

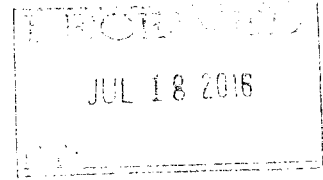
Summary of COG Revenue Netting Against Ivar the Boneless #11H

Date	Well Name	Interest Type	(\$ Netted
7/11/2016	Puckett 12 Federal 7H	ORRI	\$36.37
8/10/2016			\$28.34
8/29/2016			\$263.19
9/13/2016			\$43.02
7/11/2016	Puckett 12 Federal	ORRI	\$454.87
8/10/2016			\$202.66
8/29/2016			\$517.76
9/13/2016			\$99.10
7/11/2016	Puckett 13 Federal 5H	ORRI	\$39.48
8/10/2016			\$37.88
8/29/2016			\$95.93
9/13/2016			\$42.54
7/11/2016	Puckett 13 Federal 6H	ORRI	\$44.41
8/10/2016			\$46.63
8/29/2016			\$191.29
9/13/2016			\$54.86
7/11/2016	Puckett 13 Federal 7H	ORRI	\$28.08
8/10/2016			\$29.49
8/29/2016			\$300.15
9/13/2016			\$34.62
7/11/2016	Puckett 13 Federal 8H	ORRI	\$36.45
8/10/2016			\$38.23
8/29/2016			\$220.42
9/13/2016			\$25.65
7/11/2016	Puckett 13 Federal	ORRI	\$41.02
8/10/2016			\$43.00
8/29/2016			\$465.35
9/13/2016			\$47.26
7/11/2016	Puckett 13 Federal Com 38H	ORRI	\$37.79
8/10/2016			\$54.60
8/29/2016			\$496.87
9/13/2016			\$56.03
7/11/2016	Ivar the Boneless Fed #11H	WI	\$937.81
8/10/2016			\$812.57
8/29/2016			\$4,982.72
9/13/2016			\$488.73

Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

Owner Code: 034184
Netting Date: 07/11/2016



Netting Remittance Statement

ARD OIL, LTD
222 W 4TH ST. PH#5
FORT WORTH TX 76102

Production Date	Prod Code	Type Int	Price	MCF Quantity	Gross Value	Gross Deductions	Gross Net	Interest	Paid Int	Owner Value	Owner Deductions	Owner Net		
Property 300137.007H.1 PUCKETT 12 FEDERAL 7H NM Eddy Section: 12 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.57	1,279.25	3,284.89		2,770.28	0.01312630	0.01312630	43.12		36.37		
						Deduct	Description							
						MARKE	190.06	MARKETING						2.49
						NMAdV	34.18	NM - Ad Valorem - 1530						0.45
						NMCon	6.24	NM - Conservation - STD						0.08
						NMSch	131.40	NM - School - STD						1.72
						NMSev	123.18	NM - Severance - STD						1.62
						NMPRO	29.55	NM PROCESSING FEE						0.39
Property 300137.028H.1 PUCKETT 12 FEDERAL 28H NM Eddy Section: 12 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.87	13,376.60	38,430.92		34,653.82	0.01312630	0.01312630	504.46		454.87		
						Deduct	Description							
						NMAdV	399.87	NM - Ad Valorem - 1530						5.25
						NMCon	73.02	NM - Conservation - STD						0.96
						NMSch	1,537.24	NM - School - STD						20.18
						NMSev	1,441.16	NM - Severance - STD						18.92
						NMPRO	325.81	NM PROCESSING FEE						4.28
Property 300138.005H.1 PUCKETT 13 FEDERAL 5H NM Eddy Section: 13 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.57	1,634.17	4,196.25		3,538.86	0.01115735	0.01115735	46.82		39.48		
						Deduct	Description							
						MARKE	242.80	MARKETING						2.71
						NMAdV	43.66	NM - Ad Valorem - 1530						0.49
						NMCon	7.97	NM - Conservation - STD						0.09
						NMSch	167.85	NM - School - STD						1.87
						NMSev	157.36	NM - Severance - STD						1.76
						NMPRO	37.75	NM PROCESSING FEE						0.42
Property 300138.006H.1 PUCKETT 13 FEDERAL 6H NM Eddy Section: 13 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.57	1,837.95	4,719.54		3,980.18	0.01115735	0.01115735	52.66		44.41		
						Deduct	Description							
						MARKE	273.07	MARKETING						3.05
						NMAdV	49.11	NM - Ad Valorem - 1530						0.55
						NMCon	8.97	NM - Conservation - STD						0.10
						NMSch	188.78	NM - School - STD						2.11
						NMSev	176.98	NM - Severance - STD						1.97
						NMPRO	42.45	NM PROCESSING FEE						0.47
Property 300138.007H.1 PUCKETT 13 FEDERAL 7H NM Eddy Section: 13 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.57	1,162.25	2,984.45		2,516.90	0.01115735	0.01115735	33.30		28.08		
						Deduct	Description							
						MARKE	172.68	MARKETING						1.93
						NMAdV	31.05	NM - Ad Valorem - 1530						0.35
						NMCon	5.67	NM - Conservation - STD						0.06
						NMSch	119.38	NM - School - STD						1.33
						NMSev	111.92	NM - Severance - STD						1.25
						NMPRO	26.85	NM PROCESSING FEE						0.30
Property 300138.008H.1 PUCKETT 13 FEDERAL 8H NM Eddy Section: 13 Township: 017-S Range: 031-E														
05/2016	GAS	ORR1	2.57	1,508.39	3,873.27		3,266.48	0.01115735	0.01115735	43.22		36.45		
						Deduct	Description							
						MARKE	224.11	MARKETING						2.50
						NMAdV	40.30	NM - Ad Valorem - 1530						0.45
						NMCon	7.36	NM - Conservation - STD						0.08

Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC

Owner Code: 034184

Netting Date: 07/11/2016

NMSch 154.93
NMSev 145.25
NMPro 34.84

NM - School - STD 1.73
NM - Severance - STD 1.62
NM PROCESSING FEE 0.39

rt 300138.035H.1	PUCKETT 13 FEDERAL COM 35H	NM Eddy	Section: 13	Township: 017-S	Range: 031-E
05/2016 GAS ORR1 2.45 1,791.00 4,384.73		3,676.15 0.01115735 0.01115735	48.92		41.02

Deduct
MARKE 273.76
NMAdV 45.62
NMCon 8.33
NMSch 175.39
NMSev 164.43
NMPro 41.05

Description
MARKETING 3.05
NM - Ad Valorem - 1530 0.51
NM - Conservation - STD 0.09
NM - School - STD 1.96
NM - Severance - STD 1.83
NM PROCESSING FEE 0.46

Propert 300138.038H.1	PUCKETT 13 FEDERAL COM 38H	NM Eddy	Section: 13	Township: 017-S	Range: 031-E
05/2016 GAS ORR1 2.57 1,563.97 4,015.98		3,386.83 0.01115735 0.01115735	44.81		37.79

Deduct
MARKE 232.37
NMAdV 41.79
NMCon 7.63
NMSch 160.64
NMSev 150.60
NMPro 36.12

Description
MARKETING 2.59
NM - Ad Valorem - 1530 0.47
NM - Conservation - STD 0.09
NM - School - STD 1.79
NM - Severance - STD 1.68
NM PROCESSING FEE 0.40

Propert 309140.011H.1	IVAR THE BONELESS FED #11H	NM Lea	Section: 15	Township: 017-S	Range: 032-E
05/2016 GAS W1 2.29 13,131.86 30,103.96		21,056.32 0.04648438 0.04648438	1,399.36		937.81

Deduct
MARKE 6,171.74
NMAdV 485.64
NMCon 57.20
NMSch 1,204.16
NMSev 1,128.90

Description
MARKETING 327.87
NM - Ad Valorem - 2510 22.57
NM - Conservation - STD 2.66
NM - School - STD 55.97
NM - Severance - STD 52.48

Deduction From Revenue	Amount
NM - State Non-Resident Withholding	(108.62)
Netted Revenue	(1,547.66)

Amount Remaining	0.00
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Rev Chk Owner Totals S/R

	Owner Gross	Owner Net Deductions	Owner Net Totals
Current Check	0.00	0.00	0.00
Year To Date	189,262.43	19,445.88	169,816.55

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Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

