Sec. 11-T116-R28E		B me Pro	Brand Prospect 720002	G		cc. Salluy,	ac, noemi	
SHL: 1800' FSL & 1590' FWL		Eddy Co	Eddy County, NM			AFE Mailed 170/1	7/2010	
BHL: 1650' FSL & 330' FEL						1		
OWNER	Interest	Wi Approved Drilling	WI Approved Completion	RETURN RECEIPT Drig Proposal	Due	PARTICIPATE Drilling	PARTICIPATE Completion	NOTES
Chesapeake Exploration LP	14.04500000%			FedEx Trkg			5	Well proposal faxed & sent via FedEx 1/07/2010
6100 N. Western Ave.				793160647525				
Oklanoma City, OK 73118 Aftn: Kevin Pfister								
Fax: 405-935-1450								
Devon Energy Production Co LP	10.93750000%			FedEx Trka			5	Well proposal faxed & sent via FedEx 1/07/2010
20 N. Broadway, Suite 1500				793160688650				
Oklahoma City, OK 73102								
Attn: Ken Gray								
Phone: 405-552-8040								
Fax: 405-552-8113								
Timothy R. MacDonald	0.01750000%	0.01750000%		FedEx Trko		ves	5	Weil proposal faxed & sent via FedEx 1/07/2010
23 Graham Ln.				798281703841			S	Signed AFE returned 1/25/2010. OA executed.
Lucas, TX 75002								
Phone: 972-450-4552								
Fax: 972-450-4519								
Cell: 972-839-9531								
tim_macdonald@nexeninc.com								
COG Operating LLC	75.000000000%	75.000000000%						
	Total 100.00000%	75.01750%	0.00000%					
. IV/\Cadav anv -		_						



VIA FEDERAL EXPRESS AND FACSIMILE (972) 450-4519

Timothy R. MacDonald 23 Graham Ln. Lucas, TX 75002

RE: Big Game Prospect

Blackhawk "11" Federal Com #2

NESW & N2SE of Section 11-T16S-R28E

Eddy County, New Mexico

Dear Mr. MacDonald:

COG Operating LLC (hereinafter referred to as Concho) hereby propose the drilling of a horizontal well to a depth sufficient to adequately test the Crow Flats Abo formation at an anticipated total vertical depth of 6,686' and total measured depth being approximately 9,707'. The surface location for this well has been permitted at 1800' FSL & 1590' FWL with a bottomhole location at 1650' FSL & 330' FEL with the dedicated project area being the NESW & N2SE of Section 11, Township 16 South, Range 28 East, Eddy County, New Mexico. Included herein is our AFE as well as a copy of the Permit to Drill.

We ask that you join Concho to the full extent of your interest in the drilling, testing and completing of this proposed well by indicating your acceptance in the space provided below and return one original each of this letter, a signed original of the enclosed AFE and executed signature pages to our proposed Operating Agreement.

However, in the event you do not wish to participate, Concho respectfully requests that you consider as an alternative either of the below proposals:

Proposal 1:

Concho would be interested in purchasing, subject to reaching mutually agreeable price and terms, all of your contractual and leasehold interests situated in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico.

Timothy R. MacDonald will farmout all of his contractual and leasehold interests in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico, subject to reaching mutually agreeable terms.

This letter replaces our previous proposal dated August 11, 2009.

Please indicate below the option of your choice below, sign and return this letter at your earliest convenience to my attention by any of the following methods:

- US Mail 550 West Texas Avenue, Suite 1300, Midland, Texas 79701
- Fax –7432.685.4398
- Email Jspradlin@conchoresources.com

Should you have any questions, please do not hesitate to contact me at 432.685.4352.

