From:

Robert Ready

Sent:

May 07, 2010 7:03 PM

To:

Stubbs, Kevin C

Subject:

Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Attachments:

Proposal-Taylor D2,3,4,5-Chevron.pdf; OA-Taylor D2,3,4,5 Proposal-COG 5-7-10, AAPL 1989-

Individual Loss.pdf

Chevron Oil Company, Chevron U.S.A. Inc.

Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150 Houston, Texas 77002

Dear Mr. Stubbs,

As previously communicated, our records reflect that Chevron owns a 3.125% leasehold 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:

Stubbs, Kevin C [KevinStubbs@chevron.com]

To:

Sent:

Robert Ready May 10, 2010 1:37 PM

Subject:

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

Your message was read on Monday, May 10, 2010 1:37:21 PM (GMT-06:00) Central Time (US & Canada).



May 7, 2010

Sent via Email to 'KevinStubbs@chevron.com' and Federal Express Airbill # 8709 3258 2675

Chevron Oil Company, Chevron U.S.A. Inc.

Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150

Houston, Texas 77002

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'.
- 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 l, 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** 

J. Robert Ready Senior Landman

Enclosures:

AFEs (4)

Operating Agreement

WELL NAME: Taylor D #2 LOCATION: Section 9-T17S-R32E, NMPM		COUNTY 8	ST	AME: Maljamar (Lowe) Prospect ATE: Lea County, NM		
FOOTAGE: 1650' FSL & 1650' FEL		OBJECTIVE:		Yeso test (4 Fracs) 700	<u>0'</u>	
NTANOIDI E COSTO		DOD		A C D	T0741	
NTANGIBLE COSTS	204	BCP		<u>ACP</u>	TOTAL	
Ttle/Curative/Permit	201	4,000			4,0	
nsurance	202	3,800	302		3,8	
amages/Right of Way	203		303			
urvey/Stake Location	204	2,500	304		2,5	
ocation/Pits/Road Expense	205	30,000	305	5,000	35,0	
Prilling / Completion Overhead	206	2,500	306	2,000	4,	
umkey Contract	207		307			
ootage Contract	208	475.000	308			
aywork Contract	209	175,000	309		175,0	
irectional Drilling Services	210		310			
uel & Power	211	28,800	311	1,000	29,8	
Valer	212	14,000	312	32,000	46,0	
ills	213	24,000	313	500	24,	
tud & Chemicals	214 215	7,000	314	<del></del>	7.0	
Orill Stern Test			315			
Coring & Analysis	216	46.600			46.6	
Cement Surface	217	15,500			15,5	
ement Intermediate #1	218	16,400			16,4	
Fernant Intermediate #2			~~	20.000		
Cement Production	220		319	30,000	30,0	
ement Squeeze	220	2 500	320	2.000		
loat Equipment & Centralizers	221 222	2,500	321 322	2,000	4,5	
asing Crews & Equipment	223	4,000	322	5,500	9,8	
ishing Tools & Service	223		323	<del></del>		
Geologic/Engineering Contract Labor	225	3,000	325	10,000	13.0	
ontract Labor ompany Supervision	226	3,000	325	10,000	13,0	
	227	12,000		5,000	47.0	
contract Supervision esting Casing/Tubing	228	1,800	327 328		4,0	
fud Logging Unit	229		329	2,200	6.0	
	230	6,000 15,000	330	<del></del>		
ogging		15,000		24.000	15,0	
erforating/Wireline Services	231		331	24,000	24,0	
timulation/Treating (4 fracs)			332	369,000	369,0	
ompletion Unit			333	20,000	20,0	
Swabbing Unit Rentals-Surface	235	F 000	334 335	26 000	44.6	
	236	5,000	336	36,000	41,0	
rucking/Forklift/Rig Mobilization	237	26,000	337	10,000 8,000	36,0 48,0	
	238		338			
Velding Services	239	2,000	339	1,000	3,0	
Vater Disposal	240		340	3,000	3,:	
eliug to Abandon elismic Analysis	241	<del></del>	341			
Closed Loop & Environmental	244	100,000	344		100,0	
Aiscellaneous	242	100,000	342		100,0	
Contingency 5%	243	27,065	343	28.310	55.3	
TOTAL INTANGIBLES	243	569,000	343	595,000	1,163,0	
TOTAL INTANSIBLES		303,000		393,000	1,103,0	
ANCIDI E CORTO						
ANGIBLE COSTS	404					
surface Casing	401	31,200			31,2	
ntermediate Casing #1	402	75,300			75,3	
termediate Casing #2		<del></del>		454500		
roduction Casing/Liner			503	154,000	154,0	
ubing	40.5	0.000	504	49,000	49,0	
Velihead Equipment Tumping Unit	405	6,000	505	3,000	87.5	
			506	87,500	07,0	
rime Mover			507	21 220	21,3	
umps		<del></del>	508	21,376 4,500	4,5	
anks			509	3,000	3,0	
			510			
leater Treater/Separator			511	5,000	5,0	
		<del></del>	512	3,000	3,0 10,0	
lectrical System	414		513 514	10,000		
ackers/Anchors/Hangers ouplings/Fittings/Valves	415		515	7,000	7,0	
	410			F,008		
as Compressors/Meters			516			
ehydrator		<del></del>	517 518			
njection Plant/CO2 Equipment	419		518		1,0	
discellaneous	420	500	519 520	18 600	24,3	
ontingency 5%	₩ZU	5,700	520	18,600		
TOTAL TANGIBLES		118,700		367,376	486,0 1,650,0	
TOTAL WELL COSTS		688,000		963,000	1,050,0	
OG Chambias II C						
COG Operating LLC		Data Democradi		EITHA		
y: Erick W. Nelson		Date Prepared:		5/7/10		
le approve:				ate. By signing you agree to pa	y your share	
ompany:		of the actual costs in	CUITE	u.		
y-						
y: inted Name:		-				

