From:

Robert Ready

Sent:

May 07, 2010 7:36 PM

To:

Sam Bradshaw (sbradshaw@triad-energy.com)

Subject: Attachments: Well Proposals-Taylor D 2,3,4,5-Triad Energy-Section 9-T17S-R32E, Lea Co., NM Proposal-Taylor D2,3,4,5-Triad.pdf; OA-Taylor D2,3,4,5 Proposal-COG 5-7-10, AAPL 1989-

macililents.

Individual Loss.pdf

Triad Energy Corporation Attention: Mr. Sam Bradshaw 1616 Voss, Suite 650 Houston, Texas 77057

Dear Mr. Bradshaw,

Our records reflect that Triad Energy Corporation owns a 3.125% unleased mineral interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

CONFIDENTIALITY 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. Thank you.

COG Operating LLC Cases 14490, 14491, 14492 and 14493

From:

Microsoft Exchange

To:

Sam Bradshaw (sbradshaw@triad-energy.com)

Sent:

May 07, 2010 7:40 PM

Subject:

Relayed: Well Proposals-Taylor D 2,3,4,5-Triad Energy-Section 9-T17S-R32E, Lea Co., NM

Delivery to these recipients or distribution lists is complete, but delivery notification was not sent by the destination:

Sam Bradshaw (sbradshaw@triad-energy.com)

Subject: Well Proposals-Taylor D 2,3,4,5-Triad Energy-Section 9-T17S-R32E, Lea Co., NM

Sent by Microsoft Exchange Server 2007

From:

Sam Bradshaw [SBradshaw@triad-energy.com]

To:

Sent:

Robert Ready May 08, 2010 3:40 PM

Subject:

Read: Well Proposals-Taylor D 2,3,4,5-Triad Energy-Section 9-T17S-R32E, Lea Co., NM

Your message was read on Saturday, May 08, 2010 3:40:20 PM (GMT-06:00) Central Time (US & Canada).



May 7, 2010

Sent via Email to 'sbradshaw@triad-energy.com' and Federal Express Airbill # 8709 3258 2642

Triad Energy Corporation Attention: Mr. Sam Bradshaw 1616 Voss, Suite 650 Houston, Texas 77057

RE: Well Proposals - COG Operating LLC ("COG")

- 1) Taylor D #2 well, NW/4 SE/4
- 2) Taylor D #3 well, SW/4 NE/4
- 3) Taylor D #4 well, SE/4 NE/4
- 4) Taylor D #5 well, NE/4 SE/4

All in Section 9-T17S-R32E, NMPM, Lea County, New Mexico

Gentlemen:

COG Operating LLC ("COG") proposes to drill the above-referenced wells vertical tests of the Yeso formation, as follows:

- 1) Taylor D #2 well, NW/4 SE/4, located 1,650' FSL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 2) Taylor D #3 well, SW/4 NE/4, located 2,210' FNL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 3) Taylor D #4 well, SE/4 NE/4, located 2,120' FNL & 475' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 4) Taylor D #5 well I, NE/4 SE/4, located 1,650' FSL & 330' FEL of said Section 9, to be drilled to a total depth of approximately 7,100'.

The total estimated cost of each of the subject wells is \$1,650,000 which is described in more detail in the enclosed Authority for Expenditure ("AFE") for each well, attached to and made a part of this proposal. If you choose to participate in any or all of the wells, please evidence the same by signing, dating and returning to the undersigned the AFE that corresponds to the well(s) in which you choose to participate. For your convenience, you may return AFEs to me by mail to the letterhead address, by fax to (432) 686-3000, or by email to 'rready@conchoresources.com'. A copy of COG's proposed form of operating agreement for the subject wells is also enclosed.

If you choose not to participate in the proposed wells, we will be glad to consider alternatives. Please feel free to contact me about this matter at phone (432) 685-4345 or by email to 'rready@conchoresources.com'.

