Eddy	
BHL	SEC 29 200 FSL & 1980 FEL	OBJECTIVE	D ll & C mpl t	
FORMATION	2BS	DEPTH	11,900	
LEGAL	29 25S 27E	TVD	7,439	

INTANGIBLE COSTS		Drlg Rig Release(D)		Completion(C)		Ta k Btty Const ctn(TB)		Pmpg Eq ipment(PEQ)	TOTAL
Ttl /C /P rm	2	0 0							000
	202	4 000	302						000
D m g s/Rgh f W y	203	5 00	3 3		351				5 0
S rv y/Stak L	204	6 000			352				6 000
L n/P R d Exp	205	2	05	12 200	353	2 352	366		234 552
D ll g / Compl O rh d	206		06						6 0
T rnk y Co tract	207	0	30						0
Footag Co ra	208								
D ywork C ra	209	3 5 000	3 9						3 5
D ec l Dnll g S rv	2	53							53 0
F l & P we	2	54 00		5 00	354		67		5
W	2 2	35 000	3 2	294			8		329 000
B ts	2 3	5 000		2 600			369		5
M d & Ch		50 000	3	2 750			7		62 50
D ll Stem T	2 5		5						0
Cori g & A lys	2 6	0							0
C m S rf	2 7	250							14 250
C m I t rmed te	2 8	23 750							23 750
Ce t 2 d I t rm d te/Prod	2 9	75 000							75 000
Ce t Sq eeze & Oth (K koff Plug)	220	0					3		
Float Eq pm & C tral'zers	22	7 700							700
C g Crews & Eq ipm	222	25 000							25 000
F h g T l & S rv	223	0	323				372		0
G log /E g ri g	22	0	3		355		37		0
Co tra L bo	225	6 500	325	40 000	356	77 800	37		22 3 0
Comp y S p rvi	226	400	326	5 000	357		375		56 400
C tra S p rvi	227	72 000	327	90 000	358		3 6		2
T g Ca g/T b g	228	30 000	328	10 000			377		40 000
M d Logg g U	229	27 000	329						27 00
L gg g	230	0					378		
P rforating/W l S rvice	231	000	331	90			79		94 00
Stim l n/Tre ting			332	257 300			380		25
Co pl U			333	60 000			38		60 000
Swabb g U			334				382		
R tal -S rf ce	235	20 000	335	187 000	359		383		307 000
R tal -S b rf	236	93 000	336				384		9 00
Tru ki g/F rklift/Rig M bil za	237	20 000	337	40 000	360		385		160 000
W ld g Servic	238	3 500	338	5 000	361		386		8 500
W te D po l	2	0	339	60 000	3 2	9 00	3 7		50 000
P g to Ab d	240	0	340						0
S lys	2	0	34						0
M ll	242		34						0
C g y	243	39 000	343	63 03	363		3 0		202 03
Closed L p & E ro m tal	244	50 00	344	5 0	364				55 0 0
Co l T b g			346						0
Flowb k C ws & Eq p			347	27 000					27 000
Off D rec Fra	248	0	348						0
TOTAL INTANGIBLES		629 000		2 5 88		370 52		0	4 75 033

TANGIBLE COSTS		Drlg Rig Release(D)		Completion(C)		Ta k Btty Const ctn(TB)		Pmpg Eq ipment(PEQ)	TOTAL
S rf ce C g	0	0 000							0 000
I rm d te Ca g	02	40 00							40
Prod tio C g/L	403	6 000							160 000
T b g			504	35 00			5		5 00
W llh d Eq p	405	2	505	2 00			53		2
P mp g U							506		0
P M							507		0
Rod							08		
P mp -S b S rf (BH)			509				532		0
ks						50			50
Flowl					5	40 000			0 000
H Tre /S p to					512	7 500			47 500
E tn l Sys m							33		50
P kers/A h s/H g	1	72 000	51	5 000			534		7 000
C pl g /F gs/V lv		0			515	0 000			1 0 000
D yd tio					5				0
I jec Pla t/CO2 Eq					5 8				0
P mp -S rf					521	12 500			2 500
I tru tation/SCADA/POC					522		5		
M sc lla	9	0	5 9		523		535		
Co tinge y	2	0	520		52		536		
M ters/LACT					525	30 000			30 000
Fl res/Co b rs/Em					526	42 500			42 500
G L ft/Compress			527	10 000	516	25 000	528		35 000
TOTAL TANGIBLES		302 000		62 000		377 5		0	4 500
TOTAL WELL COSTS		93 000		2 5 7 68		7 7 652		0	5 216 533
% of Total W ll Cost		37%		9%		14%		0%	