OOTAGE: 2210' FNL & 1650' FEL  NTANGIBLE COSTS  ille/Curative/Permit Isurance		OBJECTIV		Yeso test (4 Fracs) 7000	
itle/Curative/Permit		non		ACD	
		BCP		<u>ACP</u>	TOTAL
isurance	201	4,000	202		4,00
	202	3,800	302		3,80
amages/Right of Way	203		303		
urvey/Stake Location	204	2,500	304	<u> </u>	2,50
ocation/Pits/Road Expense	205	30,000	305 306	5,000	35,00
rilling / Completion Overhead	206 207	2,500	307	2,000	4,50
umkey Contract ootage Contract	207		308		<del></del>
	209	175,000	309		175.00
Naywork Contract	210	170,000	310		175,00
elrectional Drilling Services	- 210 211	28,800	311	1,000	29,80
Vater	212	14,000	312	32,000	46,0
its	213	24,000	313	500	24,5
fud & Chemicals	214	7,000	314		7,00
orlii Stem Test	215	7,000	315		-,,0,
oring & Analysis	216		313		
ement Surface	217	15,500			15,50
ement Intermediate #1	218	16,400			16,40
ement Intermediate #2	0	- 10,100			
ement Production	•		319	30,000	30,00
ement Squeeze	220		320		
loat Equipment & Centralizers	221	2,500	321	2,000	4,50
asing Crews & Equipment	222	4,000	322	5,500	9,5
ishing Tools & Service	223		323		
Seologic/Engineering	224		324		
Contract Labor	225	3,000	325	10,000	13,00
ompany Supervision	226		326		
Contract Supervision	227	12,000	327	5,000	17,00
esting Casing/Tubing	228	1,800	328	2,200	4,00
fud Logging Unit	229	6,000	329		6,00
ogging	230	15,000	330		15,00
erforating/Wireline Services	231		331	24,000	24,00
timulation/Treating (4 fracs)	_		332	369,000	369,00
ompletion Unit	_		333	20,000	20,00
wabbing Unit	_		334		
Rentals-Surface	235	5,000	335	36,000	41,00
tentals-Subsurface	236	26,000	336	10,000	36,00
rucking/Forklift/Rig Mobilization	237	40,000	337	8,000	48,00
Velding Services	238	2,000	338	1,000	3,00
Valer Disposal	239	500	339	3,000	3,50
lug to Abandon	240		340		
elsmic Analysis	241	400,000	341	<del></del>	400.00
Closed Loop & Environmental	- 244 242	100,000	344 342	<del></del> -	100,00
Assellaneous	- 242 243	27,065	343	28,310	55,37
contingency 5% TOTAL INTANGIBLES	. 243	569,000	343	595,000	1,163,00
TOTAL INTANGIBLES	•	505,000		383,000	1,100,00
ANGIBLE COSTS					
Surface Casing	401	31,200			31,20
ntermediate Casing #1	402	75,300			75,30
hlermediate Casing #2				<del></del>	
roduction Casing/Liner	-		503	154,000	154,00
ubing	-		504	49,000	49,00
Vellhead Equipment	405	6,000	505	3,000	9,0
rumping Unit	-		506	87,500	87,5
rime Mover	-		507		
Rods	-		508	21,376	21,3
umps	<u>-</u>		509	4,500	4.5
anks	_		510	3,000	3,0
lowlines	_		511	5,000	5,0
leater Treater/Separator	_		512	3,000	3,0
lectrical System	_		513	10,000	10,0
ackers/Anchors/Hangers	414		514	900	9
Couplings/Fittings/Valves	415		515	7,000	7,0
es Compressors/Meters	_		516		
Pehydrator	_		517		
njection Plant/CO2 Equipment	-		518	<del></del>	
Aiscellaneous	419	500	519	500	1,0
Contingency 5%	420	5,700	520	18,600	24,3
	_	118,700		367,376	486,0
TOTAL TANGIBLES		688,000		963,000	1,650,0
	-				
TOTAL TANGIBLES TOTAL WELL COSTS	-				
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC	-			<i>2</i> =	
TOTAL TANGIBLES TOTAL WELL COSTS	_	Date Prepared:		5/7/10	
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC By: Erick W. Nelson	-				
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC	-	This AFE is only an		ate. By signing you agree to pa	ıy your share
TOTAL TANGIBLES TOTAL WELL COSTS  OG Operating LLC y: Erick W. Nelson	-			ate. By signing you agree to pa	ny your share