Sincerely,

COG Operating LLC

Senior Landman

Enclosures: AFEs (4)

Operating Agreement

OCATION: Section 9-T17S-R32E, NMPM OOTAGE: 1650' FSL & 1650' FEL		OBJECTIV		ATE: Lea County, NM Yeso test (4 Fracs) 700	00'
NTANGIBLE COSTS		ВСР		ACP	TOTAL
tle/Curative/Permit	201	4,000		<u>AOI</u>	
Surance	202	3,800	302		3,8
		3,000			3,8
mages/Right of Way	203		303		
rvey/Stake Location	204	2,500	304		2,
cation/Pits/Road Expense	205	30,000	305	5,000	35,0
illing / Completion Overhead	206	2,500	306	2,000	4,5
mkey Contract	207		307		
otage Contract	208		308		
ywork Contract	209	175,000	309		175,0
ectional Drilling Services	210		310		
el & Power	211	28,800	311	1,000	20.5
aler			312		
s	212	14,000		32,000	46,0
	213	24,000	313	500	24.5
d & Chemicals	214	7,000	314		7,0
il Stem Test	215		315		
ring & Analysis	216				
ement Surface	217	15,500			15,5
ment Intermediate #1	218	16,400			16,4
ment Intermediate #2					
ment Production			319	30,000	30,0
ment Squeeze	220		320		
at Equipment & Centralizers	221	2,500	321	2,000	4,5
sing Crews & Equipment	222	4,000	322	5,500	9,9
hing Tools & Service	223	.,,,,,,,,	323		
ologic/Engineering	224		324		
orogic/Engineering	225	3,000	325	10,000	40.0
		3,000		10,00	13,0
mpany Supervision	226	40.000	326	F 000	
entract Supervision	227	12,000	327	5,000	17,0
sting Casing/Tubing	228	1,800	328	2,200	4,0
ud Logging Unit	229	6,000	329		6,0
gging	230	15,000	330		15,0
rforating/Wireline Services	231		331	24,000	24,0
mulation/Treating (4 fracs)			332	369,000	369,0
impletion Unit			333	20,000	20,0
vabbing Unit			334		
entals-Surface	235	5,000	335	36,000	41,0
entals-Subsurface	236	26,000	336	10,000	36,0
ucking/Forklift/Rig Mobilization	237	40,000	337	8,000	48,0
elding Services	238	2,000	338	1,000	3,0
	239	500	339	3,000	3,5
ater Disposal		- 300	340	3,000	
ug to Abandon	240				
sismic Analysis	241		341		
osed Loop & Environmental	244	100,000	344		100,0
scellaneous	242		342		
entingency 5%	243	27,065	343	28,310	55,3
TOTAL INTANGIBLES		569,000		595,000	1,163,0
ANGIBLE COSTS					
uface Casing	401	31,200			31,3
ermediate Casing #1	402	75,300			75,3
ermediate Casing #2					
oduction Casing/Liner			503	154,000	154,0
bing			504	49,000	49,0
elthead Equipment	406	6,000	505	3,000	9,0
mping Unit	403	- 0,000	506	87,500	87.
				87,300	- 07,0
me Mover			507	24 246	
ods			508	21,376	21,
mps			509	4,500	4,
nks		····	510	3,000	3,
owlines			511	5,000	5,1
eater Treater/Separator			512	3,000	3,0
ectrical System			513	10,000	10,0
ckers/Anchors/Hangers	414		514	900	
ouplings/Fittings/Valves	415		515	7,000	7,
as Compressors/Meters			516		
hydrator			517		
ection Plant/CO2 Equipment			518		
scellaneous	419	500	519	500	1,
	420	5,700			
ontingency 5%	720		520	18,600	24,
TOTAL TANGIBLES		118,700		367,376	486,
TOTAL WELL COSTS		688,000		963,000	1,650,
DG Operating LLC					
r: Erick W. Nelson		Date Prepared:		5/7/10	
e approve:		This AFE is only an of the actual costs in		ate. By signing you agree to	pay your share
ompany:		_			
<i>y</i> :					
-		_			
inled Name:		-			

WELL NAME: Taylor D #3	PROSPECT NAME: Maljamar (Lowe) Prospect
LOCATION: Section 9-T17S-R32E, NMPM	COUNTY & STATE: Lea County, NM
FOOTAGE: 2210' FNL & 1650' FEL	OBJECTIVE: Yeso test (4 Fracs) 7000'

