## Nearburg Exploration Company, L.L.C.

Oil and Gas Exploration P.O. Box 823065 5447 Olen Lakes Drive Daftas, Texas 75382-3065 214-739-1778 FAX 214-739-4819

July 14, 2015

COG Operating LLC
Attn: Division Order Department
P. O. Box 849929
Dallas, TX 75284-9929

Re: Termination of SRO State Unit and Payment of Overrides

Dear Division Order Department:

With the termination of the SRO State Unit, COG's contractual arrangement to pay Nearburg Exploration Company, L.L.C. ("Nearburg") an override in these wells terminated effective March 1, 2014. However, Nearburg's lockbox has continued to receive payments of overrides on certain wells within the SRO State Unit for production periods after March 1, 2014. As noted on the attached schedule, these payments have totaled \$64,671.06. In addition, we have not received division orders on 3 additional SRO State Unit wells that produced prior to March 1, 2014 (the SRO State Unit #12H, #20H and #53H) nor have we received payment on the SRO State Unit #16H as we do not agree with the COG's calculation of Nearburg's override per the division order that COG sent to us (this has been previously communicated to COG's division order department, but no corrected division order has been received). We estimate the approximate amount due Nearburg for these four wells through March 1, 2014 is \$56,850.04 (see attached schedule). Netting these two amounts together, we estimate COG has overpaid Nearburg by approximately \$7,821.02. Enclosed is our check to reimburse COG for this approximate \$7,821.02 overpayment. If COG will send us the actual amount that should have been paid to Nearburg for the four wells, we will promptly settle any differences with COG. In addition, Nearburg requests that no future payments of these overrides be sent to Nearburg.

If you have any questions or comments, or should you need anything further in regard to this matter, please do not hesitate to contact Randy Howard at (432) 818-2914 or via email at <a href="mailto:rhoward@nearburg.com">rhoward@nearburg.com</a>.

Sincerely,

Nearburg Exploration Company, L.L.C.

Emily Sharp Controller

ennomin

co: Aaron Myers, COG Operating LLC, Midland, TX

Oil and Gas Exploration P.O. Box 823085 5447 Glen Lakes Drive Dallas, Texas 75382-3085 214-739-1778 FAX 214-739-4819

August 17, 2015

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Ms. Judy Moreland Land Administration Manager COG Operating LLC One Concho Center 600 W. Illinois Midland, TX 79701

Re: Revocation of Division Orders for the following wells: SRO State Unit #1H, #2H, #3H, #4H, #5H, #6H, #7H, #8H, #9H, #10H, #11H, #13H, #14H, #15H, #17H, #18H and #31H (the "SRO Wells")

Dear Ms. Moreland:

Nearburg Exploration Company, L.L.C. ("Nearburg") hereby revokes all division orders it has previously executed for the SRO Wells effective March 1, 2014, which is the date the SRO State Exploratory Unit expired. Accordingly and effective March 1, 2014, Nearburg no longer has an override in the SRO Wells. Emily Sharp, Nearburg's Controller, previously advised your office per her letters of July 14, 2015 and again on July 31, 2015 to suspend future payments of these overrides, but COG Operating LLC ("COG") has continued to send payments that Nearburg has returned to COG.

For the COG revenue distribution detail received by Nearburg on August 11, 2015, it was noted that COG reduced Nearburg's override on the SRO State Unit #15H well retroactive to the date of first production. COG did this without notifying Nearburg as to why it made this change nor sending Nearburg a revised division order. I would appreciate an explanation.

If you have any questions or comments, or should you need anything further in regard to this matter, please do not hesitate to contact Randy Howard at (432) 818-2914 or via email at rhoward@nearburg.com.

Sincerely,

Nearburg Exploration Company, L.L.C.

Duane A. Davis

Chief Operating Officer/Chief Financial Officer

cc: Aaron Myers, COG Operating LLC, Midland, TX