

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF COG OPERATING LLC  
FOR A NON-STANDARD SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO**

2017 OCT 10 PM 4:00  
RECEIVED OOD  
CASE NO. 15830  
CASE NO. 15831  
Consolidated

**MOTION TO DISMISS OR ALTERNATIVELY TO CONTINUE**

Energen Resources Corporation (Energen), through its undersigned counsel, moves the Division enter its order dismissing or alternatively continuing the hearing on the Applications for a Non-Standard Spacing and Proration Unit and Compulsory Pooling in these consolidated matters. As grounds for this motion, Energen states:

COG seeks to force pool lands and interests located within the W/2 E/2 of Sections 24 and 25 (Case 15830), as well as the E/2 W/2 of Sections 24 and 25 (Case 15831), all in Township 24 South, Range 34 East, NMPM in Lea County. Energen is the owner of certain oil and gas working interests under that Oil and Gas Mineral Lease dated September 7, 2016 by Daniel P. Schuman and Vida K. Schuman, Trustees as Lessor(s), *4401 South Lewis Place, Tulsa, OK* and MidCon Land Services, LLC, Edmond, OK, as Lessee. Midcon is Energen's lease broker. The lease covers approximately 320 acres in Section 24. (Lease, Book 2069/Page 724, Ex. 1) Energen also owns two additional, virtually identical leases issued by other members of the Schuman family as Lessors. (March Schumann, Book 2069/Page 734; Charlotte W. Schumann and Karen Doyle, Trustees, Book 2069/Page 734). Energen received the Schuman leases from Midcon by that Assignment of Oil and Gas Leases dated September 21, 2017. (Assignment, Ex. 2)

COG filed its compulsory pooling applications in these matters on August 29, 2017. Before doing so, it did not first provide well proposals for Energen's consideration for 30 days, as required by the Division's long-standing practice.

In approximately late September 2017, COG communicated with Energen and the company became aware of COG's plans to drill the two wells. On inquiry about the whereabouts of the well proposals, COG's landman represented that the proposals had been sent to Midcon Land Services. Energen's landman learned from Midcon that it had not received the well proposals. Following-up on September 21st, Energen asked COG what address COG had used to send the well proposals. COG's landman replied they had been sent to *4401 South Lewis Place, Tulsa OK 74105*. (Email string, Ex. 3) It immediately became apparent that COG had misdirected the well proposals to the address of the *Lessors* who did not forward them. (Compare, Lease, Ex. 1) On recognition of its error, COG sent two well proposals to Energen, both dated September 27, 2017. (Correspondence, Ex. 4)

Energen has not been provided with notice of COG's two compulsory pooling applications. On information and belief based on inquiry, neither does it appear that COG provided Midcon Land Services, LLC with notice of the compulsory pooling applications.

COG's tardy well proposals and absence of notice appear to be the result of mistake. However, prejudice accrues to Energen because its management has not had sufficient time to evaluate COG's well proposals. If these matters proceed to hearing on October 12, 2017, Energen is at risk of facing a *fait accompli* and it will have been denied any real opportunity to negotiate participation in the wells.

WHEREFORE, Energen requests that COG's Applications be dismissed, or alternatively, hearing continued until the November 8, 2017 Examiner hearing docket.

Counsel have conferred and this motion is opposed.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

J. Scott Hall  
Post Office Box 2307  
Santa Fe, New Mexico 87504-2307  
(505) 982-3873  
[shall@montand.com](mailto:shall@montand.com)

*Attorneys for Energen Resources Corporation*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on October 10, 2017:

Michael H. Feldewert  
Jordan L. Kessler  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, NM 87504-2208  
[mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)  
[jlkessler@hollandhart.com](mailto:jlkessler@hollandhart.com)

A handwritten signature in black ink, appearing to read "J. Scott Hall", written over a horizontal line.

J. Scott Hall

OIL, GAS AND MINERAL, LEASE (PAID-UP)

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THIS AGREEMENT made and entered into this 7th day of September, 2016, by and between Daniel P. Schuman and Vida K. Schuman, Trustees of the Daniel P. Schuman and Vida K. Schuman Revocable Trust dated 4/15/2014, whose address is 4401 South Lewis Place, Tulsa, OK 74105, hereinafter called "Lessor", whether one or more, and MidCon Land Services, LLC., whose address is P.O. Box 31773, Edmond, OK 73003, hereinafter called "Lessee".

WITNESSETH: Lessor, in consideration of Ten and no/100's Dollars (\$10.00) and other good and valuable consideration in hand paid, receipt of which is hereby acknowledged, and of the royalties herein provided and the agreements of Lessee herein contains, Lessor does hereby grant, lease and let exclusively unto Lessee its successors and assigns, all of the land hereinafter described, together with any reversionary rights therein for the purpose of exploring by geological, geophysical and all other methods, and of drilling, producing and operating wells or mines for the recovery of oil, gas and other hydrocarbons, and all other minerals or substances, whether similar or dissimilar, that may be produced from any well or mine on the leased premises, including primary, secondary, tertiary, cycling, pressure maintenance methods of recovery, and all other methods, whether now known or unknown, with all incidental rights thereto, and to establish and utilize facilities for surface and subsurface disposal of salt water, and to construct, maintain and remove roadways, tanks, pipelines, electric power and telephone lines, power stations, machinery and structures thereon, to produce, store, transport, treat and remove all substances described above, and the products therefrom, together with the right of ingress and egress to and from said land across any other land now or hereafter owned by Lessor. The land hereby leased is situated in the County of Lea, State of New Mexico, and is described as follows:

N/2 NE/4 & S/2 NW/4 & W/2 SW/4 & SE/4 SW/4 & SW/4 NE/4 of Section 24, Township T24S, Range R34E

This lease covers all of the land described above, including any interests therein that any signatory hereto has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as herein set forth, all lands now or hereafter owned or claimed by Lessor, adjacent, contiguous, or a part of the tract or tracts described above, whether such additional lands be owned or claimed by deed, limitation, or otherwise, or are fenced or unfenced, and whether such lands are inside or outside of the metes and bounds description set forth above, or are in the named survey, or other survey or surveys. The bonus money paid for this lease is in gross, and not by the acre, and shall be effective to cover all such land irrespective of the number of acres contained therein, but the land included within this lease is estimated to comprise 320.000000 acres, whether actually more or less, and such land is hereinafter referred to as the "leased premises".

TO HAVE AND TO HOLD the leased premises for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced from the leased premises or from lands with which the leased premises are pooled or unitized.

In consideration of the premises it is hereby agreed as follows:

1. Royalty On Oil. Lessee shall deliver to Lessor, at the well or to the credit of Lessor in the pipeline to which the well may be connected 1/5th of all oil and other liquid hydrocarbons produced and saved from the leased premises, or Lessee, at its option, may buy or sell such 1/5th royalty and pay Lessor the market price for oil or liquid hydrocarbons of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks. Lessor's royalty interest in either case shall bear its proportion of any expenses for transporting and

treating oil to make it marketable as crude.

2. Royalty On Gas. Lessee shall pay to Lessor as royalty on gas, including casinghead gas or other gaseous substances produced from said land and sold on or off of the premises, 1/5th of the net proceeds at the well received from the sale thereof, provided that on gas used off the leased premises or by Lessee in the manufacture of gasoline or other products therefrom, the royalty shall be the market value at the well of 1/5th of the gas so used; as to all gas sold by Lessee under a written contract, the price received by Lessee for such gas shall be conclusively presumed to be the net proceeds at the well or the market value at the well for the gas sold.

3. Royalty On Other Substances. Lessee shall pay to Lessor, as royalty on any substances covered by this lease other than oil and gas and the products thereof which Lessee may elect to produce, save and market from the leased premises, 1/5th of the proceeds received by Lessee from the sale thereof after deducting the processing costs.

4. Shut-In Gas Royalty. If at any time, or from time to time, either before or after the expiration of the primary term of this lease, there is any gas well on the leased premises or on lands with which the leased premises are pooled or unitized and which is capable of producing in paying quantities, but which is shut in before or after production therefrom, such well shall be considered under all provisions of this lease as a well producing gas in paying quantities and this lease shall remain in force in like manner as though gas therefrom was actually being sold or used. In such event, Lessee covenants and agrees to pay Lessor, as royalty, the sum of Twenty-five Dollars (\$25.00) per annum for the period commencing on the date such well is actually shut in, unless this lease is being maintained in force and effect by some other provision hereof, in which event such period shall commence on the date this lease ceases to be maintained in full force and effect by some other provision hereof. Payment or tender shall be made to Lessor at address above until written notice of address change has been received by Lessee from Lessor. The first payment shall, be due and payable on or before ninety (90) days after the date such well is shut in, or ninety (90) days from the date this lease ceases to be maintained in force by some other provision hereof. Unless gas from such well is produced and sold or used prior thereto, except temporary sales, or use for lease operations, subsequent payments shall be due annually thereafter on the anniversary date of the period for which such prior payment was made. No additional payments shall be required if there is more than one shut-in gas well on the leased premises or on lands with which the leased premises are pooled or unitized. The term "gas well" shall include wells capable of producing natural gas, condensate, or any gaseous substance, and wells classified as gas wells by any governmental authority having jurisdiction.

5. Delay Rental. The lease is a "paid-up" lease and requires no rentals.

6. Drilling Operations. If Lessee should drill and abandon as a dry hole a well on the leased premises, or if after the discovery of oil, gas or other minerals, the production thereof should cease from any cause, and, in either event there are no other producing wells on the leased premises or on lands with which they are pooled or unitized, or drilling or reworking operations are not being conducted thereon, this lease shall not terminate if Lessee commences reworking or additional drilling operations on the leased premises within ninety (90) days thereafter or, if it be within the primary term, Lessee commences operations for drilling or reworking on or before the expiration of ninety (90) days from the date of such abandonment or cessation of production or the end of the primary term which is the later. If, at the expiration of the primary term, oil, gas or other minerals are not being produced from the leased premises or from lands with which the leased premises are pooled or unitized, but Lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such drilling or reworking operations are prosecuted, or reworking operations on any well or additional drilling operations are conducted on the leased premises, or on lands pooled or unitized therewith, with no cessation of more than ninety (90) consecutive days, and if any such operations result in production then as long thereafter as such production continues.

7. Pooling. Lessee is hereby granted the right, at any time and from time to time, whether before or after production, to pool this lease for the production of oil, gas or condensate, or any or either of them, as to the land covered hereby, or any zone or portion thereof, or as to any mineral or royalty interest therein, with any other lease covering the above described land, or lands adjacent, contiguous, adjoining, or in the immediate vicinity thereof, or as to any zone or portion of said lease or any mineral or royalty interest therein. Such pooling shall be into a unit or units not exceeding eighty (80) acres plus an acreage tolerance of ten percent (10%) thereof for oil, and units not exceeding six hundred forty (640) acres each plus an acreage tolerance of ten percent (10%) thereof for gas, provided that, should governmental authority having jurisdiction prescribe or permit the creation of any drilling, spacing or proration units larger than those specified above such units may be created or enlarged to conform in size to the drilling or spacing units so prescribed or permitted or to the proration units as may be authorized for

obtaining the maximum allowable production from one well. Lessee may pool the acreage or interests above described, or any portion thereof, as above provided, as to oil, or gas in any one or more zones, and units so formed need not conform in size or area with the unit or units into which the lease is pooled, or combined as to any other zone, and oil units need not conform as to area with gas units. Such pooling shall be effected by the filing by Lessee of a written designation, in the county or counties, in which the premises are located, identifying and describing the pooled unit. The production of oil, gas or condensate from any zone or portion of the land so pooled and the development and operation on such land, including the commencement, drilling, completion and operation of a well thereon, or the existence thereon of shut-in gas well, be considered and construed and shall have the same effect, except for the payment of royalty, as production, development and operation, or the existence of a shut-in gas well on the leased premises, regardless of the location of the well on the unit. Production from any unit well producing oil, gas or condensate shall be allocated to the leased premises in the proportion that the acreage of the leased premises included within the units bears to the total acreage in the unit and the royalty provided for herein shall be calculated on the portion of the production so allocated. The royalty so payable on allocated production shall be in lieu of any other royalty that would accrue to Lessor from the production of oil, gas or condensate from any zone or portion of the leased premises included within the unit. Shut-in gas royalty, with respect to unit shut-in gas wells, shall be payable in accordance with the provisions and in the amount set forth in this lease. In the event any unit well shall fail to produce oil, gas or condensate in paying quantities, or in the event the production from any such well shall cease, Lessee may terminate the unit by filing for record, in the county, or counties where the land is situated, a written declaration of such termination.

8. Use Of Oil, Gas And Water For Operations. Lessee shall have the free use of oil, gas and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder and the royalty on oil and gas shall be computed after deducting the amount so used.

9. Removal Of Equipment. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed on the leased premises by Lessee, including the right to withdraw and remove all casing.

10. Assignment Or Change of Ownership. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or, division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change or division in ownership of the land, rentals or royalties, however accomplished, shall be binding upon Lessee for any purpose and shall not impair the effectiveness of any payment theretofore made by Lessee (irrespective of whether Lessee has either actual or constructive knowledge hereof) until (60) days after such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original Lessor. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder.

11. Force Majeure. Lessee shall not be liable for any delays in its performance of any covenant or condition hereunder, express or implied, or for total or partial nonperformance thereof, due to force majeure. The term "force majeure", as used herein, shall mean any circumstance or any condition beyond the control of Lessee, including but not limited to acts of God and actions of the elements; acts of the public enemy; strikes; lockouts; accidents; laws, acts, rules, regulations and orders of federal, state or municipal governments, or officers or agents thereof; failure of transportation; or the exhaustion, unavailability, or delays in delivery, of any product, labor, service or material. If Lessee is required to cease drilling or reworking or producing operations on the leased premises by force majeure, then until such time as such force majeure is terminated and for a period of ninety (90) days after such termination, each and every provision of this lease that might operate to terminate it shall be suspended and this lease shall continue in full force and effect during such suspension period. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

12. Lesser Interest Clause. If Lessor does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessor hereunder.

13. Warranty. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the Lessee shall have the right, any time, to redeem for Lessor, by

payment, any mortgage, taxes or other liens on the leased premises in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessor hereunder.

14. Surrender. Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so surrendered.

15. Parties Bound. This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and heirs, devisees, successors and assigns. Should any party named above as Lessor fail to execute this lease, or should any party execute this lease who is not named above as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

16. Headings For Convenience. The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

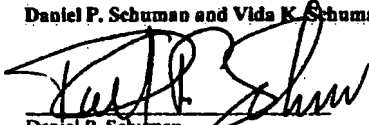
17. Continuous Development. If at the end of the Primary Term production of oil or gas has been obtained on the leased premises or a well has been completed as a dry hole within one hundred eighty (180) days of the end of the Primary Term, the Lessee shall thereafter continuously develop the leased premises with no cessation of more than one hundred eighty (180) days from the completion of one well (either as a well capable of producing oil or gas in paying quantities or as a dry hole) and the commencement of actual drilling operations on the next well. Where no drilling operations are being conducted on the leased premises at the end of the Primary Term (production previously having been obtained or well completed as a dry hole), then the first such continuous development well shall be actually commenced within one hundred eighty (180) days of the end of the Primary Term. If, however, at the end of the Primary Term no oil or gas is being produced on the leased premises, but Lessee is then engaged in drilling operations thereon, then this lease shall not terminate as long as drilling operations are continuous and as long as oil and gas is produced in paying quantities or said leased premises are continuously developed as provided above.

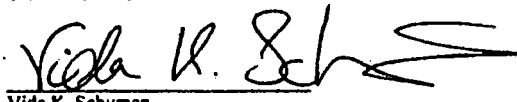
18. Sharing Well. In the event a Sharing Well is drilled the following provisions shall apply: "Sharing Well" means any horizontal well open for production on the Lease or lands pooled therewith and also located on lands adjacent to the Lease or lands pooled therewith. "Allocation Tract" means the Lease, the lands pooled with the Lease, if any, and the lands on which any portion of the Sharing Well is also located. Production from a Sharing Well shall be allocated to each Allocation Tract proportionately, allocating to each such tract its proportionate share of the Sharing Well as depicted on the final "as drilled" plat filed with the governing body of New Mexico. Each Allocation Tract's prorata share shall be calculated by a fraction, the denominator of which is the "as drilled" horizontal wellbore open for production as depicted on the "as drilled" plat of the Sharing Well filed with the governing body of New Mexico, and the numerator of which is each Allocation Tract's share of said "as drilled" wellbore. Royalties payable to each Allocation Tract shall be paid in accordance with the terms of the Lease, the pooling agreement if the Lease is pooled, and the terms applicable to production from other Allocation Tracts. Operations with respect to, or production from, any Sharing Well shall be deemed actual operations on, or a production from, the Lease for all purposes except for the calculation and payment of royalties. If the productive portion of a Sharing Well is subsequently extended or plugged back, then allocation of production shall be redetermined effective the date of the completion of the extension or plugging back operation. The allocation of production provided to Sharing Wells does not change the ownership of any mineral, royalty or leasehold interest subject to the Lease.

19. Option to Extend. In addition to the cash bonus which has been paid to Lessor for the execution of this lease, Lessee shall have the right, but not the obligation, on or before the end of the primary term of this lease, to extend the primary term of this lease for a period of two (2) additional years, commencing at the expiration of the initial primary term, and as long thereafter as oil and gas is produced from said land or lands pooled therewith, by paying Lessor an additional \$2,500.00 per acre bonus as consideration. If the option is exercised, then the extended term will be considered the primary term as that term is used throughout this oil and gas lease.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

Daniel P. Schuman and Vida K. Schuman Revocable Trust dated 4/15/2014:

  
Daniel P. Schuman  
Co-Trustee

  
Vida K. Schuman  
Co-Trustee

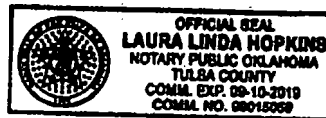
THE STATE OF Oklahoma  
COUNTY OF Tulsa X

Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_ day of \_\_\_\_\_, 2016, personally appeared Daniel P. Schuman and Vida K. Schuman, Trustees of the Daniel P. Schuman and Vida K. Schuman Revocable Trust dated 4/15/2014, known to me to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth, and in their capacity therein stated.

WITNESS my hand and official seal.

  
Notary Public

My Commission Expires: 9-10-2019



When Recorded Mail To:  
MidCon Land Services, LLC  
P.O. Box 31773  
Edmond, OK 73003



## ASSIGNMENT OF OIL AND GAS LEASES

## EXHIBIT 2

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on the dates of the acknowledgments set forth below, to be effective, however, for all purposes, as of the effective dates of the leases listed on Exhibit "A" (the "Effective Date").

**MIDCON LAND SERVICES, LLC**

By: [Signature]  
Name: Jonathan R. Vogel  
Title: Manager

**ENERGEN RESOURCES CORPORATION**

By: [Signature] *CS*  
Name: David W. Bolton  
Title: Vice President-Land

STATE OF COLORADO §  
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on the 21<sup>st</sup> day of September, 2017, by Jonathan R. Vogel, manager of MidCon Land Services, a Limited Liability Company, on behalf of said Limited Liability Company.



[Signature]  
Notary Public, State of Colorado  
My Commission Expires: 4/6/2018

STATE OF ALABAMA §  
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on the 3<sup>rd</sup> day of October, 2017, by David W. Bolton, Vice President-Land of Energen Resources Corporation, an Alabama corporation, on behalf of said corporation.



[Signature]  
Notary Public, State of Alabama  
My Commission Expires: 12/20/2018



# **EXHIBIT "A"**

Attached to and made a part of that certain Assignment of Oil and Gas Leases, by and between MidCon Land Services, LLC, as Assignor, and Energen Resources Corporation, as Assignee.

The following leases are located in Lea County, New Mexico and referred to as the Leases herein:

LESSOR	LESSEE	EFFECTIVE DATE	BOOK	PAGE	SECTION(S)	TOWNSHIP	RANGE	LEGAL
Charlotte W. Schuman and Karlyn S. Doyle, Co-Trustees of the Charlotte W. Schuman Living Trust dated 10/5/1988	MidCon Land Services, LLC	9/2/2016	2069	739	24	T24S	R34E	N/2 NE/4 & S/2 NW/4, W/2 SW/4, SE/4 SW/4 & SW/4 NE/4 OF SECTION 24, TOWNSHIP 24 SOUTH, RANGE 34 EAST
Daniel P. Schuman and Vida K. Schuman, Trustees of the Daniel P. Schuman and Vida K. Schuman Revocable Trust dated 4/15/2014	MidCon Land Services, LLC	9/7/2016	2069	724	24	T24S	R34E	N/2 NE/4 & S/2 NW/4 & W/2 SW/4 & SE/4 SW/4 & SW/4 NE/4 OF SECTION 24, TOWNSHIP 24 SOUTH, RANGE 34 EAST
Daniel P. Schuman and Vida K. Schuman, Trustees of the Daniel P. Schuman and Vida K. Schuman Revocable Trust dated 4/15/2014	MidCon Land Services, LLC	9/7/2016	2069	729	8	T26S	R33E	NE/4 NE/4 & W/2NW/4, NE/4NW/4, NW/4NE/4 OF SECTION 8, TOWNSHIP 26 SOUTH, RANGE 33 EAST
Marc Schuman	MidCon Land Services, LLC	9/7/2016	2069	734	24	T24S	R34E	N/2 NE/4 & S/2 NW/4 & W/2 SW/4 & SE/4 SW/4 & SW/4 NE/4 OF SECTION 24, TOWNSHIP 24 SOUTH, RANGE 34 EAST
Laura E. Hurst, a married woman dealing in her sole and separate property	MidCon Land Services, LLC	1/9/2017	2104	326	14, 15, 22, 23	T23S	R35E	SW/4 SW/4 OF SECTION 14, TOWNSHIP 23 SOUTH RANGE 35 EAST & E/2 SE/4 & NW/4 SE/4 OF SECTION 15, TOWNSHIP 23 SOUTH RANGE 35 EAST & NE/4 NE/4 OF SECTION 22, TOWNSHIP 23 SOUTH, RANGE 35 EAST & NW/4 NE/4 & N/2 NW/4 OF SECTION 23, TOWNSHIP 23 SOUTH, RANGE 35 EAST

## J. Scott Hall

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**From:** Conner Stewart <Conner.Stewart@energen.com>  
**Sent:** Friday, September 22, 2017 8:38 AM  
**To:** 'Matt Solomon'  
**Subject:** RE: Matt Solomon contact

Matt,

Good morning and happy Friday.

This below address is actually for one of the lessors of one of the leases we acquired from Midcon. I assume this is why we never received any sort of well proposal from them. If you could send Energen the well proposals at your earliest convenience it would be much appreciated.

Thank you,  
Conner Stewart  
Landman  
Energen Resources Corporation  
605 Richard Arrington, Jr. Blvd. North  
Birmingham, AL 35203  
Office: (205) 326-8486  
Email: [Conner.Stewart@energen.com](mailto:Conner.Stewart@energen.com)

**ENERGEN.**

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**From:** Matt Solomon [mailto:MSolomon@concho.com]  
**Sent:** Thursday, September 21, 2017 5:37 PM  
**To:** Conner Stewart <Conner.Stewart@energen.com>  
**Subject:** RE: Matt Solomon contact

Hey, no worries.

It was sent to (and signed for) at:

4401 South Lewis Place  
Tulsa OK 74105

**Matt Solomon**-CPL, J.D.  
Sr. Landman, Concho Resources  
432-685-4352 (o)  
832-544-9492 (c)

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**From:** Conner Stewart [mailto:[Conner.Stewart@energen.com](mailto:Conner.Stewart@energen.com)]  
**Sent:** Thursday, September 21, 2017 4:56 PM  
**To:** Matt Solomon  
**Subject:** [External] RE: Matt Solomon contact

Sorry to be a pain, but when you get the chance, will you let me know what address y'all used for MidCon to send the proposals to, please?

Thank you,  
Conner Stewart  
Landman  
Energen Resources Corporation  
605 Richard Arrington, Jr. Blvd. North  
Birmingham, AL 35203  
Office: (205) 326-8486  
Email: [Conner.Stewart@energen.com](mailto:Conner.Stewart@energen.com)

**ENERGEN.**

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**From:** Matt Solomon [<mailto:MSolomon@concho.com>]  
**Sent:** Thursday, September 21, 2017 4:49 PM  
**To:** Conner Stewart <[Conner.Stewart@energen.com](mailto:Conner.Stewart@energen.com)>  
**Subject:** RE: Matt Solomon contact

Cool.

Thanks,

**Matt Solomon**-CPL, J.D.  
Sr. Landman, Concho Resources  
432-685-4352 (o)  
832-544-9492 (c)

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**From:** Conner Stewart [<mailto:Conner.Stewart@energen.com>]  
**Sent:** Thursday, September 21, 2017 4:08 PM  
**To:** Matt Solomon  
**Subject:** [External] RE: Matt Solomon contact

\*\*\*\* External email. Use caution. \*\*\*\*

Thanks, Matt. I will get something put together and over to you.

As for the well proposals, once received from MidCon, I will have my guys evaluate as soon as possible and get you and your team our elections. Obviously we will make this happen before the hearing date on the 12<sup>th</sup>. Just want to ensure that we have an election in place in the event we are unable to get a trade done between now and December.

Thank you,  
Conner Stewart  
Landman  
Energen Resources Corporation  
605 Richard Arrington, Jr. Blvd. North  
Birmingham, AL 35203  
Office: (205) 326-8486  
Email: [Conner.Stewart@energen.com](mailto:Conner.Stewart@energen.com)

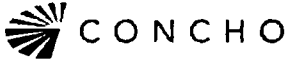


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**From:** Matt Solomon [mailto:MSolomon@concho.com]  
**Sent:** Thursday, September 21, 2017 3:38 PM  
**To:** Conner Stewart <Conner.Stewart@energen.com>  
**Subject:** Matt Solomon contact

**Matt Solomon-CPL, J.D.**  
Sr. Landman, Concho Resources  
432-685-4352 (o)  
832-544-9492 (c)

NOTICE: The information in this email may be confidential and/or privileged. If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this email and its attachments, if any, or the information contained herein, is prohibited. If you have received this email in error, please immediately notify the sender by return email and delete this email from your system. Further, any contract terms proposed or purportedly accepted in this email are not binding and are subject to management's final approval as memorialized in a separate written instrument, excluding electronic correspondence, executed by an authorized representative of COG Operating LLC or its affiliates.



Sept 27, 2017  
~~July 28, 2017~~

US Certified Mail – 91 7199 9991 7038 2013 7634

Energex Resources Corporation  
604 Richard Arrington, Jr. Blvd., North  
Birmingham, AL 3523

**Re: Well Proposal – Baseball Cap Federal Com 26H**  
Sec 24: E/2 W/2 - T24S-R34E  
Sec 25: E/2 W/2 - T24S-R34E  
SHL: 320' FSL/ 1980' FWL, or a legal location in Sec 25 (Unit N)  
BHL: 200' FNL/ 1650' FWL, or a legal location in Sec 24 (Unit C)  
Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the Baseball Cap Federal Com 26H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,840' and a MD of approximately 22,770' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$12,642,018.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers Sec 24: E/2 W/2 - T24S-R34E and Sec 25: E/2 W/2 - T24S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

- 3 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$750 per net acre bonus consideration

The Term Assignment offer terminates October 30, 2017 and is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

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One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701 | P 432 683 7443 | F 432 683 7441

**EXHIBIT 4**

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-4352 or Megan Flanagan at (432) 685-2588.

Respectfully,



Matt Solomon  
Senior Landman

\_\_\_\_\_ I/We hereby elect to participate in the Baseball Cap Federal Com 26H.

\_\_\_\_\_ I/We hereby elect not to participate in the Baseball Cap Federal Com 26H.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_





September 27, 2017

US Certified Mail – 91 7199 9991 7038 20132 7634

Energy Resources Corporation  
605 Richard Arrington, Jr. Blvd. North  
Birmingham, AL 35203

**Re: Well Proposal – Baseball Cap Federal Com 24H**  
Sec 24: W/2 E/2 - T24S-R34E  
Sec 25: W/2 E/2 - T24S-R34E  
SHL: 360' FSL/ 1980' FEL, or a legal location in Sec 25 (Unit O)  
BHL: 200' FNL/ 2310' FEL, or a legal location in Sec 24 (Unit B)  
Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the Baseball Cap Federal Com 24H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 12,912' and a MD of approximately 23,100' to test the Wolfcamp Formation ("Operation"). The total cost of the Operation is estimated to be \$12,246,300.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers Sec 24: W/2 E/2 - T24S-R34E and Sec 25: W/2 E/2 - T24S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

- 3 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$750 per net acre bonus consideration

The Term Assignment offer terminates October 30, 2017 and is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-4352 or Megan Flanagan at (432) 685-2588.

Respectfully,



Matt Solomon  
Senior Landman

\_\_\_\_\_ I/We hereby elect to participate in the Baseball Cap Federal Com 24H.

\_\_\_\_\_ I/We hereby elect not to participate in the Baseball Cap Federal Com 24H.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_