WELL NAME: Taylor D #4				ME: Maljamar (Lowe)	
LOCATION: Section 9-T17S-R32E, NMPM FOOTAGE: 2120' FNL & 475' FEL		OBJECTIVE		Yeso test (4 Fracs) 70	
TOOMOL. 2720 THE U 470 TEL		OBJECTIV	<u>-</u> -	Teso lest (4 Flacs) /	
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	4,000			4,000
Insurance	202	3,800	302		3,800
Damages/Right of Way	203		303		0
Survey/Stake Location	204	2,500	304		2,500
Location/Pits/Road Expense Drilling / Completion Overhead	205 206	30,000	305	5,000	35,000
Turnkey Contract	207	2,500	306 307	2,000	4,500
Footage Contract	208		308		
Daywork Contract	209	175,000	309		175,000
Directional Drilling Services	210		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 Yest	214 215	7,000	314 315		7,000
Coring & Analysis	216		010		
Cement Surface	217	15,500			15,500
Cement Intermediate #1	218	16,400			16,400
Cement Intermediate #2					0
Cement Production	226		319	30,000	30,000
Cement Squeeze Float Equipment & Centralizers	220 221	2,500	320 321	2,000	4,500
Casing Crews & Equipment	222	4,000	322	5,500	9,500
Fishing Tools & Service	223		323	0,000	9,500
Geologic/Engineering	224		324		0
Contract Labor	225	3,000	325	10,000	13,000
Company Supervision	226		326		0
Contract Supervision	227 228	12,000	327	5,000	17,000
Testing Casing/Tubing Mud Logging Unit	229	1,800 6,000	328 329	2,200	4,000
Logging	230	15,000	330		15,000
Perforating/Wireline Services	231	10,000	331	24,000	24,000
Stimulation/Treating (4 fracs)			332	369,000	369,000
Completion Unit			333	20,000	20,000
Swabbing Unit			334		0
Rentals-Surface Rentals-Subsurface	235 236	5,000 26,000	335 336	36,000 10,000	41,000 36,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	8,000	48,000
Welding Services	238	2,000	338	1,000	3,000
Water Disposal	239	500	339	3,000	3,500
Plug to Abandon	240		340		0
Seismic Analysis	241		341		0
Closed Loop & Environmental	244 242	100,000	344		100,000
Miscellaneous Contingency 5%	242	27,065	342 343	28,310	55,375
TOTAL INTANGIBLES	270	569,000	343	595,000	1,163,000
				000,000	.,
TANGIBLE COSTS					
Surface Casing	401	31,200			31,200
Intermediate Casing #1	402	75,300			75,300
Intermediate Casing #2				154.000	154,000
Production Casing/Liner Tubing			503 504	154,000 49,000	49,000
Wellhead Equipment	405	6.000	505	3,000	9,000
Pumping Unit			506	87,500	87,500
Prime Mover			507		0
Rods			508	21,376	21,376
Pumps			509	4,500	4,500 3,000
Tanks Flowlines			510 511	3,000	5,000
Heater Treater/Separator			512	3,000	3,000
Electrical System			513	10,000	10,000
Packers/Anchors/Hangers	414		514	900	900
Couplings/Fittings/Valves	415		515	7,000	7,000
Gas Compressors/Meters			516		0
Dehydrator			517		0
Injection Plant/CO2 Equipment	419	500	518 519	500	1,000
Miscellaneous Contingency 5%	420	5,700	520	18,600	24,300
TOTAL TANGIBLES		118,700		367,376	486,076
TOTAL WELL COSTS		688,000		963,000	1,650,000
COG Operating LLC		D. L. D.			
By: Erick W. Nelson		Date Prepared:		5/7/10	
We approve:				ate. By signing you agree to	pay your share
Company:		of the actual costs in	ICUITE	u.	
Par.					
By: Printed Name:		<del>-</del>			
Title:					
Date:		<del>-</del>			