Very truly yours,

COG Operating LLC

Jan Preston Spradlin, CPL Senior Landman

16 Greston Oprede

	I/We hereby elect to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect <u>not</u> to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect to pursue Proposal 1
	I/We hereby elect to pursue Proposal 2
TIMOTHYB	,MACDONALD
18	
Data	1/14/17



VIA FEDERAL EXPRESS AND FACSIMILE (972) 450-4519

Timothy R. MacDonald 23 Graham Ln. Lucas, TX 75002

RE:

Big Game Prospect

Blackhawk "11" Federal Com #2

NESW & N2SE of Section 11-T16S-R28E

Eddy County, New Mexico

Dear Mr. MacDonald:

COG Operating LLC (hereinafter referred to as Concho) hereby propose the drilling of a horizontal well to a depth sufficient to adequately test the Crow Flats Abo formation at an anticipated total vertical depth of 6,686′ and total measured depth being approximately 9,707′. The surface location for this well has been permitted at 1800′ FSL & 1590′ FWL with a bottomhole location at 1650′ FSL & 330′ FEL with the dedicated project area being the NESW & N2SE of Section 11, Township 16 South, Range 28 East, Eddy County, New Mexico. Included herein is our AFE as well as a copy of the Permit to Drill.

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We ask that you join Concho to the full extent of your interest in the drilling, testing and completing of this proposed well by indicating your acceptance in the space provided below and return one original each of this letter, a signed original of the enclosed AFE and executed signature pages to our proposed Operating Agreement.

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Timothy R. MacDonald will farmout all of his contractual and leasehold interests in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico, subject to reaching mutually agreeable terms.

This letter replaces our previous proposal dated August 11, 2009.

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Very truly yours,

COG Operating LLC

Jan Preston Spradlin, CPL Senior Landman

In Greston Opride

	I/We hereby elect to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect <u>not</u> to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect to pursue Proposal 1
	I/We hereby elect to pursue Proposal 2
TIMOTHY R.	MACDONALD

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

PROSPECT NAME: Crow Flats
COUNTY & STATE: Eddy,NM
OBJECTIVE: 9,778' MD (6690' TVD) Lwr Abo/Wolfcamp WELL NAME: Blackhawk "11" Fed Com #2
Surf. Loc: 1650' FS&WL, Sec 11
B.H. Loc: 1650' FSL & 330' FEL, Sec 11