FOOTAGE: 2210' FNL & 1650' FEL		OBJECTIV	E:	Yeso test (4 Fracs) 7000'	
INTANCIDI E COSTS		DCD		ACD	70741
INTANGIBLE COSTS Title/Curative/Permit	204	BCP		<u>ACP</u>	TOTAL
Insurance	201 202	3,800	302		4,000 3,800
Damages/Right of Way	203	0,000	303		0
Survey/Stake Location	204	2,500	304		2,500
Location/Pits/Road Expense	205	30,000	305	5,000	35,000
Drilling / Completion Overhead	206	2,500	306	2,000	4,500
Turnkey Contract	207		307		0
Footage Contract Daywork Contract	208 209	175,000	308 309		175,000
Directional Drilling Services	210	170,000	310		0
Fuel & Power	211	28,800	311	1,000	29,800
Water	212	14,000	312	32,000	46,000
Bits	213	24,000	313	500	24,500
Mud & Chemicals Drill Stem Test	214 215	7,000	314 315		7,000
Coring & Analysis	216		313		- 0
Cement Surface	217	15,500			15,500
Cement Intermediate #1	218	16,400			16,400
Coment Intermediate #2			240	20.000	30,000
Cement Production Cement Squeeze	220		319 320	30,000	30,000
Float Equipment & Centralizers	221	2,500	321	2,000	4,500
Casing Crews & Equipment	222	4,000	322	5,500	9,500
Fishing Tools & Service	223		323		. 0
Geologic/Engineering	224		324		0
Contract Labor Company Supervision	225 226	3.000	325 326	10,000	13,000
Contract Supervision	227	12,000	327	5,000	17,000
Testing Casing/Tubing	228	1,800	328	2,200	4,000
Mud Logging Unit	229	6,000	329		6,000
Logging	230	15,000	330		15,000
Perforating/Wireline Services	231		331	24,000	24,000
Stimulation/Treating (4 fracs) Completion Unit			332 333	369,000 20,000	369,000 20,000
Swabbing Unit			334	25,000	0
Rentals-Surface	235	5,000	335	36,000	41,000
Rentals-Subsurface	236	26,000	336	10,000	36,000
Trucking/Forklift/Rig Mobilization	237 238	40,000	337	8,000	48,000 3,000
Welding Services Water Disposal	239	2,000	338 339	3,000	3,500
Plug to Abendon	240		340		0
Selsmic Analysis	241		341		0
Closed Loop & Environmental	244	100,000	344		100,000
Miscellaneous Contingency 5%	242 243	27,065	342 343	28,310	55,375
TOTAL INTANGIBLES	243	569,000	343	595,000	1,163,000
TANGIBLE COSTS					•
Surface Casing	401	31,200			31,200
Intermediate Casing #1 Intermediate Casing #2	402	75,300			75,300 0
Production Casing/Liner			50 3	154,000	154,000
Tubing			504	49,000	49,000
Wellhead Equipment	405	6,000	505	3,000	9,000
Pumping Unit			506	87,500	87,500
Prime Mover Rods			507 508	21,376	21,376
Pumps			509	4,500	4,500
Tanks			510	3,000	3,000
Flowlines			511	5,000	5,000
Heater Treater/Separator			512	3,000	10,000
Electrical System Packers/Anchors/Hangers	414		513 514	900	900
Couplings/Fittings/Valves	415		515	7,000	7,000
Gas Compressors/Meters			516		0
Dehydrator			517		0
Injection Plant/CO2 Equipment	440		518	500	0
Miscellaneous Contingency 5%	419 420	5,700	519 520	500 18,600	1,000 24,300
TOTAL TANGIBLES		118,700	020	367,376	486,076
TOTAL WELL COSTS		688,000		963,000	1,650,000
COG Operating LLC		Date B		rm40	
By: Erick W. Nelson		Date Prepared:		5/7/10	
We approve:		This AFE is only an	estim	ate. By signing you agree to pay y	our share
• • • • • • • • • • • • • • • • • • • •		of the actual costs in			
Company:		_			

By: Printed Name: Title: Date:

OCATION: Section 9-T17S-R32E, NMPN OOTAGE: 2120' FNL & 475' FEL	1	OBJECTIVE		ATE: Lea County, NM Yeso test (4 Fracs) 700	00'
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rill Stern Test	_ 215 .		315		
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ud Logging Unit	229	6,000	329		6,0
gging	230	15,000	330		15,0
erforating/Wireline Services	231		331	24,000	24,0
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osed Loop & Environmental	244	100,000	344		100,0
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TOTAL INTANGIBLES	_	569,000		595,000	1,163,0
ANGIBLE COSTS					
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ermediate Casing #1	402	75,300			75,3
termediate Casing #2				<u>-</u>	
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ibing			504	49,000	49,0
ellhead Equipment	_ 405	6,000	505	3,000	9,0
mping Unit	_		506	87,500	87,5
ime Mover	_		507		
ods	_		508	21,376	21,3
imps	_		509	4,500	4,5
nks	_		510	3,000	3,0
owlines	_		511	5,000	5,0
eater Treater/Separator	_		512	3,000	3,0
ectrical System	_		513	10,000	10,0
ackers/Anchors/Hangers	414		514	900	9
ouplings/Filtings/Valves	415		515	7,000	7,0
as Compressors/Meters	_		516		
ehydrator	_		517		
ection Plant/CO2 Equipment	_		518		
scellaneous	419	500	519	500	1,0
ontingency 5%	420	5,700	520	18,600	24,3
TOTAL TANGIBLES	_	118,700		367,376	486,0
TOTAL WELL COSTS	_	688,000		963,000	1,650,0
OG Operating LLC					
	_	Date Prepared:		5/7/10	
y: Erick W. Nelson				ata Dusimina unu acces to	nav vour share
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y: Erick W. Nelson	. . .	-			,,

COOTAGE: 1650' FSL & 330' FEL OE	4,000 3,800 2,500 30,000 2,500 175,000 28,800 14,000 24,000 7,000 15,500 16,400 1,20	302 _ 303 _ 304 _ 305 _ 306 _ 307 _ 308 _ 311 _ 311 _ 312 _ 313 _ 314 _ 315 _ 321 _ 322 _ 323 _ 324 _ 322 _ 323 _ 324 _ 325 _ 326 _ 327 _ 328 _ 326 _ 327 _ 328 _	4CP 5,000 2,000 1,000 32,000 500 30,000 500 10,000 5,000 2,200	101A
Internation	4,000 3,800 2,500 30,000 2,500 175,000 28,800 14,000 24,000 7,000 15,500 16,400 1,20	303	30,000 2,000 1,000 32,000 500 30,000 2,000 5,500 10,000	
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Surance 202 Samages/Right of Way 203 Survey/Stake Location 204 Control 205 Survey/Stake Location 204 Control 206 Control 206 Control 206 Control 207 Contage Contract 208 Survey/Stake Location 207 Cotage Contract 208 Survey/Stake Location 209 Cotage Contract 201 Cotage Cotage Contract 201 Cotage Cot	3,800 2,500 30,000 2,500 28,800 14,000 7,000 16,400 4,000 1,000	303	30,000 30,000 30,000 5,500 10,000	
Parmages/Fight of Way 203	2,500 30,000 2,500 2,500 175,000 28,800 14,000 24,000 7,000 16,400 16,400 3,000 12,000 1,000 15,000 15,000 15,000 40,000	303	30,000 30,000 30,000 5,500 10,000	
Content Cont	30,000 2,500 2,500 28,800 14,000 24,000 7,000 15,500 16,400 2,500 4,000 12,000 1,000 15,000 15,000 4,000 4,000	304	30,000 30,000 30,000 5,500 10,000	
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initing / Completion Overhead 206 unkey Contract 207 coolage Contract 207 coolage Contract 208 litectional Drilling Services 210 used & Power 211 used & Power	2,500 28,800 14,000 24,000 7,000 15,500 16,400 2,500 4,000 1,000 15,000 15,000 15,000 4,000 4,000	306	30,000 30,000 30,000 5,500 10,000	
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Desynonk Contract 209	28,800 14,000 24,000 7,000 15,500 16,400 2,500 4,000 12,000 15,000 15,000 5,000 40,000	309	32,000 500 30,000 2,000 5,500 10,000	
Sirectional Drilling Services	28,800 14,000 24,000 7,000 15,500 16,400 2,500 4,000 12,000 15,000 15,000 5,000 40,000	310	32,000 500 30,000 2,000 5,500 10,000	
Level & Power 211 212 213 214 214 215 213 214 215 215 215 215 215 215 215 215 215 215 216 217 218	14,000 24,000 7,000 15,500 16,400 2,500 4,000 12,000 15,000 15,000 4,000 40,000	311	32,000 500 30,000 2,000 5,500 10,000	
Valer 212 213 214 215 213 214 214 215 21	14,000 24,000 7,000 15,500 16,400 2,500 4,000 12,000 15,000 15,000 4,000 40,000	312	32,000 500 30,000 2,000 5,500 10,000	
State Stat	24,000 7,000 15,500 16,400 2,500 4,000 1,800 15,000 15,000 5,000 40,000	313	30,000 2,000 5,500 10,000	
### Analysis	7,000 15,500 16,400 2,500 4,000 3,000 12,000 1,800 6,000 15,000 5,000 40,000	314	30,000 2,000 5,500 10,000 5,000	
Stem Test	15,500 16,400 2,500 4,000 3,000 12,000 1,800 6,000 15,000 26,000 40,000	315 — 319 — 320 — 321 — 322 — 325 — 325 — 326 — 327 — 328 — 329 — 330 — 331 — 332 — 333 —	2,000 5,500 10,000 5,000	
Coring & Analysis 216	2,500 4,000 3,000 12,000 1,800 6,000 15,000 5,000 40,000	319 — 320 — 321 — 323 — 324 — 325 — 326 — 327 — 328 — 329 — 330 — 331 — 332 — 333 —	2,000 5,500 10,000 5,000	
ement Surface 217 ement Intermediate #1 218 ement Intermediate #2 ement Production ement Squeeze 220 loat Equipment & Centralizers 221 lazsing Crews & Equipment 222 lishing Tools & Service 223 leotogic/Engineering 224 contract Labor 225 company Supervision 226 contract Supervision 227 esting Casing/Tubling 228 load Logging Unit 229 logging Unit 229 logging Unit 230 lompletion Unit 235 lompletion Unit 237 load Disposal 230 load Log & Environmental 237 load Log & Environmental 240 lesting Caning/Forklift/Rig Mobilization 237 load Log & Environmental 244 load Log & Environmental 245 load Log & Environmental 246 load Log & Environmental 247 load Log & Environmental 247 load Log & Environmental 248 load Log & Environmental 249 load Log & Environmental 240 load Log	2,500 4,000 3,000 12,000 1,800 6,000 15,000 5,000 40,000	320	2,000 5,500 10,000 5,000	
cement Intermediate #1 cement Intermediate #2 cement Production cement Production cement Squeeze loat Equipment & Centralizers casing Crews & Equipment casing Crews & Equi	2,500 4,000 3,000 12,000 1,800 6,000 15,000 5,000 40,000	320	2,000 5,500 10,000 5,000	
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Flowlines		510	3,000	
Electrical System		511	5,000	
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From:

Robert Ready

Sent:

May 11, 2010 5:13 PM

To:

J. N. Wall (jwall@triad-energy.com)

Subject:

RE: Kiska, Triad, Presbyterian Pan American Mineral Interest

Attachments:

Assing RI-Triad to Presb Pan Am-B521, P12.pdf

Attached is a copy of the assignment from Triad to Presbyterian. I read it to be limited to the interval between the surface and the base of the Lovington Sand. The objective formations in the Taylor D wells are below the Lovington Sand, so it doesn't appear that the Presbyterian interest is involved.

J. Robert Ready COG OPERATING LLC

From: Robert Ready Sent: May 11, 2010 3:24

To: J. N. Wall (jwall@triad-energy.com)

Subject: Kiska, Triad, Presbyterian Pan American Mineral Interest

J.N.,

Thanks for taking the time to visit with me about the Kiska, Triad, Presbyterian Pan American mineral interest in S/2 NE/4 and N/2 SE/4 of 9-T17S-R32E, Lea Co., NM. Below is reference to the Presbyterian Pan American conveyance. A copy has been requested from the county records and I will send it to you when available. If by chance it is in your files, please send a copy to me.

 Assignment of Royalty Interest filed 12/12/1989, from Triad Energy Corp. to Presbyterian Pan American School, Book 525, Page 12, Miscellaneous Records.

