

From: Randy Howard <rhoward@nearburg.com>
Sent: Thursday, April 23, 2015 2:31 PM
To: Bill Elton <belton@nearburg.com>; Duane Davis <ddavis@nearburg.com>
Cc: John Turro <jturro@nearburg.com>
Subject: RE: SRO Unit

Tim is looking. Thanks!

From: Bill Elton
Sent: Thursday, April 23, 2015 9:20 AM
To: Randy Howard; Duane Davis
Cc: John Turro
Subject: RE: SRO Unit

I think Tim/Mark should weigh in on this also.

From: Randy Howard
Sent: Thursday, April 23, 2015 9:05 AM
To: Duane Davis
Cc: John Turro; Bill Elton
Subject: RE: SRO Unit

Actually Bill looked at this back when it first came up and his advise was to keep the ORRI. Thanks!

From: Duane Davis
Sent: Thursday, April 23, 2015 8:46 AM
To: Randy Howard
Cc: John Turro
Subject: RE: SRO Unit

Good morning,

Just to refresh my memory, did Mark K or Tim S look into this to be sure the ORRI is the better way to go? on the assignment, I just added L.L.C. to Nearburg's name. Otherwise, I am ok. thanks.

From: Randy Howard
Sent: Thursday, April 23, 2015 8:24 AM
To: Duane Davis
Cc: John Turro
Subject: FW: SRO Unit

Duane,

John and I are scheduled to meet with COG tomorrow about several issues surrounding the SRO Unit and other COG operated properties. In reviewing my emails, it appears you were okay with Nearburg keeping an ORRI in the SRO Unit as opposed to owning a WI in certain lands (see highlighted portion of email below for further explanation). However, I'm not sure I ever actually received your approval of the attached assignment.

Please let me know if you are okay with the form of the attached assignment.

Thank you,

BEFORE THE OIL CONSERVATION
COMMISSION
Santa Fe, New Mexico
Exhibit No. 18B
Submitted by: COG OPERATING LLC
Hearing Date: February 28, 2017

NEX00005761

Randy

From: Duane Davis
Sent: Monday, November 24, 2014 9:57 AM
To: Emily Sharp; Randy Howard
Subject: FW: SRO Unit

ok

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

NEX00005762

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)