Owner Code: 034184
Netting Date: 08/10/2016

Netting Remittance Statement

ARD OIL, LTD
222 W 4TH ST. PH#5
FORT WORTH TX 76102

Production Date	Prod Code	Type Int	Price	MCF Quantity	Gross Value	Gross Deductions	Gross Net	Interest	Paid Int	Owner Value	Owner Deductions	Owner Net
Property 300137.007H.1 PUCKETT 12 FEDERAL 7H NM Eddy Section: 12 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.70	957.49	2,580.47		2,157.88	0.01312630	0.01312630	33.87		28.34
Deduct Description												
						MARKE 168.49					MARKETING 2.21	
						NMAAdV 26.85					NM - Ad Valorem - 1530 0.35	
						NMCon 4.90					NM - Conservation - STD 0.06	
						NMSch 103.22					NM - School - STD 1.35	
						NMSev 96.77					NM - Severance - STD 1.27	
						NMPRO 22.36					NM PROCESSING FEE 0.29	
Property 300137.028H.1 PUCKETT 12 FEDERAL 28H NM Eddy Section: 12 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.72	0,299.74	17,128.31		15,439.20	0.01312630	0.01312630	224.83		202.66
Deduct Description												
						NMAAdV 178.22					NM - Ad Valorem - 1530 2.34	
						NMCon 32.54					NM - Conservation - STD 0.43	
						NMSch 685.13					NM - School - STD 8.99	
						NMSev 642.31					NM - Severance - STD 8.43	
						NMPRO 150.91					NM PROCESSING FEE 1.98	
Property 300138.005H.1 PUCKETT 13 FEDERAL 5H NM Eddy Section: 13 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.70	1,506.44	4,059.91		3,395.05	0.01115735	0.01115735	45.30		37.88
Deduct Description												
						MARKE 265.08					MARKETING 2.96	
						NMAAdV 42.24					NM - Ad Valorem - 1530 0.47	
						NMCon 7.71					NM - Conservation - STD 0.09	
						NMSch 162.40					NM - School - STD 1.81	
						NMSev 152.25					NM - Severance - STD 1.70	
						NMPRO 35.18					NM PROCESSING FEE 0.39	
Property 300138.006H.1 PUCKETT 13 FEDERAL 6H NM Eddy Section: 13 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.70	1,854.53	4,998.03		4,179.54	0.01115735	0.01115735	55.76		46.63
Deduct Description												
						MARKE 326.34					MARKETING 3.64	
						NMAAdV 52.00					NM - Ad Valorem - 1530 0.58	
						NMCon 9.50					NM - Conservation - STD 0.11	
						NMSch 199.92					NM - School - STD 2.23	
						NMSev 187.43					NM - Severance - STD 2.09	
						NMPRO 43.30					NM PROCESSING FEE 0.48	
Property 300138.007H.1 PUCKETT 13 FEDERAL 7H NM Eddy Section: 13 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.70	1,172.98	3,161.21		2,643.51	0.01115735	0.01115735	35.27		29.49
Deduct Description												
						MARKE 206.41					MARKETING 2.30	
						NMAAdV 32.89					NM - Ad Valorem - 1530 0.37	
						NMCon 6.01					NM - Conservation - STD 0.07	
						NMSch 126.45					NM - School - STD 1.41	
						NMSev 118.55					NM - Severance - STD 1.32	
						NMPRO 27.39					NM PROCESSING FEE 0.31	
Property 300138.008H.1 PUCKETT 13 FEDERAL 8H NM Eddy Section: 13 Township: 017-S Range: 031-E												
06/2016	GAS	ORR1	2.70	1,521.06	4,099.33		3,428.02	0.01115735	0.01115735	45.74		38.23
Deduct Description												
						MARKE 267.66					MARKETING 2.99	
						NMAAdV 42.65					NM - Ad Valorem - 1530 0.48	
						NMCon 7.79					NM - Conservation - STD 0.09	

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Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC

Owner Code: 034184

Netting Date: 08/10/2016

NMSch 163.97
NMSev 153.72
NMPRO 35.52

NM - School - STD 1.83
NM - Severance - STD 1.72
NM PROCESSING FEE 0.40

Port 300138.035H.1 PUCKETT 13 FEDERAL COM 35H NM Eddy Section: 13 Township: 017-S Range: 031-E
06/2016 GAS ORR1 2.51 2,076.84 5,208.76 3,852.19 0.01115735 0.01115735 58.12 43.00