T16S - R28E w/pilot, wo/LWD

INTANGIBLE COSTS		BCP		<u>ACP</u>	TOTAL
Title/Curative/Permit	201	5,500			5,500
Insurance	202	22,000	302		22,000
Damages/Right of Way	203	15,000	303		15,000
Survey/Stake Location	. 204	3,000	304		3,000
Location/Pits/Road Expense	205	45,000	305	5,000	50,000
Drilling / Completion Overhead	206	5,000	306	1,000	6,000
Turnkey Contract	207		307 _		0
Footage Contract	20,8	000 000	308 _	40.000	0
Daywork Contract 29:4 @ \$10,000/day Directional Drilling Services, With out LWD	209	290,000 160,000	309	40,000	330,000
Fuel & Power	210	48,000	310 <u> </u>	6,000	160,000 54,000
Water	211	30,000	312	50,000	80,000
Bits		50,000	313	1,000	51,000
Mud & Chemicals	214	60,000	314	1,000	60,000
Drill Stem Test	₂₁₅		315		0
Coring & Analysis	₂₁₆				
Cement Surface	217	12,200		······································	12,200
Cement Intermediate	218	15,000	_		15,000
Cement 2nd Intermediate 7"	218		319	23,400	23,400
Cement Squeeze & Other (Kickoff Plug)	220	18,700	320		18,700
Float Equipment & Centralizers	221	5,000	321	2,000	7,000
Casing Crews & Equipment	222	15,000	322	10,000	25,000
Fishing Tools & Service	223		323		0
Geologic/Engineering	224	10,000	324	1,000	11,000
Contract Labor	225	10,000	325	30,000	40,000
Company Supervision	226	2,000	326	2,000	4,000
Contract Supervision	227	36,000	327 _	4,000	40,000
Testing Casing/Tubing	228	4,000	328	1,500	5,500
Mud Logging Unit	229	19,500	329		19.500
Logging	230	60,000	330		60,000
Perforating/Wireline Services	231	1,500	331	12,500	14,000
Stimulation/Treating			332 _	750,000	750,000
Completion Unit			333	18,000	18,000
Swabbing Unit			334 _	45.000	0
Rentals-Surface	235	90,000	335	45,000	135,000
Rentals-Subsurface	236	40,000 80,000	336 337	10,000 15,000	50,000 95,000
Trucking/Forklift/Rig Mobilization	237 238	3,000	338	1,500	4,500
Welding Services Water Disposal	238	3,000	339	15,000	15,000
Plug to Abandon	₂₄₀	······································	340	10,000	0
Seismic Analysis	241		341		
Closed Loop & Environmental		210,000	344		210,000
Miscellaneous	242	5,000	342	1,000	6,000
Contingency	243	138,600	343	105,100	243,700
TOTAL INTANGIBLES		1,509,000	_	1,150,000	2.659.000
TANGIBLE COSTS					
Surface Casing 500' 13 3/8"	401	18,000	. <u>-</u>		18,000
Intermediate Casing 2300' 9 5/8", 6000' - 7"	402	59,000	503 _	145,000	204,000
Production Casing/Liner 4900' - 4.5"		·····	503 _	59,000	59,000
Tubing 6000' 2 7/8"			504	34,000	34,000
Wellhead Equipment	405	10,000	505	8,000	18,000
Pumping Unit			506 _	······································	0
Prime Mover			507		0
Rods			508 _		0
Pumps			509 _		0
Tanks			510 _	60,000	60,000
Flowlines			. 511 _	15,000	15,000
Heater Treater/Separator			512 _	25,000	25,000
Electrical System			513 _	200.000	300,000
Packers/Anchors/Hangers	414	2.000	· ⁵¹⁴ –	200,000 50,000	200,000 52,000
Couplings/Fittings/Valves	415	2,000	. 515 <u></u> 516	4,000	4,000
Gas Compressors/Meters Dehydrator			517	4,000	4,000
Injection Plant/CO2 Equipment			· 518 —		0
Miscellaneous	419	1,000	-	1,000	2,000
Contingency	420	9,000		61,000	70,000
TOTAL TANGIBLES		99,000	_	662,000	761,000
TOTAL WELL COSTS		1,608,000		1,812,000	3,420,000
			-		

COG	Operating	LLC
~~	Operating	

By: J. Coffman / C. Bird Date Prepared: 8/10/09

We approve: % Working Interest

Date:

Company Ву

Printed Name: Title:

R MACDOWNED IMOTHY

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

1/7/2010



VIA FEDERAL EXPRESS AND FACSIMILE (405) 552-8113

Devon Energy Production Co., LP 20 N. Broadway, Suite 1500 Oklahoma City, OK 73102

Attn: Mr. Ken Gray

RE: Big Game Prospect

Blackhawk "11" Federal Com #2

NESW & N2SE of Section 11-T16S-R28E

Eddy County, New Mexico

Dear Mr. Gray:

COG Operating LLC (hereinafter referred to as Concho) hereby propose the drilling of a horizontal well to a depth sufficient to adequately test the Crow Flats Abo formation at an anticipated total vertical depth of 6,686' and total measured depth being approximately 9,707'. The surface location for this well has been permitted at 1800' FSL & 1590' FWL with a bottomhole location at 1650' FSL & 330' FEL with the dedicated project area being the NESW & N2SE of Section 11, Township 16 South, Range 28 East, Eddy County, New Mexico. Included herein is our AFE as well as a copy of the Permit to Drill.

We ask that you join Concho to the full extent of your interest in the drilling, testing and completing of this proposed well by indicating your acceptance in the space provided below and return one original each of this letter, a signed original of the enclosed AFE and executed signature pages to our proposed Operating Agreement.

However, in the event you do not wish to participate, Concho respectfully requests that you consider as an alternative either of the below proposals:

Proposal 1:

Concho would be interested in purchasing, subject to reaching mutually agreeable price and terms, all of Devon Energy Production Co., LP's or its entity's of record contractual and leasehold interests situated in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico.

