

From: Randy Howard <rhoward@nearburg.com> on behalf of Randy Howard
Sent: Tuesday, November 25, 2014 3:30 PM
To: Brent Sawyer
Cc: Aaron Myers
Subject: RE: SRO correction term assignment

Brent,

It sounds like we are in agreement in that this is a mess that we are going to have to try to fix despite the fact that neither of us had anything to do with creating it. That said, I hope you have a Happy Thanksgiving as well. Let's touch base after the turkey's been put away and see if we can reach some sort of agreement that suits both sides.

Thanks again,

Randy

From: Brent Sawyer [mailto:BSawyer@concho.com]
Sent: Tuesday, November 25, 2014 3:22 PM
To: Randy Howard
Cc: Aaron Myers
Subject: RE: SRO correction term assignment

Randy:

I was thinking we could address this later, but I think you are correct and it would be better to address this issue now and stipulate, especially considering I think the JOA exhibit calculated the override incorrectly. It was an easy mistake to make and long story short:

When the unit was formed your ORR was calculated as;
 $(1/4-1/6) \times (320/6424.80592) = 0.00415092$ (shown on exhibit A to JOA)

However, I think it should have been;
 $(1/4-1/6) \times (320/7360) = 0.00362319$

The first uses the net (6424) acres, the second is the gross (7360).

I realize this probably doesn't affect you but contrary to the JOA Exhibit A the term assignment was to Marbob, not to all parties proportionately. I can't find any evidence that any of the other parties consented to take their proportionate share of your term assigned interest, nor that Marbob even offered it. Since the pref right is struck from the JOA this is going to be an interesting problem to untangle. The reason I mention it is that it's possible that we might want to add the other parties as grantors, but I don't think we will want to open that can of worms.

I'll get together with Aaron next week and hopefully we can get a plan together.

I hope you have a great Thanksgiving. I know I'm looking forward to a little vacation!

Thanks
Brent

From: Randy Howard [mailto:rhoard@nearburg.com]
Sent: Tuesday, November 25, 2014 1:13 PM
To: Brent Sawyer
Subject: FW: SRO correction term assignment

Brent,

The way I read the Correction Term Assignment, Nearburg would own an overriding royalty as allocated under the JOA. However, the JOA states Nearburg owns a 0.00415092 ORI in all wells. Please confirm how COG plans to allocate per the JOA and not pay based on the interest set out therein. We are not trying to complicate matters, but feel we need to stipulate exactly what we own, or will own, after executing the Corr. Term Asgmt.

Thank you,

Randy

From: Brent Sawyer [mailto:BSawyer@concho.com]
Sent: Monday, November 24, 2014 7:40 AM
To: Randy Howard
Subject: RE: SRO correction term assignment

Randy:

Here you go!

Also, seems I forgot to mention that the body of the form is the one you have seen before. When we spoke in our meeting a few weeks ago you said it was ok.

Thanks
Brent

From: Randy Howard [mailto:rhoard@nearburg.com]
Sent: Friday, November 21, 2014 3:53 PM
To: Brent Sawyer
Cc: Aaron Myers
Subject: RE: SRO correction term assignment

Brent,

I am working on this, but have hit a snag myself. It appears Nearburg never received a copy of the SRO Unit Operating Agreement. Is there any way you could have someone scan a copy and forward it to my attention?

Thank you,

Randy Howard
Land Manager
Nearburg Producing Company
432-818-2914 (direct line)
432-599-0382 (cell)

From: Brent Sawyer [<mailto:BSawyer@concho.com>]
Sent: Tuesday, November 18, 2014 11:32 AM
To: Randy Howard
Cc: Aaron Myers
Subject: SRO correction term assignment

Randy:

Attached you should find the form of correction assignment we hope you will find acceptable. As we discussed a few weeks ago in our meeting, this correction will be to tie the term of the assignment to the Unit Operating Agreement (which will persist as long as any contributed leases persist), instead of to the Unit Agreement (already voluntarily dissolved). I think everything should be acceptable except there are probably some changes to the well information requirements on "Exhibit A"?

If you would like any changes go right ahead but please track them.

Thanks

Brent Sawyer, RPL
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