COG Op ra g LLC

D P p d 2/10/17

COG Op ra g LLC

W p ro
_____% W rki g I tere

By TRN (DRLG) IV KL

Comp y
By

P ted N m
Ttl
D

Th AFE y m te By g g yo re to yo h f th t l ts red

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING

WELL NAME	**Populus Fed #4H**	PROSPECT NAME	#717054	**SL WC no PH 1M**
SHL	SEC 29 210 FNL & 990 FWL	STATE & COUNTY	New M ico Eddy	
BHL	SEC 29 200 FSL & 660 FWL	OBJECTIVE	Dnll & Complete	
FORMATION	2BS	DEPTH	11,800	
LEGAL	29 25S 27E	TVD	7,364	

INTANGIBLE COSTS		Drlg Rig Release(D)		C mpl ti (C)		Tank Btty C t t (TB)		Pmpg Eq ipm t(PEQ)	TOTAL
Tl /C t /P rmt	20	000							1 000
I	2 2	000	302						4 000
D m g s/Rg fW y	203	5 000	303		351				5 000
S rv y/Stak L ti	204	6 000			352				6 000
L n/P R d Expe se	205	20 000	305	2 200	353	02 352	366		234 552
D ll g/ Compl tio Ov rh d	206	6 900	306						6 900
T rnk y Co tra	207		7						0
F g C tra	208	0	308						0
D ywork C trs	209	75							375 000
D tio Dnll g S rvi	2 0	530 0	3						153 000
F l & P we	2	54 000	311	5 000	354		36		59 000
W t	2 2	35 000	3 2	448			368		8 000
B	2 3	57 000	313	2 600			369		59 600
M d & Ch m cals	2	5 00		2 75			7		62 750
D ll Ste T	2 5	0	315						0
C g & A lys	2 6	0							
C m t S rf	2 7	4 250							250
C m I term d	2 8	23 5							2 750
C m t2 d rm d /P od	2 9	75 000							75 000
C m Sq eeze & Oth (Ki koff Plug)	220						7		0
Fl Eq pm & C tral ze	22	7 00							7 700
C g Crews & Eq ip	222	25 000							25 000
F h g T ls & Serv	223	0	323				372		0
G l g /E g g	22	0	32		355		373		0
Co tra L b	225	6 500	325	0 0	356	77	3		22 3 0
Comp y S p rvi	226	400	326	5 000	357		375		56 400
Co tra S p rv	22	2 000	2		35		3		1 2
T g Ca g/T b g	228	30 000	328	0 000			377		0 000
M d L gg g U	229	27 000	32						27 000
L ggi g	230	0					378		0
P rfo ting/W l S rvice	231	4 000	33	80 000			3 9		184 000
S m l ti /Tre ting			332	600 000			380		600 000
C mpl ti U			33	6 0			38		60 000
S bb g U t			334				382		0
R l S rf	235	20 000	335	7 0	359		383		307 000
R tal -S b rf	236	93 000	336				384		93 000
Tru ki g/F rklft/Rig M b za	237	12 0	7				385		60 000
W ld g S rv	238	3 500	338	5 000	36		386		8 500
W D p l	239	0	33	60	2		7		50 000
Pl g to Ab d	240	0	340						0
S m A lys	2 1								0
M l	2 2	0	342				389		0
C ge y	243	39 0	43	63 03	3 3		39		202 03
Cl d L p & E ro t l	244	5	44	5					55 00
C l T b g			346						0
Fl wb k C ws & Eq p			3 7	12 000					27 000
Offs D l/F	248		48						0
TOTAL INTANGIBLES		62 00		306 5 1		3 52		0	5 059 733

TANGIBLE COSTS									
S rf C g	40	0 000							0 000
I d Ca g	402	0 000							0 000
Prod C g/L	03	60 000							160 000
T b g			504	35 000			530		35 000
W h d Eq p	05	20 000	505	2 000			53		32 000
P mp g U t							506		0
P M							507		0
Rod							508		0
P mps- S rf (B)			509				5		
T ks					5	37 500			37 50
Fl wl					5 1	40 000			40 000
Tre S p					5	7 5			7 50
El l Sys					513	32 500	533		32 500
P k rs/A h s/H g	4	72 000	5	5			534		77 000
C p gs/F gs/V lv	5	0			5 5	0			0 000
Dehydra					5 7				0
I jec Pla t/CO2 Eq pm					5				0
P mp -S rf					5	50			5
I tru ta n/SCADA/POC					522	0	529		0
M	9		5		52		535		0
C ge y	20		5		5		536		
M ters/LACT					525	30 000			30 000
Fl res/Comb ters/Em					526	42 500			2 500
G Lift/C pre			52	0 000	516	25 000	528		35 000
TOTAL TANGIBLES		02		2		77 5		0	74 500
TOTAL WELL COSTS		93 000		3 22 58		7 7652		0	5 801 233
% of Total W ll Cost		33%		54%		13%		0%	

COG Op g LLC

D te P p ed 2/22/ 7

COG Op rati g LLC

W pprove
_____% Worki g I tere t

By TRN (DRLG) IV KL

Comp y
By

P d N m
Tl
D

Th AFE I m te B gn yo re to yo h
f th l ts med