LOCATION: Section 9-T17S-R32E, NMPM FOOTAGE: 1650' FSL & 330' FEL		COUNTY & OBJECTIVE		Yeso test (4 Fracs) 7100'	
001710E. 1000 1 0E 0 000 1 EE		OBJECTIVE	<del>-</del>	reso test (4 Flacs) 7 100	
NTANGIBLE COSTS		BCP		<u>ACP</u>	TOTAL.
itle/Curative/Permit	201	4,000			4,0
surance	202	3,800	302		3,8
amages/Right of Way	203		303		
rvey/Stake Location	204	2,500	304		2.9
cation/Pits/Road Expense rilling / Completion Overhead	205 206	30,000	305	5,000	35,0
urnkey Contract	207	2,500	306 307	2,000	4,9
oolage Contract	208		308		
aywork Contract	209	175,000	309		175,0
irectional Drilling Services	210		310		
uel & Power	211	28,800	311	1,000	29,0
/ater	212	14,000	312	32,000	46,0
its	213	24,000	313	500	24,
lud & Chemicals	214	7,000	314		7,0
rill Stem Test	215		315		
oring & Analysis	216	45.500			45.0
ement Surface ement Intermediate #1	217 218	15,500			15,0
ement Intermediate #2	210	16,400			16,4
ement Production			319	30,000	30,0
ement Squeeze	220		320		
oat Equipment & Centralizers	221	2,500	321	2,000	4,
asing Crews & Equipment	222	4,000	322	5,500	9,
shing Tools & Service	223		323		
eologic/Engineering	224		324		
ontract Labor	225	3,000	325	10,000	13,
ompany Supervision	226		326		
contract Supervision esting Casing/Tubing	227 228	12,000	327 328	5,000	17,0
lud Logging Unit	229	6,000	329	2,200	6,
ogging Chili	230	15,000	330		15.0
erforating/Wireline Services	231	10,000	331	24,000	24,0
timulation/Treating (4 fracs)			332	369,000	369,
ompletion Unit			333	20,000	20,
wabbing Unit			334		
entals-Surface	235	5,000	335	36,000	41,
entals-Subsurface	236	26,000	336	10,000	36,
rucking/Forklift/Rig Mobilization	237	40,000	337	8,000	48,
/elding Services	238	2,000	338	1,000	3,0
/aler Disposal	239 240	500	339 340	3,000	3,
lug to Abandon eismic Analysis	241		341		
losed Loop & Environmental	244	100,000	344		100,0
fiscellaneous	242		342		
ontingency 5%	243	27,065	343	28,310	55,
TOTAL INTANGIBLES		569,000		595,000	1,163,
ANGIBLE COSTS					
surface Casing	401	31,200			31,3
Itermediate Casing #1	402	75,300			75,
termediate Casing #2					
roduction Casing/Liner			503	154,000	154,
ubing			504	49,000	49,
/elihead Equipment	<b>40</b> 5	6,000	505	3,000	9,
umping Unit			506	87,500	87,
rime Mover			507 508	21 276	21,
umps			509	21,376 4,500	4,
anks			510	3,000	<del></del>
lowlines			511	5,000	5,
leater Treater/Separator			512	3,000	3,
lectrical System			513	10,000	10,
ackers/Anchors/Hangers	414		514	900	
ouplings/Fittings/Valves	415		515	7,000	7,
as Compressors/Meters			516		
ehydrator			517		
jection Plant/CO2 Equipment	***		518		
liscellaneous	419	500	519 520	500	1,
Contingency 5% TOTAL TANGIBLES	420	5,700 118,700	<b>52</b> 0	18,600 367,376	486
TOTAL WELL COSTS		688,000		963,000	1,650
OG Operating LLC					
By: Erick W. Nelson		Date Prepared:		5/7/10	
Ne approve:		This AFE is only an		ate. By signing you agree to pay	your share

From:

Microsoft Exchange

To:

Stubbs, Kevin C

Sent:

May 07, 2010 7:07 PM

Subject:

Relayed: Well Proposals-Taylor D 2,3,4,5-Chevron-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:

Stubbs, Kevin C

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

Sent by Microsoft Exchange Server 2007

From:

Robert Ready

Sent:

May 26, 2010 3:18 PM

To:

'Stubbs, Kevin C'

Subject:

RE: OA & Well Proposals-Taylor D 2.3.4.5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Thanks for both.

