

From: Unspecified Sender
Sent:
To:
Subject: FW: SRO Unit
Attach: SRO Unit JOA With Revisions.pdf

From: Randy Howard
Sent: Monday, November 24, 2014 8:54 AM
To: Duane Davis
Subject: RE: SRO Unit

Duane,

Keep in mind that we either have a 100% WI in W/2 Sec. 20-26S-28E, or an ORRI across 8320 acres included in the SRO Unit Operating Agreement (SRO Unit JOA attached).

From: Duane Davis
Sent: Monday, November 24, 2014 8:48 AM
To: Emily Sharp; Randy Howard
Subject: FW: SRO Unit

Emily, please have someone take a look at this – I assume it is more advantageous to keep the ORRI across the board rather than increase our ORRI in a few wells. Can you have someone look at this today? thanks! Randy, will be back to you soon on this.

From: Randy Howard
Sent: Monday, November 24, 2014 8:25 AM
To: Duane Davis
Subject: RE: SRO Unit

Duane,

I take it from your response that you are okay with me moving forward with executing the attached (after replacing the Well Information Requirements with an updated version) so as to allow us to keep our ORRI.

Please confirm.

Thanks,
Randy

From: Duane Davis
Sent: Friday, November 21, 2014 4:18 PM
To: Randy Howard
Subject: RE: SRO Unit

Sounds good. Yep, I don't like the idea of giving up what we had, which CEN approved. thanks.

From: Randy Howard
Sent: Friday, November 21, 2014 4:10 PM
To: Duane Davis
Subject: SRO Unit

BEFORE THE OIL CONVERSION
COMMISSION
Santa Fe, New Mexico
Exhibit No. 16A
Submitted by: COG OPERATING LLC
Hearing Date: February 28, 2017

NEX00005547

Duane,

Attached please find a Term Assignment of Oil and Gas Lease from Nearburg to Marbob dated effective as of July 1, 2009. As part of the consideration of NEX conveying its interest under these lands, we were entitled to an ORRI in any and all wells that were included in the SRO Unit Agreement. This Assignment, as written, terminates when the SRO Unit Agreement is dissolved. The SRO Unit Agreement was dissolved, which in turn caused the Term Assignment to terminate. With this I believe two things happen: (1) we receive our WI ownership as to the W/2 of Sec. 20-26S-28E, and (2) we lose any ORRI under wells that were included in the SRO Unit.

In working with COG, they have now proposed a Correction Term Assignment of Oil and Gas Lease, a copy of which is also attached. The end result of executing this Correction would be that the terms of the original Term Assignment would be in effect until the Unit Operating Agreement is terminated.

My initial research leads me to believe we are better off with an ORRI under all wells included on lands subject to the SRO Unit Operating Agreement than we would be to have 100% WI under the W/2 Section 20 only. I have requested a copy of the SRO Unit OA from COG, and I have also mentioned this matter to Bill. Once I get the OA and review, I will touch base with you again to see how we want to proceed.

Thank you,

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