Deduct	Description
MARKE 421.50	MARKETING 4.70
NMAv 54.20	NM - Ad Valorem - 1530 0.60
NMCon 9.90	NM - Conservation - STD 0.11
NMSch 208.35	NM - School - STD 2.32
NMSev 195.33	NM - Severance - STD 2.18
NMPRO 21.46	NM PROCESSING FEE 0.24
TRAN,G 445.83	TRAN,GATH 4.97

Propert 300138.038H.1 PUCKETT 13 FEDERAL COM 38H NM Eddy Section: 13 Township: 017-S Range: 031-E
06/2016 GAS ORR1 2.70 2,171.42 5,852.06 4,893.73 0.01115735 0.01115735 65.29 54.60

Deduct	Description
MARKE 382.09	MARKETING 4.26
NMAv 60.89	NM - Ad Valorem - 1530 0.68
NMCon 11.12	NM - Conservation - STD 0.12
NMSch 234.08	NM - School - STD 2.61
NMSev 219.45	NM - Severance - STD 2.45
NMPRO 50.70	NM PROCESSING FEE 0.57

Propert 309140.011H.1 IVAR THE BONELESS FED #11H NM Lea Section: 15 Township: 017-S Range: 032-E
06/2016 GAS W1 2.28 11,520.17 26,238.37 18,262.17 0.04648438 0.04648438 1,219.67 812.57

Deduct	Description
MARKE 1,671.02	MARKETING 88.78
NMAv 423.28	NM - Ad Valorem - 2510 19.68
NMCon 49.85	NM - Conservation - STD 2.32
NMSch 1,049.53	NM - School - STD 48.79
NMSev 983.94	NM - Severance - STD 45.74
TRAN,G 3,798.56	TRAN,GATH 201.79

Deduction From Revenue	Amount
NM - State Non-Resident Withholding	(87.41)
Netted Revenue	(1,205.99)

Amount Remaining 0.00

Rev Chk Owner Totals S/R			
	Owner Gross	Owner Net Deductions	Owner Net Totals
Current Check	0.00	0.00	0.00
Year To Date	189,262.43	19,445.88	169,816.55

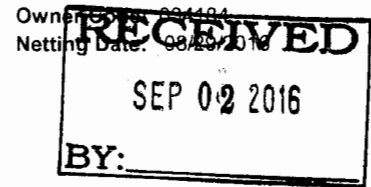
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Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701



Netting Remittance Statement

ARD OIL, LTD
222 W 4TH ST. PH#5
FORT WORTH TX 76102

Production Date	Prod Code	Type Int	Price	MCF Quantity	Gross Value	Gross Deductions	Gross Net	Interest	Paid Int	Owner Value	Owner Deductions	Owner Net
PUCKETT 12 FEDERAL 7H												
07/2016	OIL	ORR1	41.43	526.74	21,824.16		20,049.74	0.01312630	0.01312630	286.47		263.19
Deduct												
						NMAdV 227.08					NM - Ad Valorem - 1530 2.98	
						NMCon 41.47					NM - Conservation - STD 0.54	
						NMSch 687.46					NM - School - STD 9.02	
						NMSev 818.41					NM - Severance - STD 10.74	
PUCKETT 12 FEDERAL 28H												
07/2016	OIL	ORR1	41.43	1,036.25	42,934.43		39,443.65	0.01312630	0.01312630	563.57		517.76
Deduct												
						NMAdV 446.73					NM - Ad Valorem - 1530 5.86	
						NMCon 81.58					NM - Conservation - STD 1.07	
						NMSch 1,352.43					NM - School - STD 17.75	
						NMSev 1,610.04					NM - Severance - STD 21.13	
PUCKETT 13 FEDERAL 5H												
07/2016	OIL	ORR1	41.43	225.90	9,359.60		8,598.61	0.01115735	0.01115735	104.43		95.93
Deduct												
						NMAdV 97.39					NM - Ad Valorem - 1530 1.09	
						NMCon 17.78					NM - Conservation - STD 0.20	
						NMSch 294.83					NM - School - STD 3.29	
						NMSev 350.99					NM - Severance - STD 3.92	
PUCKETT 13 FEDERAL 6H												
07/2016	OIL	ORR1	41.43	450.44	18,662.86		17,145.47	0.01115735	0.01115735	208.23		191.29
Deduct												
						NMAdV 194.19					NM - Ad Valorem - 1530 2.17	
						NMCon 35.46					NM - Conservation - STD 0.40	
						NMSch 587.88					NM - School - STD 6.56	
						NMSev 699.86					NM - Severance - STD 7.81	
PUCKETT 13 FEDERAL 7H												
07/2016	OIL	ORR1	41.43	706.75	29,282.42		26,901.61	0.01115735	0.01115735	326.71		300.15
Deduct												
						NMAdV 304.68					NM - Ad Valorem - 1530 3.40	
						NMCon 55.64					NM - Conservation - STD 0.62	
						NMSch 922.40					NM - School - STD 10.29	
						NMSev 1,098.09					NM - Severance - STD 12.25	
PUCKETT 13 FEDERAL 8H												
07/2016	OIL	ORR1	41.43	519.05	21,505.54		19,757.03	0.01115735	0.01115735	239.94		220.42
Deduct												
						NMAdV 223.77					NM - Ad Valorem - 1530 2.50	
						NMCon 40.86					NM - Conservation - STD 0.46	
						NMSch 677.42					NM - School - STD 7.56	
						NMSev 806.46					NM - Severance - STD 9.00	
PUCKETT 13 FEDERAL COM 35H												
07/2016	OIL	ORR1	41.64	1,090.28	45,399.90		41,708.65	0.01115735	0.01115735	506.54		465.35
Deduct												
						NMAdV 472.39					NM - Ad Valorem - 1530 5.27	
						NMCon 86.26					NM - Conservation - STD 0.96	
						NMSch 1,430.10					NM - School - STD 15.96	

Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC

Owner Code: 034184

Netting Date: 08/29/2016

NMSev 1,702.50

NM - Severance - STD 19.00

Propert 300138.038H.1

PUCKETT 13 FEDERAL COM 38H

NM Eddy

Section: 13

Township: 017-S

Range: 031-E

07/2016 OIL ORR1 41.43 1,169.96 48,474.37

44,533.16 0.01115735 0.01115735

540.85

496.87

Deduct

NMAdv 504.38

NMCon 92.10

NMSch 1,526.94

NMSev 1,817.79

Description

NM - Ad Valorem - 1530 5.63

NM - Conservation - STD 1.03

NM - School - STD 17.04

NM - Severance - STD 20.28

Propert 309140.011H.1

IVAR THE BONELESS FED #11H

NM Lea

Section: 15

Township: 017-S

Range: 032-E

07/2016 OIL W1 41.74 2,812.84 117,409.63

107,191.24 0.04648438 0.04648438

5,457.71

4,982.72

Deduct

NMAdv 1,894.05

NMCon 223.08

NMSch 3,698.40

NMSev 4,402.86

Description

NM - Ad Valorem - 2510 88.04

NM - Conservation - STD 10.37

NM - School - STD 171.92

NM - Severance - STD 204.66

Deduction From Revenue

NM - State Non-Resident Withholding

Netted Revenue

Amount

(403.49)

(7,130.19)

Amount Remaining

0.00

Rev Chk Owner Totals S/R

	Owner Gross	Owner Net Deductions	Owner Net Totals
Current Check	0.00	0.00	0.00
Year To Date	189,262.43	19,445.88	169,816.55

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COG OPERATING LLC
600 W ILLINOIS AVE
MIDLAND TX 79701

Owner Code: 034184
Netting Date: 09/13/2016

RECEIVED

SEP 20 2016

3Y:

Netting Remittance Statement

ARD OIL, LTD
222 W 4TH ST. PH#5
FORT WORTH TX 76102

Production Date	Prod Code	Type Int	Price	MCF Quantity	Gross Value	Gross Deductions	Gross Net	Interest	Paid	Owner Value	Owner Deductions	Owner Net
Property	300137.007H.1				PUCKETT 12 FEDERAL 7H		NM Eddy			Section: 12	Township: 017-S	Range: 031-E
07/2016	GAS	ORR1	3.09	1,248.05	3,858.55		3,277.67	0.01312630	0.01312630	50.65		43.02
						Deduct					Description	
						MARKE	219.62				MARKETING	2.88
						NMAdV	40.15				NM - Ad Valorem - 1530	0.53
						NMCon	7.33				NM - Conservation - STD	0.10
						NMSch	154.34				NM - School - STD	2.03
						NMSev	144.70				NM - Severance - STD	1.90
						NMPRO	14.74				NM PROCESSING FEE	0.19
Property	300137.028H.1				PUCKETT 12 FEDERAL 28H		NM Eddy			Section: 12	Township: 017-S	Range: 031-E
07/2016	GAS	ORR1	3.13	2,659.91	8,329.47		7,549.20	0.01312630	0.01312630	109.34		99.10
						Deduct					Description	
						NMAdV	86.67				NM - Ad Valorem - 1530	1.14
						NMCon	15.83				NM - Conservation - STD	0.21
						NMSch	333.18				NM - School - STD	4.37
						NMSev	312.36				NM - Severance - STD	4.10
						NMPRO	32.23				NM PROCESSING FEE	0.42
Property	300138.005H.1				PUCKETT 13 FEDERAL 5H		NM Eddy			Section: 13	Township: 017-S	Range: 031-E
07/2016	GAS	ORR1	3.09	1,451.84	4,488.58		3,812.86	0.01115735	0.01115735	50.08		42.54
						Deduct					Description	
						MARKE	255.48				MARKETING	2.85
						NMAdV	46.70				NM - Ad Valorem - 1530	0.52
						NMCon	8.53				NM - Conservation - STD	0.10
						NMSch	179.54				NM - School - STD	2.00
						NMSev	168.32				NM - Severance - STD	1.88
						NMPRO	17.15				NM PROCESSING FEE	0.19
Property	300138.006H.1				PUCKETT 13 FEDERAL 6H		NM Eddy			Section: 13	Township: 017-S	Range: 031-E
07/2016	GAS	ORR1	3.09	1,872.08	5,787.82		4,916.50	0.01115735	0.01115735	64.58		54.86
						Deduct					Description	
						MARKE	329.44				MARKETING	3.68
						NMAdV	60.22				NM - Ad Valorem - 1530	0.67
						NMCon	11.00				NM - Conservation - STD	0.12
						NMSch	231.51				NM - School - STD	2.58
						NMSev	217.04				NM - Severance - STD	2.42
						NMPRO	22.11				NM PROCESSING FEE	0.25
Property	300138.007H.1				PUCKETT 13 FEDERAL 7H		NM Eddy			Section: 13	Township: 017-S	Range: 031-E
07/2016	GAS	ORR1	3.09	1,181.75	3,653.56		3,103.53	0.01115735	0.01115735	40.76		34.62
						Deduct					Description	
						MARKE	207.96				MARKETING	2.32
						NMAdV	38.02				NM - Ad Valorem - 1530	0.42
						NMCon	6.94				NM - Conservation - STD	0.08
						NMSch	146.14				NM - School - STD	1.63
						NMSev	137.01				NM - Severance - STD	1.53
						NMPRO	13.96				NM PROCESSING FEE	0.16
Property	300138.008H.1				PUCKETT 13 FEDERAL 8H		NM Eddy			Section: 13	Township: 017-S	Range: 031-E
116	GAS	ORR1	3.09	875.59	2,707.01		2,299.49	0.01115735	0.01115735	30.20		25.65
						Deduct					Description	
						MARKE	154.08				MARKETING	1.72
						NMAdV	28.17				NM - Ad Valorem - 1530	0.31
						NMCon	5.14				NM - Conservation - STD	0.06

Rev Netting Remit-Hdr w/loc NoCB Tx

COG OPERATING LLC

Owner Code: 034184

Netting Date: 09/13/2016

NMSch 108.28
NMSev 101.51
NMPro 10.34

NM - School - STD 1.21
NM - Severance - STD 1.13
NM PROCESSING FEE 0.12

rt 300138.035H.1 PUCKETT 13 FEDERAL COM 35H NM Eddy Section: 13 Township: 017-S Range: 031-E
07/2016 GAS ORR1 2.74 2,084.63 5,716.92 4,234.66 0.01115735 0.01115735 63.79 47.26

Deduct	Description
MARKE 914.10	MARKETING 10.20
NMAdV 59.48	NM - Ad Valorem - 1530 0.66
NMCon 10.86	NM - Conservation - STD 0.12
NMSch 228.68	NM - School - STD 2.55
NMSev 214.38	NM - Severance - STD 2.39
NMPro 8.24	NM PROCESSING FEE 0.09
TRAN,G 46.52	TRAN,GATH 0.52

Property 300138.038H.1 PUCKETT 13 FEDERAL COM 38H NM Eddy Section: 13 Township: 017-S Range: 031-E
07/2016 GAS ORR1 3.09 1,912.06 5,911.42 5,021.49 0.01115735 0.01115735 65.96 56.03