Devon Energy Production Co., LP or its entity of record will farmout all of its contractual and leasehold interests in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico, subject to reaching mutually agreeable terms.

Please indicate below the option of your choice below, sign and return this letter at your earliest convenience to my attention by any of the following methods:

- US Mail 550 West Texas Avenue, Suite 1300, Midland, Texas 79701
- Fax 432.685.4398
- Email Jspradlin@conchoresources.com

Should you have any questions, please do not hesitate to contact me at 432.685.4352.

Very truly yours,

COG Operating LLC

Jan Preston Spradlin, CPL Senior Landman

	I/We hereby elect to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect <u>not</u> to participate in the Blackhawk "11" Federal Com #2
	I/We hereby elect to pursue Proposal 1
	I/We hereby elect to pursue Proposal 2
DEVON ENE	RGY PRODUCTION CO., LP
B.v.	
Ву:	
Name:	
Title:	
Hite	
Data:	



VIA FEDERAL EXPRESS AND FACSIMILE (405) 935-4251

Chesapeake Exploration, L.L.C. 6100 N. Western Avenue Oklahoma City, OK 73118 Attn: Craig B. Barnard

RE:

Big Game Prospect

Blackhawk "11" Federal Com #2

NESW & N2SE of Section 11-T16S-R28E

Eddy County, New Mexico

Dear Mr. Barnard:

COG Operating LLC (hereinafter referred to as Concho) hereby propose the drilling of a horizontal well to a depth sufficient to adequately test the Crow Flats Abo formation at an anticipated total vertical depth of 6,686' and total measured depth being approximately 9,707'. The surface location for this well has been permitted at 1800' FSL & 1590' FWL with a bottomhole location at 1650' FSL & 330' FEL with the dedicated project area being the NESW & N2SE of Section 11, Township 16 South, Range 28 East, Eddy County, New Mexico. Included herein is our AFE as well as a copy of the Permit to Drill.

We ask that you join Concho to the full extent of your interest in the drilling, testing and completing of this proposed well by indicating your acceptance in the space provided below and return one original each of this letter, a signed original of the enclosed AFE and executed signature pages to our proposed Operating Agreement.

However, in the event you do not wish to participate, Concho respectfully requests that you consider as an alternative either of the below proposals:

Proposal 1:

Concho would be interested in purchasing, subject to reaching mutually agreeable price and terms, all of Chesapeake Exploration, L.L.C.'s or its entity's of record contractual and leasehold interests situated in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico.

Chesapeake Exploration, L.L.C. or its entity of record will farmout all of its contractual and leasehold interests in the NESW & N2SE of Section 11-T16S-R28E, Eddy County, New Mexico, subject to reaching mutually agreeable terms.

This letter replaces our previous proposal dated August 11, 2009.

Please indicate below the option of your choice below, sign and return this letter at your earliest convenience to my attention by any of the following methods:

- US Mail 550 West Texas Avenue, Suite 1300, Midland, Texas 79701
- Fax 432.685.4398
- Email Jspradlin@conchoresources.com

Should you have any questions, please do not hesitate to contact me at 432.685.4352.

Very truly yours,

I/We hereby elect to participate in the Blackhawk "11" Federal Com #2

COG Operating LLC

Jan Preston Spradlin, CPL Senior Landman

	I/We hereby elect <u>not</u> to participate in the Blackhawk "11" Federal Com #2 I/We hereby elect to pursue Proposal 1 I/We hereby elect to pursue Proposal 2
CHESAPEAKE	EXPLORATION, L.L.C.
Ву:	
Name:	
Title:	
Date:	

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME: Blackhawk "11" Fed Com #2
Surf. Loc: 1650' FS&WL, Sec 11
B.H. Loc: 1650' FSL & 330' FEL, Sec 11 PROSPECT NAME: Crow Flats
COUNTY & STATE: Eddy,NM
OBJECTIVE: 9,778' MD (6690' TVD) Lwr Abo/Wolfcamp