With regard to the proposals of the Taylor D #2, #3, #4 and #5 wells, COG plans to file application for compulsory pooling of uncommitted interests in the spacing units for the wells before the New Mexico Oil Conservation Division. The application will be filed soon and you should receive notice of the same later this week. We will be glad to work with you toward a voluntary agreement prior to the pooling, but due to contractual obligations we must spud a well soon and will use the pooling to tie up uncommitted interests.

Your help is appreciated. I look forward to seeing how this comes out among the Bradshaw's and Presbyterian. Do not hesitate to contact me with questions or comments about this mineral interest.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From:

Robert Ready

Sent:

June 03, 2010 11:24 AM

To:

J. N. Wall (jwall@triad-energy.com)

Subject:

RE: Oil and Gas Lease Offer-S/2NE/4, N/2 SE/4 Section 9-T17S-R32E, Lea Co., NM

Please note that the lease contains pugh and depth release, subject to 180 day continuous development (para. 12). Do not hesitate to contact me to discuss the form or terms.

J. Robert Ready COG OPERATING LLC

From: Robert Ready Sent: June 03, 2010 11:21

To: J. N. Wall (jwall@triad-energy.com)

Subject: Oil and Gas Lease Offer-S/2NE/4, N/2 SE/4 Section 9-T17S-R32E, Lea Co., NM

Triad Energy Corporation Attn: Mr. J. N. Wall 1616 Voss, Suite 650 Houston, TX 77057

Dear Mr. Wall,

In connection with our earlier communications, to address the Kiska Oil Company lease issue, COG Operating LLC hereby offers \$250 per net mineral acre to purchase an oil and gas lease covering the 5 net mineral acre interest of Triad in the lands described below, using the attached form, with 3 year primary term and 1/4 royalty.

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

Please review this offer and contact me with your questions or acceptance. Should you agree to the offer, please provide any additional information needed to complete the signature block and acknowledgment for Triad in the oil and gas lease. I will then complete the lease and return it to you for execution. After it has been executed, you can fax the executed document to me and I will send a company check to you in payment of the \$1,250 bonus consideration, in exchange for the original lease.

Thank you for Triad's cooperation and consideration in this matter.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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From:

Robert Ready

Sent:

June 08, 2010 11:04 PM

To:

'JN Wall'

Subject:

RE: Oil and Gas Lease Offer-S/2NE/4, N/2 SE/4 Section 9-T17S-R32E, Lea Co., NM

Attachments:

Triad Energy OGL-Taylor D Lease.pdf

Mr. Wall,

Attached is the previously submitted form of oil and gas lease, styled for execution as instructed in your message below. COG agrees to provide well information to Triad for wells located on the subject lands, and your sense that we prefer to make that agreement under a side letter is correct. Please provide a your well information requirements, with delivery instructions, and we will prepare a side letter to provide for the same.

If the lease is acceptable, please print the attached lease, have it executed by Triad (signature acknowledged), and fax a copy of the same to me at the number below. Upon receipt of the executed copy, we will exchange COG company check in the amount of \$1,250 for the original lease. In anticipation of your agreement to these terms, I have requested that a check to Triad be prepared and it should be available this Friday, 6/11.

Please be advised that COG will proceed with the compulsory pooling hearing on 6/10 and will honor our offer to lease the Triad interest after the hearing. Should you have questions about this matter, do not he sitate to contact me.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

CONFIDENTIALITY 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. Thank you.

From: JN Wall [mailto:JWall@triad-energy.com]

Sent: June 03, 2010 4:04

To: Robert Ready

Subject: RE: Oil and Gas Lease Offer-S/2NE/4, N/2 SE/4 Section 9-T17S-R32E, Lea Co., NM

Since our interest is so small and we own none of the surface rights, I recommended to Mr. Bradshaw that we not put all our normal addendum terms on this lease. He concurred except we would like to have well information and copies of logs. I assume we can cover this provision in a side letter and you want to leave the lease form intact. As for the signature block, please go ahead and prepare for S.K. Bradshaw, President for execution. For your accounting purposes, Triad's TIN is 76-0039723.

J.N. Wall

Vice President - Land Triad Energy Corporation