Deduct	Description
MARKE 336.47	MARKETING 3.75
NMAdV 61.51	NM - Ad Valorem - 1530 0.69
NMCon 11.23	NM - Conservation - STD 0.13
NMSch 236.46	NM - School - STD 2.64
NMSev 221.68	NM - Severance - STD 2.47
NMPro 22.58	NM PROCESSING FEE 0.25

Property 309140.011H.1 IVAR THE BONELESS FED #11H NM Lea Section: 15 Township: 017-S Range: 032-E
07/2016 GAS W1 2.59 5,843.42 15,129.82 10,910.08 0.04648438 0.04648438 703.30 488.73

Deduct	Description
MARKE 2,774.36	MARKETING 147.38
NMAdV 244.07	NM - Ad Valorem - 2510 11.35
NMCon 28.75	NM - Conservation - STD 1.34
NMSch 605.19	NM - School - STD 28.13
NMSev 567.37	NM - Severance - STD 26.37

Deduction From Revenue	Amount
NM - State Non-Resident Withholding	(57.75)
Netted Revenue	(834.06)

Amount Remaining 0.00

Rev Chk Owner Totals S/R			
	Owner Gross	Owner Net Deductions	Owner Net Totals
Current Check	0.00	0.00	0.00
Year To Date	189,262.43	19,445.88	169,816.55

Concho may be interested in purchasing your Oil & Gas Mineral rights located in West Texas and/or Southeastern New Mexico, whether producing, non-producing, leased or unleased.

If you would be interested in selling your interest, please send an email to Kathy Garrett at ConchoBD@concho.com or if you prefer you may phone Kathy at 432-683-7443.

We look forward to hearing from you. Thank you!

HOLLAND & HART^{LLP}



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law -
New Mexico Board of Legal Specialization
mfeldewert@hollandhart.com

August 19, 2016

VIA ELECTRONIC MAIL

Padilla Law Firm, P.A.
Attn: Mr. Ernest L. Padilla
1512 S. St. Francis Drive
Santa Fe, NM 87505

**Re: Application of Ard Energy, LLC to Re-open Case No. 15185 to determine
reasonable well costs, Lea County, New Mexico**

Dear Ernie,

As we discussed when this case was filed, COG does not have a clear understanding of the specific concerns Ard has with the final well costs. This remains the case even after COG fully responded to Ard's subpoena. The only description of the concern COG has at this point is the incorrect statement in the Application that the costs increased by 38.97%.

While the costs did increase, it was not at the percentage represented and most of that increase is associated with surface facilities designed to accommodate subsequent infill wells in the pooled spacing unit. Given Ard's small interest in this spacing unit, COG would like to resolve this matter without the expense of a hearing.

COG correctly billed all of the facility cost to the 11H since it was the first well drilled in the pooled spacing unit. COG designed and built that surface facility to accommodate additional wells in the spacing unit to avoid unnecessary surface disturbance. The results of the 11H have shown that to be a prudent course, as COG is now developing the spacing unit with three additional infill wells: The Ivar the Boneless 22H, 12H, and 21H.

COG recognizes the \$3.4 million February 2015 AFE that Ard signed on May 21, 2015, did not correctly reflect the expanded surface facility cost. As a result, the subsequent actual cost statement generated a year later in February of 2016 reflects an increase in costs of roughly \$767,000. A review of the two statements will reflect that the vast majority of this increase is associated with the surface facility costs.

OCD Case# 15185-reopened
Ard Energy LLC
October 13, 2016
Ex# 7

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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HOLLAND & HART^{LLP}



Since Ard has chosen to go non-consent on the infill wells, COG proposes to allocate the surface facility costs evenly over each of the four wells in the spacing unit. This will reduce the gross facility cost billed to the initial pooled well (the Ivar the Boneless Fed 11H) from \$658,980 to \$164,745. With this adjustment, the total AFE cost is only approximately five percent above what was presented in February of 2015.

Please advise if this re-allocation of the surface facility cost satisfies Ard's concerns. If not, please inform me of the specific concerns Ard has with the billing. It seems to me this matter is not worth the cost and expense of a hearing, and that before proceeding to hearing we should determine whether we can amicably address Ard's specific concerns.

I would appreciate a response by the end of the week.

Sincerely,

Michael H. Feldewert

ATTORNEY FOR COG OPERATING LLC