INTANGIBLE COSTS		<u>BCP</u>		ACP	<u>TOTAL</u>
Title/Curative/Permit	201	5,500			5,50
nsurance	202	22,000	302 _	· · · · · · · · · · · · · · · · · · ·	22,00
Damages/Right of Way	203	15,000	303		15,00
Survey/Stake Location	204	3,000	304		3,00
ocation/Pits/Road Expense	205	45,000	305	5,000	50,00
Orilling / Completion Overhead	206	5,000	306	1,000	6,00
urnkey Contract	207		307		
ootage Contract	208	290,000	308	40.000	330.00
Daywork Contract 29:4 @ \$10,000/day Directional Drilling Services, With out LWD	209		³⁰⁹ —	40,000	160,00
uel & Power	210 211	160,000 48,000	311	6,000	54,00
Vater	212	30,000	312	50,000	80,00
vatei bits	213	50,000	313	1,000	51,00
lud & Chemicals	214	60,000	314		60,00
rill Stem Test	215	-	315		
oring & Analysis	216		-		
ement Surface	217	12,200			12,2
ement Intermediate	218	15,000			15,0
ement 2nd Intermediate 7"	218		319	23,400	23,40
ement Squeeze & Other (Kickoff Plug)	220	18,700	320		18,7
loat Equipment & Centralizers	221	5,000	321	2,000	7,0
asing Crews & Equipment	222 _	15,000	322	10,000	25,0
ishing Tools & Service	223		323		
eologic/Engineering	224	10,000	324	1,000	11.0
ontract Labor	225 _	10,000	325	30,000	40,0
Company Supervision Contract Supervision	226 _	2,000 36,000	326 327	2,000 4,000	40,0
esting Casing/Tubing	227 228 _	4,000	328 —	1,500	5,5
lud Logging Unit	₂₂₉ _	19,500	329	1,000	19,5
ogging	230	60,000	330	***************************************	60.0
erforating/Wireline Services	231	1,500	331	12,500	14.0
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Completion Unit			333	18,000	18,0
wabbing Unit			334		
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Rentals-Subsurface	236	40,000	336	10,000	50,0
rucking/Forklift/Rig Mobilization	237	80,000	337	15,000	95,0
Velding Services	238	3,000	338	1,500	4,5
Vater Disposal	239 _		339 _	15,000	15,0
lug to Abandon	240		340 _		
Seismic Analysis	241 _	210,000	341		240.0
Closed Loop & Environmental	244	210,000 5,000	$\frac{344}{342}$ —	1.000	210,0
Aiscellaneous Contingency	242 243	138,600	343	1,000	6,0 243,7
TOTAL INTANGIBLES		1,509,000	J45	1,150,000	2,659,0
		1,000,000	-	1,130,000	2,000,0
FANGIBLE COSTS Surface Casing 500' 13 3/8"	401	18,000			18,0
ntermediate Casing 2300' 9 5/8", 6000' - 7"	402	59,000	503	145,000	204,0
Production Casing/Liner 4900' - 4.5"		39,000	503 —	59,000	59,0
ubing 6000' 2 7/8"			504	34,000	34,0
Vellhead Equipment	405	10,000	505	8,000	18,0
Pumping Unit			506	3,000	10,0
rime Mover			507		
Rods			508		
'umps			509 —		
anks			510	60,000	60,0
lowlines			511	15,000	15,0
eater Treater/Separator			512	25,000	25,0
lectrical System			513		
ackers/Anchors/Hangers	414 _		514	200,000	200,0
ouplings/Fittings/Valves	415 _	2,000	515	50,000	52,0
as Compressors/Meters			516	4,000	4,0
Pehydrator			517 —		
njection Plant/CO2 Equipment		4.000	518	4.000	
Aiscellaneous Contingency	419 420	1,000 9,000	519 520	1,000	2,0
TOTAL TANGIBLES	+20	99,000	J20	61,000 662,000	70,0 761,0
I O I ARE I					
TOTAL WELL COSTS		1,608,000		1,812,000	3,420,0

Date Prepared: 8/10/09 By: J. Coffman / C. Bird We approve: _____% Working Interest

Company: Ву: Printed Name Title:

Date: