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January 11, 2012

VIA EMAIL AND U.S. MAIL

COG Operating LLC
550 West Texas Avenue, Suite 100
Midland, Texas 79701
Attn: Brandon Gaynor

Re: Leasehold Ownership Title Opinion
Township 17 South, Range 31 East, N.M.P.M.
Section 16: N/2NW and W/2NE
Eddy County, New Mexico
Our File No. 8016-0025

Ladies and Gentlemen:

Pursuant to your request that we issue a leasehold title opinion on the subject lands as to leasehold rights below 4,000' rather than a drilling title opinion, we have examined the materials listed below and based upon that information we submit this Leasehold Title Opinion covering the following described lands and depths:

LANDS COVERED BY OPINION

Township 17 South, Range 31 East
Section 16: N/2NW, W/2NE
Limited to below 4,000 feet
Eddy County, New Mexico
containing 160 acres, more or less

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MATERIALS EXAMINED

1. Copies of documents compiled by Access Resources, Inc. at the request of COG Operating LLC, based upon a review of the tract indices in the Eddy County Abstract Company, Inc. records for Eddy County, New Mexico Clerk and Recorder's Office ("ECR") covering the N/2NW and W/2NE of Section 16, Township 17 South, Range 31 East from inception to September 23, 2011 at 8:00 a. m.
2. Personal examination of the lease, surface and oil and gas records conducted at the New Mexico State Land Office on November 22, 2011.
3. Personal review of the rental and production data for the subject lease conducted at the New Mexico State Land Office on November 4, 2011. Unless otherwise indicated, book and page recording information shown in this Opinion pertains to the records of the ECR.
4. Bureau of Land Management website database of Corporation Name Changes and Mergers, available at http://www.blm.gov/wy/st/en/resources/public_room/corporate_list.html
5. State of New Mexico Public Regulation Commission website database available at <http://www.nmprc.state.nm.us/>.
6. Total Petrochemicals website, corporate history, available at: http://www.totalpetrochemicalsusa.com/who_we_are/history.asp.

OWNERSHIP

Based upon the materials examined and subject to the Comments and Requirements set forth herein, we find title to the subject lands and leases, below 4,000 feet, as of September 23, 2011, at 8:00 a.m., to be owned and encumbered as follows:

SURFACE

Section 16: N/2NW, W/2NE

Owner

State of New Mexico, acting by and
through its Commissioner of Public Lands

Interest

100.000000%

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OIL, GAS AND OTHER MINERALS

Section 16: N/2NW, W/2NE

<u>Owner</u>	<u>Interest</u>
State of New Mexico, acting by and through its Commissioner of Public Lands	100 %

OIL AND GAS LEASEHOLD

Limited to oil and gas leasehold rights below 4,000 feet:

<u>Owner</u>	<u>Working Interest</u>	<u>Net Revenue Interest</u>	<u>Type</u>
COG Oil & Gas, L.P. (75% WI x 87.5% RI)- (33.333333% WI x 12.5% ORRI)- (25% WI x 12.5% ORRI)- (16.666667% WI x 7.5% ORRI)	75.000000%	57.083333%	WI
Total Petrochemicals USA, Inc. (25% WI x 87.5% RI)	25.000000%	21.875000%	WI
		12.500000%	LOR
State of New Mexico, acting by and through Its Commissioner of Public Lands (100% MI x 12.5% RI)			
Total Overriding Royalty Interests (identification of specific ORRI interest percentages to be determined after curative conducted to ascertain heirs/devisees of ORRI assignees)		8.541667%	ORRI
TOTAL:	<u>100.000000%</u>	<u>100.000000%</u>	

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**OIL AND GAS LEASES AND RATIFICATIONS, ASSIGNMENTS OF LEASES AND
ASSIGNMENTS OF OVERRIDING ROYALTY INTERESTS**

See Exhibit "A" attached to this Opinion.

TAXES

The minerals underlying the Subject Lands are owned by the State of New Mexico and are exempt from real property taxes. We have been furnished with no information with respect to the payment of severance, conservation, ad valorem or other production-based taxes which may burden production from portions of the Subject Lands or Leases.

REQUIREMENT: You should satisfy yourself with respect to the timely payment of ad valorem, severance and conservation taxes covering production, if any, from the Subject Lands.

LIENS AND ENCUMBRANCES

None. If COG determines, through its investigation relating to Comment and Requirement No. 6 herein, that Total Petrochemicals USA, Inc. does not own the 25% leasehold interest with which it is credited herein, the determination that there are no liens/encumbrances of record should be revisited and revised accordingly. Specifically, this opinion does not attempt to address provisions of assignments recorded in the ECR involving various entities related to Total Petrochemicals USA since we determined that such entities are strangers to title; however, should you determine that the Total Petrochemicals USA interest passed to another Total Petrochemicals USA related entity, we should be so notified that we can review any assignments of record involving such an entity as well as subsequent assignments of this interest from that entity. See also Requirement No. 6 regarding the 25% interest credited herein to Total Petrochemicals USA.

EASEMENTS AND RIGHTS-OF-WAY

1. Grant of Right of Way #14853 dated January 25, 1960 from State of New Mexico to Skelly Oil Co.
2. Grant of Right of Way #23895 dated April 30, 1984 from State of New Mexico to Phillips 66 Natural Gas Co., recorded in 65/79 ECR. New Mexico State Land Office ("NMSLO") records identify name change of Grantee to Phillips Gas Holdings, Inc.; merger into Phillips Petroleum Company, and an assignment of the Right of Way to GPM Gas Corporation.

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3. Grant of Right of Way #25716 dated August 14, 1995 from State of New Mexico to Central Valley Electric Coop, Inc.

4. Grant of Right of Way #26121 dated January 28, 1997 from State of New Mexico to GPM Gas Corporation, recorded in 278/179 ECR.

5. Grant of Right of Way #M-1235 dated October 29, 1999 from State of New Mexico to EOTT Energy Pipeline Co.

6. Grant of Right of Way #15222 dated October 29, 1999 from State of New Mexico to EOTT Energy Pipeline Co.

7. Grant of Right of Way #14786 dated March 10, 2000 from State of New Mexico to GPM Gas Company.

8. Grant of Right of Way #23710 dated September 8, 2004 from State of New Mexico to Frontier Field Services.

9. Grant of Right of Way #30434 dated April 4, 2007 from State of New Mexico to Frontier Field Services.

REQUIREMENT: You should be aware of the existence and location of each of the foregoing easements and rights-of-way, and you should avoid interfering with the rights of the owners thereof in conducting your operations. Please advise if you would like us to obtain copies of these ROWs for your review.

LIMITATIONS

Except as specifically addressed in this Opinion, we express no opinion as to those matters not disclosed by the Materials Examined, nor do we express any opinion as to matters excluded from the coverage of this Opinion, including without limitation the following:

(a) railroad or other rights-of-way or claims not reflected by the Materials Examined, the existence of which may be determined by physical inspection of the Subject Lands;

(b) possessory rights and discrepancies of survey or location that may be reflected by a physical examination of the Subject Lands;

(c) zoning or other land use controls, including zoning rules or regulations imposed on drilling operations in the county of location or in the State of New Mexico;

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- (d) pending litigation not reflected by a recorded notice of lis pendens;
- (e) matters of fact not disclosed of record which vary from statutorily permitted presumptions of fact or statutorily created prima facie evidence of fact;
- (f) proceedings which by statute are privileged and not open to public inspection;
- (g) the status of any taxes assessed on oil, gas, and other leasehold estates which taxes are listed separately from the taxes on the surface or mineral rights, including taxes assessed by various special districts which might affect oil and gas operations and which, if unpaid, may constitute a lien against the property;
- (h) adverse rights or defects unknown to us but of which you have actual knowledge or of which the law may presume you have such knowledge;
- (i) matters concerning whether there is a right of access to the Subject Lands from a public road;
- (j) all financing statements and other documents reflecting security interests in crops or fixtures pertaining to the Subject Lands;
- (k) mechanics liens, judgment liens, or other statutory liens pertaining to the Subject Lands which are not reflected by the Materials Examined;
- (l) matters within the scope of exceptions to abstract coverage and matters not addressed as a result of guidelines for title examination agreed to by COG Operating LLC and Beatty & Wozniak, P.C., including, without limitation, unreleased but expired oil and gas leases, unreleased but expired mortgages, tax deeds executed prior to 1960, and matters involving Indian lands;
- (m) environmental considerations imposed by local, state or federal authorities or as to federal regulations for obtaining drilling permits and other requirements relating to drilling upon federal lands;
- (n) the compliance of your operations with all applicable federal, state, county and local laws, rules, and regulations, as well as all rules and regulations of the New Mexico Oil Conservation Division;
- (o) the accuracy or completeness of any search conducted by the Abstractor in the records of the county of location and the book and page indexes on which we have relied provided to us by the Abstractor;

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(p) the capacity or competency of parties executing operative instruments, as well as the presence of fraud, lack of delivery and alteration after delivery of such instruments.

You should be aware of the limitations of this Opinion and the express exclusion of any of the above enumerated matters from coverage by and under this Opinion.

COMMENTS AND REQUIREMENTS

Requirement No. 1. Status of Lease: State Lease B-3105, covering the entirety of the Subject Lands, is beyond the expiration of its primary term. For purposes of this Opinion, we assume that the subject lease is being held by production or is otherwise being continued in full force and effect.

REQUIREMENT: You should satisfy yourself that the subject lease is held by production or is otherwise being continued in full force and effect.

Requirement No. 2. The 75% leasehold interest herein credited to COG Oil & Gas, L.P. (hereinafter "COG") is derived from various assignments of leasehold interest to Pacific Enterprises Oil Company (subsequently all assigned to Hunt Oil Company, then to Chase Oil Corporation and then to COG), including a 1/6 interest below 4000' in John M. Mouser, assigned to him in Assignment dated February 17, 1970, recorded in Book 71, Page 658 ECR. This requirement concerns his 1/6th interest. There are four assignments of interest from the following persons to Pacific Enterprises Oil Company: Assignment dated April 20, 1990, from Mary Jane Bowman, dealing with her sole and separate property, of all her interest in subject lease lands, recorded in Book 70, Page 289 ECR; Assignment dated April 13, 1990 from John Allen Mouser, dealing with his sole and separate property, of all his interest in subject lease lands, recorded in Book 70, Page 292 ECR; Assignment dated April 12, 1990, from Alice A. Wesner, dealing with her sole and separate property, of all her interest in subject lease lands, recorded in Book 70, Page 294 ECR; and Assignment dated May 4, 1990 from Sue Milan, Personal Representative U/W/O Elizabeth Ann Grant, deceased, of all her interest in subject lease lands, recorded in Book 70, Page 296 ECR. All of these individuals appear to be strangers to title; however, it is likely that these four assignors are heirs/devisees of John M. Mouser's interest in the Subject Lands. Nothing besides the Assignment into John M. Mouser was identified in the Materials Examined. Given that the name of one of the above referenced assignors is John Allen Mouser, given the proximity in time and filing of the four Assignments, as well as the similarity of terms in all of the above referenced Assignments to Pacific Enterprises, these strangers to title are probably John M. Mouser's heirs/devisees. It is because of this likelihood that COG has been credited with the interest of John M. Mouser, subject to satisfaction of the following requirement. It is unknown as to whether his interest was held jointly with a spouse. See Requirement #3 regarding this issue.

REQUIREMENT: Ascertain whether John M. Mouser has died. If so, conduct an appropriate probate of his estate in Eddy County, New Mexico (original or

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ancillary, depending on the results of your investigation) and record the appropriate probate documents in Eddy County. Confirm that the heirs/devisees of his interest in the subject leasehold interest are those identified in the four assignments referenced in the comment, being: Mary Jane Bowman, John Allen Mouser, Alice A. Wesner, and Sue Milan, Personal Representative U/W/O Elizabeth Ann Grant, deceased. If the heirs/devisees are other than those identified above, you should provide us with copies of probate documents for our review, update of the ownership schedule and additional requirements.

Requirement No. 3. This Requirement incorporates by reference all of the discussion appearing in Requirement #2 above. In locating and/or conducting an appropriate probate of the Estate of John M. Mouser, deceased, a determination should be made regarding John M. Mouser's marital status and whether his leasehold interest in the subject lands was held as community property.

REQUIREMENT: In the event that the interest more particularly described in Requirement No. 2 above, being a 1/6th interest assigned to John M. Mouser, was community property, confirm that one of the four assignors described in Requirement No. 2 was the spouse of John M. Mouser. If not, assuming she is also deceased, conduct an appropriate probate of her estate in Eddy County, New Mexico (original or ancillary, depending on the results of your investigation) and record the appropriate probate documents in Eddy County. You should confirm that the heirs/devisees of her interest in the subject leasehold interest are those identified in the Assignments referenced in Requirement #2 above, being: Mary Jane Bowman, John Allen Mouser, Alice A. Wesner, and Sue Milan, Personal Representative U/W/O Elizabeth Ann Grant, deceased. If the heirs/devisees are other than those identified above, you should provide us with copies of probate documents for our review, update of the ownership schedule and additional requirements.

Requirement No. 4. As indicated in Requirement #2 above, the 75% leasehold interest herein credited to COG is derived from various assignments of leasehold interest to Pacific Enterprises Oil Company (subsequently all assigned to Hunt Oil Company, then to Chase Oil Corporation and then to COG), including a 1/4 interest in the subject leasehold assigned to C. T. McLaughlin on August 31, 1944, in Book 23, Page 361 ECR. In 1947, joined by his spouse, C. T. McLaughlin assigned his rights in the subject leasehold from the surface to 4,000', leaving him (and his spouse) with a 1/4 interest below 4,000'. This requirement concerns his community property interest, being 1/2 of the 1/4 interest below 4,000'. The Materials Examined included an Assignment dated September 26, 1990, recorded in Book 80, Page 814 ECR from the following persons to Pacific Enterprises Oil Company: John Mark McLaughlin, Jean McLaughlin Kahle, Evelyn McLaughlin Knox and Ruth McLaughlin Riddle. It is possible that these persons are the heirs/devisees of C. T. McLaughlin's interest in the subject leasehold. It is because of this likelihood that COG has been credited with the interest of C.T. McLaughlin et ux., subject to

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satisfaction of the following requirement. Further, it is plausible that "Evelyn McLaughlin Knox", one of the above identified assignors, is the same person as Evelyn C. McLaughlin, his spouse. If not, see Requirement #5 below.

REQUIREMENT: Ascertain whether C. T. McLaughlin has died. If so, conduct an appropriate probate of his estate in Eddy County, New Mexico (original or ancillary, depending on the results of your investigation) and record the appropriate probate documents in Eddy County. You should confirm that the heirs/devisees of his interest in the subject leasehold interest are those identified in the above referenced assignment, being: John Mark McLaughlin, Jean McLaughlin Kahle, Evelyn McLaughlin Knox and Ruth McLaughlin Riddle. If the heirs/devisees are other than those identified above, you should provide us with copies of probate documents for our review, update of the ownership schedule and additional requirements.

Requirement No. 5. The discussion in Requirement No. 4 above is incorporated herein by reference. In the event that "Evelyn McLaughlin Knox" is an heir/devisee of C. T. McLaughlin, but not his spouse, there is still outstanding the 1/2 community property of the 1/4 leasehold interest below 4,000' that belongs to C. T. McLaughlin's spouse, Evelyn C. McLaughlin (see Assignment filed in Book 9, Page 209 ECR wherein she joined C. T. McLaughlin in the assignment of leasehold interest from the surface to 4,000'). As with the interest identified in Requirement #4 above, this interest has also been credited to COG. In the event it is determined from investigation regarding the heirs of C. T. McLaughlin, that Evelyn McLaughlin Knox is not one and the same person as Evelyn C. McLaughlin, you may find that the persons who executed the Assignment described in Requirement #4 and recorded in Book 80, Page 814 ECR, are also the heirs/devisees of Evelyn C. McLaughlin. It is because of this likelihood that COG has been credited with the interest of Evelyn C. McLaughlin, subject to satisfaction of the following requirement.

REQUIREMENT: In the event a determination is made that Evelyn McLaughlin Knox (an assignor in Book 80, Page 814 ECR, identified above) is not one and the same person as Evelyn C. McLaughlin, spouse of C. T. McLaughlin, and assuming she is deceased, an appropriate probate of her estate should be conducted in Eddy County, New Mexico (original or ancillary, depending on the results of your investigation) and record the appropriate probate documents in Eddy County. You should confirm that the heirs/devisees of her interest in the subject leasehold interest are those identified in the above referenced assignment, being: John Mark McLaughlin, Jean McLaughlin Kahle, Evelyn McLaughlin Knox and Ruth McLaughlin Riddle. If the heirs/devisees are other than those identified above, you should provide us with copies of probate documents for our review, update of the ownership schedule and additional requirements.

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Requirement No. 6. This Requirement concerns the 25% leasehold interest herein credited to Total Petrochemicals USA, Inc. In 1963, American Petrofina, Inc. acquired the interest of Cosden Petroleum Corporation, which had among its assets a one-fourth interest below 4,000' in the subject leasehold. This is evidenced by Assignment to American Petrofina recorded in Book 134, Page 1 ECR. In 1991, American Petrofina, Inc. became FINA, Inc. In 1997 another "FINA" related entity, Fina Oil and Chemical Company (whose name prior to 1985 had been American Petrofina Company of Texas – not the same as "American Petrofina, Inc.") by a term assignment (one year plus drilling requirements) purports to assign its interest in the subject leasehold to Chase Oil Corporation. There were no warranties of title. According to the Materials Examined, this Assignor, Fina Oil and Chemical Company, never had record title interest. On April 29, 1999, effective January 1, 1999, Fina Oil and Chemical Company purports to assign this same interest, without warranty of title, to Manix Energy, LLC. There is no recorded documentation evidencing the termination of the prior assignment to Chase Oil Corporation for failure to fulfill the drilling commitment but, for purposes of scheduling ownership, we assumed the drilling requirement was not met and, since Fina Oil and Chemical Company is a stranger to title, we have scheduled Total Petrochemicals USA Inc. (as the successor to FINA, Inc.), as the owner of this 25% interest.

There is a lengthy chain of title following the assignment from Fina Oil and Chemical Company to Manix Energy, LLC. The last related conveyance entry filed December 22, 2010, appearing in Book 838, Page 242 ECR, is an Assignment to Apache Corporation. All of these assignments, commencing with Manix Energy, LLC, are blanket assignments of multiple interests; they are not assignments of interest only in the subject lease. There is nothing in the Materials Examined to indicate that American Petrofina, Inc. or FINA, Inc. conveyed or otherwise transferred its interest to Fina Oil and Chemical Company, a wholly owned subsidiary of American Petrofina, Inc. The Corporate website for Total Petrochemicals USA, Inc., corporate successor to FINA, does not represent that FINA, Inc. and Fina Oil and Chemical Company were ever one and the same by merger/name change or otherwise. The New Mexico Public Regulation Commission website represents that American Petrofina, Inc. never owned assets in New Mexico. Further, we did find an entry in the NMSLO tract book for Section 16 that identifies an application for a salt water disposal well in Section 16 that was submitted on November 8, 2011 by Apache Corp. Since the application is pending, its contents are not yet public information. It is, however, an indication that Apache claims an interest in these lease lands.

As a result of the foregoing facts and analysis, there are three potential scenarios regarding ownership of the 25% working interest scheduled in Total Petrochemicals USA Inc.:

- a. As shown in our ownership schedule, the interest is owned by Total Petrochemicals USA Inc., as successor by merger or name change to the record title owner, American Petrofina, Inc.;

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- b. Assuming Fina Oil and Chemical Company succeeded, by name change or merger (we could find no evidence supporting this assumption), to the interest owned of record by American Petrofina, Inc., and assuming the term assignment referenced in the comment terminated for failure of the assignee to satisfy the drilling requirement, then the interest would be owned by the successors and assigns of Manix Energy, LLC; and
- c. Assuming Fina Oil and Chemical Company succeeded, by name change or merger (we could find no evidence supporting this assumption), to the interest owned of record by American Petrofina, Inc., and assuming the term assignment referenced in the comment was continued in effect by satisfaction of the drilling requirement, then the interest would be owned by COG Oil & Gas, LP.

REQUIREMENT: You should inquire with both Apache Corporation and Total Petrochemicals USA Inc. regarding their claim to ownership, if any, of the referenced 25% working interest. You should determine whether Fina Oil and Chemical Company succeeded to the interest of FINA, Inc. If so, you should record appropriate documentation of such succession in Eddy County. You should also determine whether the term assignment referenced in the comment terminated for failure to satisfy the drilling requirement. You should return to us with the results of your investigations so that we can revise this Opinion accordingly and make the appropriate additional requirements.

Requirement No. 7. COG Oil and Gas, LP received its interest in the subject leasehold by Assignment dated March 30, 2006 from Chase Oil Corporation et al., recorded in Book 641, Page 955 ECR. The Assignors were Chase Oil Corporation, Caza Energy, LLC, Robert C. Chase et ux, Deb E. Chase, Richard L. Chase et ux Karla Chase, and Rebecca S. Ericson Attorney in Fact for Gerene Dianne Chase Crouch, a single woman. Prior to this Assignment, Chase Oil Corporation, in Assignment filed of record in Book 310, Page 512 ECR, conveyed all of its interest in the subject leasehold to Chase Oil Corporation (65%); Mack C. Chase and Marilyn Y Chase Trust U/T/A 11/21/83 (25%), Robert C. Chase (5%), Richard L. Chase (3%), and Gerene Dianne Chase Crouch (2%). The Assignment to COG Oil & Gas LP is executed by all of these individuals/entities except the Mack C. Chase and Marilyn Y Chase Trust U/T/A 11/21/83 (25%). Further, there is nothing in the Materials Examined indicating that Caza Energy, LLC (an assignor in the Assignment to COG Oil & Gas LP) owned any interest. COG is credited herein with all the interest owned by Chase at the time of its assignment to Chase Oil Corporation et al, recorded in Book 641, Page 955. In the event that this Requirement is not satisfied, COG's tabulated interest should be reduced accordingly.

REQUIREMENT: Obtain documentation with words of grant which establishes that the Mack C. Chase and Marilyn Y Chase Trust U/T/A 11/21/83 (25%) conveyed its interest to one of the Assignors identified in the Assignment to COG Oil & Gas LP prior to the Assignment to COG and file same of record in

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the ECR. In the alternative, obtain an appropriate assignment from Mack C. Chase and Marilyn Y Chase Trust U/T/A 11/21/83. All documentation obtained should be submitted to us for review, possible additional requirements and an update of the ownership schedule.

Requirement No. 8. The Assignment from Chase Oil Corporation et al to COG Oil & Gas LP, recorded in Book 641, Page 955 ECR, identifies an unrecorded "Combination Agreement" dated February 24, 2006 between the parties to this Assignment and others. The Assignment further provides that the Assignment is subject to certain "Permitted Liens" defined in the Combination Agreement. We have not been provided with a copy of this Agreement.

REQUIREMENT. This is advisory. We assume that as a signatory to the Agreement you have a copy of the Combination Agreement and are familiar with its terms, including any liens arising thereunder.

Requirement No 9. The Assignment of Oil & Gas Lease in the New Mexico State Land Office that evidences assignment of interest to COG Oil & Gas LP is titled as an Assignment from Chase Oil Corporation to COG Oil & Gas LP; however, it is executed by Ronald W. Lanning, Attorney in Fact for Caza Energy, LLC. Caza Energy, LLC is not in the chain of record title at the NMSLO.

REQUIREMENT: Obtain and file with the NMSLO a corrected NMSLO Assignment of Oil and Gas Lease from Chase Oil Corporation to COG Oil & Gas LP.

Requirement No. 10. The interest credited herein to COG Oil & Gas LP reflects record title ownership in the ECR. An Assignment dated July 8, 2011 from COG Oil & Gas LP to COG Operating LLC of the subject leasehold has been filed in New Mexico State Lease File No. B-3105. Accordingly, pursuant to New Mexico Rule 19.2.100.43 NMAC – Rn, SLO Rule 1, Section 1.036, the NMSLO Commissioner shall look only to COG Operating LLC for compliance with the terms of the subject lease.

REQUIREMENT: None. If it is your intent that the subject leasehold interest belong to COG Operating, LLC, an assignment from COG Oil & Gas LP to COG Operating LLC should be filed in the ECR. If so, submit for our review and possible further requirements and update of the ownership schedule. Advisory only.

Requirement No. 11. There is a Notice of Bond dated September 2, 2011 from the NMSLO to COG Operating LLC advising that the necessary surface improvement damage bond requirements must be met prior to conducting any exploration or drilling operations.

REQUIREMENT: Pursuant to direction from COG, this Title Opinion is a leasehold ownership title opinion, not a drilling title opinion; accordingly this Requirement is advisory only.

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Requirement No. 12. This Requirement concerns the interest herein credited to Total Petrochemicals USA, Inc. There was a reference in that part of the Assignment from Cosden Petroleum to American Petrofina, Inc., recorded in Book 134, Page 1 ECR that was included in the Materials Examined (it appears that a portion of the Assignment was not included; it may very well be that it was not recorded in its entirety in ECR) to a production payment being reserved (and conveyed to a third party).

REQUIREMENT: Investigation should be made to determine whether this interest is subject to payment of a production payment. If so, submit documentation for our review and possible further requirements and update of ownership schedule.

Requirement No. 13. This Requirement concerns the interest herein credited to Total Petrochemicals USA, Inc. In the Assignment from Cosden Petroleum to American Petrofina, Inc., recorded in Book 134, Page 1 ECR, the interest conveyed therein was made subject to an unrecorded Agreement dated August 23, 1944, among W.A. Yeager, J.M. Armstrong and Cosden Petroleum.

REQUIREMENT: You should investigate whether this Agreement remains in effect; if so, obtain a copy of it and submit it for our review to determine its effect on the subject leasehold, including possible requirements and update of ownership schedule.

Requirement No. 14. In our review of the right-of-way files we located a letter from the New Mexico Office of Cultural Affairs, Historic Preservation Division dated January 3, 1990 that indicated the lands in Section 16 have been identified as within an area of archaeological sensitivity. The contact telephone number given was 507/827-8320.

REQUIREMENT: Prior to conducting any surface operations on the leasehold lands, you should satisfy yourselves that, if this determination remains relevant, your activities conform with requirements of the State of New Mexico regarding areas of archaeological sensitivity. As this opinion is not a drilling title opinion, this requirement is advisory only.

Requirement No. 15. Limitations of Opinion. As noted elsewhere in this Title Opinion, there do not appear to be existing wells on the Subject Lands; nevertheless, to the extent that any wells may exist on the Subject Lands other than your proposed wells, this Opinion expressly excludes ownership information pertaining to such wells.

REQUIREMENT: You should be aware of the limitations of this Opinion, and the ownership information contained herein should be used only in connection with the Subject Lands and Leases.

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Requirement No. 16. Validity of Instruments. Except as otherwise noted in this Opinion, we have not included requirements relating to the authority of individuals executing instruments on behalf of other individuals or business entities such as corporations, partnerships, limited liability companies or trusts. We have also not included technical requirements relating to the conveyance of homestead property. If you have special cause for concern, please advise us.

REQUIREMENT: None; advisory only.

Requirement No. 17. Special Districts. Although we have not confirmed the same based upon the Materials Examined, the Subject Lands may lie within the boundaries of special districts, and may be subject to taxation by such water, soil or other special districts and/or statutes, ordinances, and rules applicable to such special districts. Any unpaid and past due assessments levied by these special taxing districts constitute a lien against the property. The Materials Examined do not indicate any such liens affecting the Subject Lands, but in an abundance of caution, we make the following Requirement.

REQUIREMENT: You should satisfy yourself that there are no unpaid and past due assessments by any water, soil, or other special districts affecting the Subject Lands. You should conduct your operations with consideration for the presence of any surface taxation districts, including any applicable statutes, rules, or ordinances.

Requirement No. 18. Review of General Index. We have not examined the general index maintained by the County Clerk and Recorder of Eddy County, New Mexico, to determine whether there are any judgment or tax liens recorded against the interests of the tabulated owners and their predecessors in title for the applicable statutory limitation periods. The general index should be reviewed for any such judgments or tax liens, and it should also be reviewed for corporate documents or other instruments that were recorded without a specific legal description. Transcripts of judgments, and federal and state tax liens, if recorded in the county records, are liens against all real property interests owned by the judgment debtor or taxpayer, notwithstanding the absence of a description of the Subject Lands. Your examination should include the tabulated owners and their predecessors in title during the applicable statutory limitation periods.

In addition, the examiner has not examined the general index maintained by the County Clerk and Recorder of Eddy County, New Mexico, for relevant corporate documents or other instruments which were recorded without a specific legal description and which have a bearing on the record ownership of the subject lands and leases.

