



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



NM71011X
3180 (P0220)

Reference:

Unit Termination

VS Unit – NMNM71011X

Eddy County, New Mexico

FEB 28 2012

CERTIFIED – RETURN RECEIPT REQUESTED:

7008 3230 0002 0987 6339

COG Operating LLC
550 West Texas Ave, Suite 100
Midland, Texas 79701

Gentlemen:

The VS Unit, No. NM-71011X, Eddy County, New Mexico, is terminated effective May 12, 2009, pursuant to 43 CFR 3186.1.20.b which states the following:

Per Unit Agreement Item 22.3, which states: "The term of this agreement shall be for and during the time that Unitized Substances are produced in quantities sufficient to pay for the cost of producing same from wells on the Unitized Land and so long thereafter as diligent drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and if production is restored so long thereafter as Unitized Substances are produced as aforesaid", the unit has terminated. Therefore, the conditions within the Unit Agreement 22.5 and Operating Agreement Article 21 apply.

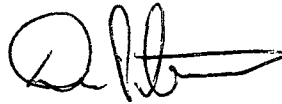
Thus, it has been determined that the VS Unit wells (Queen Sand) have been plugged and abandoned and are incapable of production of unitized substances in paying quantities. Pursuant to 43 CFR 3183.4(b), Public Interest requirement has been fulfilled, and the following leases NMLC029389C, NMLC029393C, NMLC070133, NMLC070134 and NMNM042819 are entitled to a two year extension pursuant to 43 CFR 3107.3-2 and 3107.4.

Copies of this letter are being distributed to the appropriate Federal agencies. It is requested that you furnish notice of this termination to each working interest owner, lessee and lessor.

If you have any questions regarding this termination, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Peterson', with a long horizontal stroke extending to the right.

Don Peterson
Assistant Field Manager,
Lands and Minerals

cc:

Commissioner of Public Lands
ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (9210)
NM (P0220-CFO, File Room)