Finally, we have not made an examination of the records of any courts for any civil actions pending against the interests of the tabulated owners and their predecessors in title and

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that may have an affect on those interests, and we make no comment with regard to any such matters not reflected by the Materials Examined.

REQUIREMENT: You should review the general index maintained by the County Clerk and Recorder of Eddy County, New Mexico to determine whether there are any judgment or tax liens or other matters recorded against any of the tabulated owners and their predecessors in title. The examination should cover the period of time of ten years immediately preceding the current date. You should review the general index maintained by the County Clerk and Recorder to determine whether there are any corporate documents or other instruments affecting the interests of the tabulated owners which were recorded without a specific legal description. Any such documents you find should be recorded in the records of Eddy County, New Mexico, in a manner in which they will be indexed against the Subject Lands.

Requirement No. 19. Limitation on Opinion. Of necessity, this Opinion is subject to applicable bankruptcy or insolvency laws, liens for taxes not yet due, statutory and mechanic's and materialmen's liens not of record, operator's liens not of record, statutory liens securing the payment of proceeds of production from the captioned property, enforcement of regulations or orders by any governmental authority having jurisdiction over the captioned property, capacity or competency of parties, fraud, delivery and alteration after delivery.

We have not examined the records of the Bankruptcy Court for the District of New Mexico or any other United States Bankruptcy Court. In addition, this Opinion does not cover applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, nor does it address the possible effect of such laws on title to the subject lands and leases or any interests assigned therefrom. Our opinion is limited accordingly.

REQUIREMENT: None; advisory only.

Requirement No. 20. Easements and Rights-of-Way. As set forth above in the Section of this Opinion entitled "Easements and Rights-of-Way," the Materials Examined indicate that the Subject Lands are encumbered by various easements and rights-of-way.

REQUIREMENT: You should be aware of the rights of parties owning easements and rights-of-way affecting the Subject Lands, and take the same into consideration when conducting your operations thereon.

Requirement No. 21. Taxes. The Materials Examined does not contain any information regarding the payment of real estate taxes on the Subject Lands. In addition, oil and gas wells and the equipment used in their operation are taxed as personal property for ad valorem tax purposes. We have not verified the payment of ad valorem, severance, or other production-based taxes.

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REQUIREMENT: You should satisfy yourself that all real property, ad valorem, severance and other taxes assessed against the Subject Lands have been timely paid, preferably by obtaining a certificate of taxes due from the Eddy County Treasurer.

Requirement No. 22. State and Local Rules and Regulations. This Opinion does not cover zoning rules or regulations imposed on drilling operations in Eddy County or New Mexico, nor do we advise you regarding environmental considerations imposed by local, state or federal authorities. We assume you are aware of such rules, regulations and other requirements and will conduct your operations accordingly. Furthermore, this Opinion does not cover the drilling, spacing, surface owner, or other requirements of any regulatory agency. We assume you have determined, or will determine, the nature of such requirements and will comply with them in the conduct of your operations on the Subject Lands.

In particular, you have informed us that the proposed wells lie within the spacing units described in the Section of this Opinion entitled "Division of Interest and Distribution of Production Proceeds." We have relied on the accuracy of that representation in preparing this Opinion, and we have made no independent efforts to determine whether this spacing comports with the rules and regulations of any regulatory agency.

REQUIREMENT: Company personnel should be familiar with the existence and requirements of the various ordinances and regulations of the local subdivisions and any regulatory agency, and we assume that you will comply with them in the conduct of your operations. We assume you will advise us if you have specific questions regarding the requirements of any of the ordinances or regulations, or their applicability to your operations.

Requirement No. 23. Parties in Possession. This Opinion is subject to the rights of all parties in possession of the premises and matters of survey which are not readily apparent from the Materials Examined by us, including easements and road and railroad rights-of-way, rights in reservoirs, ditches or laterals thereto, or mining activities, which may be located upon, traverse or occur upon the Subject Lands.

REQUIREMENT: In conducting your operations on the Subject Lands, you should be aware of the existence of any rights-of-way, and you should avoid interfering with the rights of the owner(s) thereof. In addition, prior to conducting drilling operations upon the Subject Lands, a detailed inspection should be conducted of the surface of the lands, and you should be satisfied that none of the matters referenced above exist which would in any way be in derogation of lessee's title. Particular attention should be directed toward any railroad track, spur or right-of-way, county road or state highway which may be located upon the Subject Lands or any mining activities occurring thereon. If any such facilities or

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activities are apparent, we should be advised, as requirements in addition to those set forth herein may be necessary.

Requirement No. 24. Affidavit of Possession. No information has been submitted concerning the actual use and possession of the Subject Lands.

REQUIREMENT: You should submit an affidavit executed by the person or persons in actual possession and occupancy of the Subject Lands stating the authority by which they occupy said acreage and what right, title or interest they claim therein. If no one is occupying said acreage by cultivation, grazing or otherwise, an affidavit to that effect should be submitted.

Requirement No. 25. No Opinion: We cannot express any opinion as to matters not disclosed in the Materials Examined. Those matters will include, without limitation, railroad and/or other rights-of-way or claims not reflected in the Materials Examined which could be determined by physical inspection of the Subject Lands; possessory rights and discrepancies of survey or location that may be reflected by physical examination of the Subject Lands; zoning or other land use controls; pending litigation not reflected by a recorded notice of lis pendens; matters not disclosed in a prior title opinion prepared by a third party attorney upon which the examiner has been asked to rely for purposes of this Opinion; matters within the scope of exceptions to abstract coverage and matters not disclosed as a result of guidelines for title examination agreed to by COG Operating LLC and Beatty & Wozniak, P.C.; proceedings which by statute are privileged and not open to public inspection; taxes on oil, gas and other leasehold estates listed separately from the taxes on the surface or mineral rights, including taxes assessed by special districts; adverse rights or defects unknown to us but of which you have actual knowledge or of which the law may presume you have knowledge; matters concerning whether there is a right of access to the Subject Lands from a public road; all financing statements and other documents reflecting security interest in crops or fixtures; and mechanics liens, judgment liens, or other statutory liens not reflected by the records examined.

Requirement No. 26. Zoning and/or Land Use Regulations. The examiner made no investigation with regard to state or local zoning and/or land use regulations affecting the Subject Lands and your proposed drilling activities, nor has the examiner made any investigation with regard to the rules and regulations of any federal, state or local regulatory authority which might have authority over your proposed operations on the Subject Lands, other than as stated elsewhere in this title opinion.

REQUIREMENT: None; advisory only.

Requirement No. 27. Statement Regarding Extent of Attorney-Client Privilege. This Opinion is rendered solely for the use of COG Operating LLC and its affiliates and shall not be relied upon by any other person or legal entity without the express written consent of Beatty & Wozniak, P.C. An attorney-client privilege exists between Beatty & Wozniak, P.C.

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and COG Operating LLC regarding the content of this Opinion. However, disclosure of this Opinion or the information contained herein by COG Operating LLC to any third party including, without limitation, any third party with whom COG Operating LLC has entered into a joint operating agreement, will operate as a waiver of the attorney-client privilege between Beatty & Wozniak, P.C. and COG Operating LLC. Such disclosure may result in the admissibility of the information contained in this Opinion in a court proceeding.

REQUIREMENT: You should contact our office if you have any questions or concerns with regard to this matter.

Very truly yours,

BEATTY & WOZNIAK, P.C.



Kim Haimann

BEATTY & WOZNIAK, P.C.

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EXHIBIT "A"

TABULATION OF THE SUBJECT OIL AND GAS LEASE:

NEW MEXICO

STATE OIL AND GAS LEASE B-3105:

State:	New Mexico
Serial No. or ID No.:	B-3105
Dated:	July 10, 1934
Recorded:	Book 8, Page 116 ECR
Lessor:	State of New Mexico
Lessee:	Fred Turner, Jr.
Tract Covered:	1
Lands Covered:	<u>Township 17 South, Range 31 East</u> Section 16: NWNE, SWNE, NENW, NWNW
Total Acreage Covered by Lease:	160
Primary Term:	5 years
Royalty:	12.5%
Delay Rental:	\$.25 per acre
Shut-in Clause:	No
Pooling/Unitization Clause:	No
Entireties Clause:	No
Warranty Clause:	No
Lesser Interest Clause:	No
Pugh Clause:	No
Other/Special Provisions:	None

NOTE: Oil and Gas Lease, as tabulated above, is referred to as "the subject oil and gas lease" or "the subject lease."

ASSIGNMENTS OF WORKING INTEREST

ASSIGNMENT # 1 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	August 20, 1937
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 10, Page 89 ECR
Assignor:	Fred Turner, Jr., W.A. Yeager, and J.M. Armstrong, Co-

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Assignee:	Partners dba as Yeager and Armstrong W-K Royalty Company
Interest Owned by Assignor:	100%
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	12.5% (1/16 th to Fred Turner, Jr.; 1/16 th shared by Yeager and Armstrong)
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	Assignment provides that the overriding royalty reserved is to be paid "for the term and subject to the provisions of written contract...dated July 2, 1937." Both this Assignment and Assignment #2 below, specifically provide that the July 2, 1937 Agreement, further described herein below, be "recognized of record." The July 2, 1937 Agreement between Fred Turner, Jr., W.A. Yeager, J.M. Armstrong ("non- operators") and W-K Royalty Company ("operator"), recorded in Book 9, Page 578 ECR, sets forth terms of the parties' agreement regarding operations of the subject lease to be evidenced in Assignment. The terms of this agreement include reservation of 12.5% ORRI until such time as Non- Operators have a right to ½ WI, to be evidenced by Assignment to them, said Assignment to constitute evidence that 12.5% ORRI has been released/discharged. Agreement sets out additional terms of operation of the leasehold. This instrument is executed by Fred Turner, President of W-K Royalty Company. Although the Assignment filed in the ECR does not include the joinder of Fred Turner, Jr.'s spouse, in the NMSLO Records there is an Assignment of this interest from Fred Turner, Jr., wherein he is joined by his spouse. Rule 19.2.100.43 NMAC – Rn, SLO Rule 1, Section 1.036 provides that such filing and approval by the NMSLO Commissioner constitutes notice to all of the world of the existence and contents of the instrument so filed.

ASSIGNMENT #2 OF STATE LEASE NO. B-3105

Instrument Title:	Supp. Assignment of Oil and Gas Lease
Instrument Date:	August 20, 1937
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105

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being Assigned:
Recording Data: Book 10, Page 363 ECR
Assignor: Fred Turner, Jr., W.A. Yeager, and J.M. Armstrong, Co-Partners dba as Yeager and Armstrong
Assignee: W-K Royalty Company
Interest Owned by Assignor: 100%
Interest Assigned: 100%
Interest Retained: None
Override Reserved: 12.5% (1/16th to Fred Turner, Jr.; 1/16th shared by Yeager and Armstrong)
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: This Assignment, dated the same as Assignment No. 1 above, is a reiteration of the terms of Assignment No. 1, both of which reference the Contract dated July 2, 1937. **The only difference (aside from the notarization date difference) is that this Assignment is executed by Fred C. Koch, President of W-K Royalty Company.** Both Assignment #1 and #2 specifically provide that the July 2, 1937 Agreement be "recognized of record." See "Other/Special Provisions" in Assignment #2 above for further discussion of Agreement terms. No requirement is made regarding these title irregularities as all of the interest of the assignors and assignees herein are subsequently conveyed.

ASSIGNMENT #3 OF STATE LEASE NO. B-3105

Instrument Title: Assignment of Oil and Gas Lease
Instrument Date: December 24, 1941
State Filed Date: 1/10/42
Serial No. or ID No. of Lease: B-3105
being Assigned:
Recording Data: Book 19, Page 81 ECR
Assignor: W-K Royalty Company
Assignee: Winkler-Koch Engineering Company
Interest Owned by Assignor: 100%
Interest Assigned: 100%
Interest Retained: None
Override Reserved: None
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: Subject to Agreement dated 12/24/1941 recorded 19/81 ECR

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which provides that interest subject to ORRI and Operating Agreement dated July 2, 1937. Assignment dated 12/24/1941 of Operating Agreement dated July 2, 1937 recorded 19/206 ECR; Consent to Assignment of Operating Agreement Rights dated 1/24/1942 from W. A. Yeager and J.M Armstrong to Winkler-Koch Engineering Co. recorded 19/207 ECR.

ASSIGNMENT #4 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	August 4, 1944
State Filed Date:	7/18/44
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 23, Page 296 ECR
Assignor:	Winkler-Koch Engineering Co.
Assignee:	W.A. Yeager and J.M. Armstrong
Interest Owned by Assignor:	100% WI and Operating Rights, plus Assignor's 6.25% ORRI
Interest Assigned:	All
Interest Retained:	All
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	All interests merged (OR, ORRI, WI)

ASSIGNMENT #5 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	August 31, 1944
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 23, Page 361 ECR
Assignor:	W. A. Yeager et ux and J.M. Armstrong et ux
Assignee:	C. T. McLaughlin (1/4) and Cosden Petroleum Corporation (1/4)
Interest Owned by Assignor:	100%
Interest Assigned:	50%
Interest Retained:	50%

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Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	Assignment provides that the former "operating agreement and overriding royalty no longer be recognized as separate estates or interests but that they shall become merged into and part of the leasehold estate for all purposes."

ASSIGNMENT #6 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	August 21, 1947
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 29, Page 209 ECR
Assignor:	W.A. Yeager, et ux, J.M. Armstrong et ux; C.T. McLaughlin et ux, and Cosden Petroleum Corp.
Assignee:	Morris Mizel, O.H. Randel and Harold Kersey
Interest Owned by Assignor:	100%
Interest Assigned:	100% from surface to a depth of 4,000 feet
Interest Retained:	100% below a depth of 4,000 feet
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #7 OF STATE LEASE NO. B-3105

Instrument Title:	Conveyance, Transfer and Assignment
Instrument Date:	April 29, 1963
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 134, Page 1 ECR
Assignor:	Cosden Petroleum Corporation
Assignee:	American Petrofina, Inc.
Interest Owned by Assignor:	25% below a depth of 4,000'
Interest Assigned:	100%
Interest Retained:	See note below

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Override Reserved:	Production payment reserved; see Other/Special Provisions
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	Assignment identifies a production payment to be reserved in Pt. 1 of Assignment and then conveyed to Pt. 2; however, the Materials Examined did not include either of these; subject to an unrecorded Agreement dated August 23, 1944 among Yeager, Armstrong and Cosden

ASSIGNMENT #8 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	February 17, 1970
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 71, Page 658 ECR
Assignor:	W.A. Yeager et ux and J.M. Armstrong et ux
Assignee:	John M. Mouser
Interest Owned by Assignor:	50% below 4,000'
Interest Assigned:	16.6667% below 4,000'
Interest Retained:	33.3333% below 4,000'
Override Reserved:	None
Tracts:	1
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #9 OF STATE LEASE NO. B-3105

Instrument Title:	Distribution Deed and Assignment
Instrument Date:	Effective May 1, 1986
State Filed Date:	6/5/90
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 20, Page 334 ECR
Assignor:	Wilbur A. Yeager, Jr., and George Goss Yeager, aka Goss Yeager, Ancillary Co-Personal Representatives of the Estate of Wilbur Arthur Yeager, deceased, joined by Patsy Goss Yeager, surviving widow of Wilbur Arthur Yeager, deceased,

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joined by all of the distributees of the Estate of Wilbur Arthur Yeager, deceased, as determined in Ancillary Probate PB 85-75, Lea County, New Mexico. Assignment filed in the NM SLO was executed by Conrad E. Coffield, Attorney in Fact for all the W.A. Yeager, deceased, heirs and the J.M. and Mary Lee Armstrong, deceased, heirs.

Assignee: Yeager Properties, Inc.
Interest Owned by Assignor: 16.6666%
Interest Assigned: 100%
Interest Retained: None
Override Reserved: None
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: Distributes Estate Assets of W. A. Yeager, deceased. All distributees executed the Assignment.

ASSIGNMENT #10 OF STATE LEASE NO. B-3105

Instrument Title: Assignment of Oil and Gas Lease
Instrument Date: December 21, 1988 (effective date January 1, 1989)
State Filed Date: 6/5/90
Serial No. or ID No. of Lease: B-3105
being Assigned:
Recording Data: Book 38, Page 83 ECR
Assignor: ~~Mary Helen Seeton~~, individually and as Co-Trustee UW of James M. Armstrong and as Co-Trustee UW of Mary Lee Armstrong and James G. Armstrong, individually and as Co-Trustee UW of James M. Armstrong and as Co-Trustee UW of Mary Lee Armstrong
Assignee: First City National Bank of Midland, NA, Tr.
Interest Owned by Assignor: 16.6666% below depth of 4,000'
Interest Assigned: 100%
Interest Retained: None
Override Reserved: None
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: Distributes Estate Assets of J.M. Armstrong, deceased, and his wife, Mary Lee Armstrong, deceased. Assignment filed in the NM SLO was executed by Conrad E. Coffield, Attorney in Fact for all the W.A. Yeager, deceased, heirs and the J.M. and

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Mary Lee Armstrong, deceased, heirs, is to Yeager Properties and Adalin, Inc., accompanied by letter of explanation from Coffield, included with Assignment.

ASSIGNMENT #11 OF STATE LEASE NO. B-3105

Instrument Title:	Correction Distribution Deed re. Estate of Mary Lee Armstrong
Instrument Date:	March 15, 1989
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 43, Page 328 ECR
Assignor:	Mary Helen Seeton and James Galbraith Armstrong, Anc. Co-Personal Representatives for Estate of Mary Lee Armstrong, deceased
Assignee:	James Galbraith Armstrong, Ind. (1/4); Mary Helen Seeton (1/4) and both of them as Co-Trustees U/W Mary Lee Armstrong (1/2)
Interest Owned by Assignor:	8.3333% below a depth of 4,000'
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #12 OF STATE LEASE NO. B-3105

Instrument Title:	Correction Conveyance
Instrument Date:	March 15, 1989 (effective date January 1, 1989)
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 43, Page 321 ECR
Assignor:	James Galbraith Armstrong, Ind. (1/8); Mary Helen Seeton (1/8) and both of them as Co-Trustees U/W Mary Lee Armstrong (1/4) and Co-Trustees U/W of J.M. Armstrong, deceased (1/2)
Assignee:	First City National Bank of Midland, NA, Tr.
Interest Owned by Assignor:	16.6666% below depth of 4,000'

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Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	In lieu of 38/83 ECR

ASSIGNMENT #13 OF STATE LEASE NO. B-3105

Instrument Title:	Conveyance
Instrument Date:	April 13, 1989
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 43, Page 335 ECR
Assignor:	First City, Texas Midland, NA (formerly First City National Bank of Midland, NA) Tr.
Assignee:	Adalin, Inc.
Interest Owned by Assignor:	16.6666% below depth of 4,000'
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	1
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #14 OF STATE LEASE NO. B-3105

Instrument Title:	Partial Assignment of Oil and Gas Lease
Instrument Date:	April 20, 1990
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 70, Page 289 ECR
Assignor:	Mary Jane Bowman, sole and separate property
Assignee:	Pacific Enterprises Oil Company
Interest Owned by Assignor:	Unknown, see requirement nos. 2 & 3 re. Mouser
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	Difference between existing burdens and 20%

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Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: None

ASSIGNMENT #15 OF STATE LEASE NO. B-3105

Instrument Title: Partial Assignment of Oil and Gas Lease
Instrument Date: April 12, 1990
State Filed Date: Not filed
Serial No. or ID No. of Lease B-3105
being Assigned:
Recording Data: Book 70, Page 292 ECR
Assignor: John Allen Mouser, sole and separate property
Assignee: Pacific Enterprises Oil Company
Interest Owned by Assignor: Unknown, see requirement nos. 2 & 3 re. Mouser
Interest Assigned: 100%
Interest Retained: None
Override Reserved: Difference between existing burdens and 20%
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: None

ASSIGNMENT #16 OF STATE LEASE NO. B-3105

Instrument Title: Partial Assignment of Oil and Gas Lease
Instrument Date: April 12, 1990
State Filed Date: Not filed
Serial No. or ID No. of Lease B-3105
being Assigned:
Recording Data: Book 70, Page 294 ECR
Assignor: Alice A. Wezner, sole and separate property
Assignee: Pacific Enterprises Oil Company
Interest Owned by Assignor: Unknown, see requirement nos. 2 & 3 re. Mouser
Interest Assigned: 100%
Interest Retained: None
Override Reserved: Difference between existing burdens and 20%
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: None

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ASSIGNMENT #17 OF STATE LEASE NO. B-3105

Instrument Title:	Partial Assignment of Oil and Gas Lease
Instrument Date:	May 14, 1990
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 7, Page 289 ECR
Assignor:	Sue Milan, PR U/W of Elizabeth Ann Grant, deceased
Assignee:	Pacific Enterprises Oil Company
Interest Owned by Assignor:	Unknown, see requirement nos. 2 & 3 re. Mouser
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	Difference between existing burdens and 20%
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #18 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	September 26, 1990
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 80, Page 814 ECR
Assignor:	John Mark McLaughlin, Jean McLaughlin Kahle, Evelyn McLaughlin Knox and Ruth McLaughlin Riddle
Assignee:	Pacific Enterprises Oil Company
Interest Owned by Assignor:	Unknown; see requirement nos. 4 & 5 re. C.T. McLaughlin et ux
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	12.5% proportionately reduced below depth of 4,000'
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

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ASSIGNMENT #19 OF STATE LEASE NO. B-3105

Instrument Title: Assignment of Oil and Gas Lease
Instrument Date: January 4, 1993 (effective date April 1, 1992)
State Filed Date: 2/19/93
Serial No. or ID No. of Lease being Assigned: B-3105
Recording Data: Book 147, Page 572 ECR
Assignor: Pacific Enterprises Oil Company (USA)
Assignee: Hunt Oil Company
Interest Owned by Assignor: Credited herein with 75% below depth of 4,000', see Requirements
Interest Assigned: 100%
Interest Retained: None
Override Reserved: None
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: None

ASSIGNMENT #20 OF STATE LEASE NO. B-3105

Instrument Title: Correction Assignment, Conveyance and Bill of Sale
Instrument Date: Effective date April 1, 1992
State Filed Date: Not filed
Serial No. or ID No. of Lease being Assigned: B-3105
Recording Data: Book 228, Page 930 ECR
Assignor: Pacific Enterprises Oil Company (USA)
Assignee: Hunt Oil Company
Interest Owned by Assignor: Credited herein with 75% below depth of 4,000', see Requirements
Interest Assigned: 100%
Interest Retained: None
Override Reserved: None
Tracts: NA
Lease Affected: B-3105
Lands: All lands covered by lease
Other/Special Provisions: Corrects and supersedes Book 147, Page 572 ECR

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ASSIGNMENT #21 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	Effective date November 1, 1996
State Filed Date:	2/7/97
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 267, Page 997 ECR
Assignor:	Hunt Oil Company
Assignee:	Chase Oil Corporation
Interest Owned by Assignor:	Credited herein with 75% below depth of 4,000', see Requirements
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT #22 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	August 29, 1990, filed in 1999
State Filed Date:	9/21/90
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 274, Page 616 ECR
Assignor:	Yeager Properties Inc. and Adalin, Inc.
Assignee:	Pacific Enterprises Oil Company
Interest Owned by Assignor:	33.3333% below a depth of 4,000'
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

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ASSIGNMENT #23 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	June 3, 1997
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 284, Page 712 ECR
Assignor:	Fina Oil and Chemical Company
Assignee:	Chase Oil Corporation
Interest Owned by Assignor:	Unknown; stranger to title
Interest Assigned:	100%; 1 year term assignment
Interest Retained:	None, term assignment
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	Drilling requirements; Assignor not in the chain of title. See Requirement No. 6 regarding American Petrofina, Inc./FINA, Inc.

ASSIGNMENT #24 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	March 30, 2006 (effective date January 1, 2006)
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 310, Page 512 ECR
Assignor:	Chase Oil Corporation
Assignee:	Chase Oil Corporation (65%), Mack C. Chase and Marilyn Y. Chase Trust UTA 11/21/83 (25%); Robert C. Chase (5%); Richard L. Chase (3%); Gerene Dianne Chase Crouch (2%), sole and separate property
Interest Owned by Assignor:	Credited herein with 75%; see Requirements
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

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ASSIGNMENT #25 OF STATE LEASE NO. B-3105

Instrument Title:	Assignment of Oil and Gas Lease
Instrument Date:	March 30, 2006
State Filed Date:	3/28/07
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 641, Page 955 ECR
Assignor:	Chase Oil Corporation; Caza Energy, LLC; Robert C. Chase and wife, Deb E. Chase; Richard L. Chase and wife, Karla Chase; and Gerene Dianne Chase Crouch, a single woman
Assignee:	COG Oil & Gas LP
Interest Owned by Assignor:	Credited herein with 75% below a depth of 4,000'; see Requirements
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	Assignment identifies a "Combination Agreement" dated February 26, 2006 among Chase Oil Corporation, Grantee and others and provides that the Assignment is subject to "Permitted Liens" defined in that Agreement.

ASSIGNMENTS OF OVERRIDING ROYALTY

ASSIGNMENT OF OVERRIDING ROYALTY #1, STATE LEASE NO. B-3105

Instrument Title:	Assignment of Overriding Royalty
Instrument Date:	February 11, 1939
State Filed Date:	Not filed
Serial No. or ID No. of Lease	B-3105
being Assigned:	
Recording Data:	Book 12, Page 48 ECR
Assignor:	Fred Turner, Jr. et ux
Assignee:	W.K. Royalty Company
Interest Owned by Assignor:	6.25% ORRI
Interest Assigned:	100%

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Interest Retained:	None
Override Reserved:	None
Tracts:	1
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT OF OVERRIDING ROYALTY #2 , STATE LEASE NO. B-3105

Instrument Title:	Assignment of Overriding Royalty
Instrument Date:	December 24, 1941
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 19, Page 82 ECR
Assignor:	W.K. Royalty Company
Assignee:	Winkler-Koch Engineering Co.
Interest Owned by Assignor:	6.25% ORRI
Interest Assigned:	100%
Interest Retained:	None
Override Reserved:	None
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None

ASSIGNMENT OF OVERRIDING ROYALTY #3 , STATE LEASE NO. B-3105

Instrument Title:	Assignment of Overriding Royalty
Instrument Date:	August 29, 1990
Recording Data:	Book 76, Page 92 ECR
Assignor:	Pacific Enterprises Oil Co.
Assignee:	Yeager Properties, Inc. & Adalin, Inc.
Interest Owned by Assignor:	
Interest Assigned:	
Interest Retained:	
Override Assigned:	12.5% ORRI, below a depth of 4,000' proportionately reduced
Tracts:	NA
Lease Affected:	B-3105
Lands:	
Other/Special Provisions:	ORRI assigned burdens the 33.3333% interest Yeager Properties, Inc. & Adalin, Inc. assigned to PEOC. Subject to

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terms and conditions of unrecorded letter agreement dated August 15, 1990 between the parties. Assignment references that Assignee previously assigned all interest to PEOC, filed at NMSLO. Assignment does not set forth the percentage of each Assignee.

ASSIGNMENT OF OVERRIDING ROYALTY #4, STATE LEASE NO. B-3105

Instrument Title:	Assignment of Overriding Royalty
Instrument Date:	December 4, 1990
Recording Data:	Book 82, Page 1042 ECR
Assignor:	Yeager Properties, Inc.
Assignee:	Sevenways Minerals, Ltd.
Interest Owned by Assignor:	12.5 % of 33.3333% below 4,000' (owned with Adalin, Inc. and subject to unrecorded letter agreement described in Assignment of ORRI #3 above)
Interest Assigned:	1/3 of "all right, title and interest to ORRI conveyed to Assignor in 76/92 ECR"
Interest Retained:	2/3 of 12.5% of 33.3333% ORRI (owned jointly with Adalin, Inc.)
Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	N

ASSIGNMENT OF OVERRIDING #5, STATE LEASE NO. B-3105

Instrument Title:	Assignment of Operating Rights & Overriding Royalty
Instrument Date:	December 22, 1994
State Filed Date:	Not filed
Serial No. or ID No. of Lease being Assigned:	B-3105
Recording Data:	Book 218, Page 895 ECR
Assignor:	Adalin, Inc.
Assignee:	Texas Commerce Bank NA, Tr.
Interest Owned by Assignor:	12.5 % of 33.3333% below 4,000' (owned with Adalin, Inc. and subject to unrecorded letter agreement described in Assignment of ORRI #3 above)
Interest Assigned:	1/6 of 12.5% of 8/8 below 4,000', being all of Assignor's interest, as acquired in 76/92 ECR.
Interest Retained:	None
Override Reserved:	None

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Tracts:	NA
Lease Affected:	B-3105
Lands:	All lands covered by lease
Other/Special Provisions:	None