# J. Robert Ready **COG OPERATING LLC**

**From:** Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: May 26, 2010 3:06

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Just to give you a heads up as to our preferred form. Shelly's contact info is SRWO@chevron.com and 432.687.7104.

From: Robert Ready [mailto:rready@conchoresources.com]

Sent: Wednesday, May 26, 2010 2:59 PM

To: Stubbs, Kevin C

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Good. I will be glad to work through the OA with you, after you've had time to review it.

Can you provide contact info for Shelly Worrell? I have received correspondence from her and we've spoken on the phone, but I don't have her phone or email. Thought it would be good to make contact and verify my current fax, phone, email for her.

# J. Robert Ready

#### **COG OPERATING LLC**

**From:** Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

**Sent:** May 26, 2010 2:48

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

I've got the OA.

**From:** Robert Ready [mailto:rready@conchoresources.com]

**Sent:** Wednesday, May 26, 2010 2:36 PM

To: Stubbs, Kevin C

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

Kevin,

Please refer to the attached copy of the OA submitted with the well proposals. Please respond to let me know that the OA came through to you.

Regards,

J. Robert Ready

#### COG OPERATING LLC

From: Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

**Sent:** May 26, 2010 12:47

To: Robert Ready

Subject: Proposed JOA - Taylor Wells - Lea County, NM

Robert,

Can you please email me another copy of the proposed JOA? Thanks.

Regards,

#### **Kevin C. Stubbs**

Land Representative

#### MidContinent/Alaska Business Unit

Chevron North America Exploration and Production Company 1400 Smith Street, Room 43150 Houston, Texas 77002

Tel: 713-372-1048 Fax: 866-593-9105

From: Robert Ready Sent: May 07, 2010 7:03 To: Stubbs, Kevin C

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

Chevron Oil Company, Chevron U.S.A. Inc. Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150

Houston, Texas 77002

Dear Mr. Stubbs,

As previously communicated, our records reflect that Chevron owns a 3.125% leasehold 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

From:

Stubbs, Kevin C [KevinStubbs@chevron.com]

Sent:

June 07, 2010 3:32 PM

To:

Robert Ready

Subject:

RE: Taylor JOA

Got it.

**From:** Robert Ready [mailto:rready@conchoresources.com]

Sent: Monday, June 07, 2010 3:15 PM

To: Stubbs, Kevin C Subject: RE: Taylor JOA

Kevin,

Attached is the executed operating agreement covering the Taylor D and other lands. In the case of Chevron and the Taylor D lease, the operating agreement would cover only the 160 acres comprising the Taylor D lease, being S/2 NE/4 and N/2 SE/4 of Section 9-T17S-R32E, Lea County, New Mexico, including Chevron's 3.125% interest therein.

As discussed, COG will work with Chevron before and after the hearing to complete an operating agreement between our companies. Pooling orders expressly state that should the parties to a pooling order reach voluntary agreement subsequent to entry of the order, the order shall thereafter be on no further effect.

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:** Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: June 07, 2010 2:47

To: Robert Ready Subject: Taylor JOA

Robert,

Can you please send me an executed copy of the JOA between COG and the other 2 working interest owners? Also, please send me the contact information for your in-house counsel that I can forward to Chevron legal. Thanks.

Kevin

Regards,

From:

Robert Ready

Sent:

June 08, 2010 7:20 PM

To:

'Stubbs, Kevin C'

Subject:

2005 COPAS for Taylor D OA-Section 9-T17S-R32E, Lea Co., NM

Kevin,

We can use the 2005 COPAS, and will prepare it to conform to Exhibit "C" of the Taylor D operating agreement already in place, with consideration given to the Chevron preferred version you submitted. I will be out of the office 6/9 & 10 and 6/14 – 16, and aim to submit our proposed 2005 COPAS to you 6/17 or 18.

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: Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

**Sent:** June 04, 2010 1:18

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Robert,

Chevron really prefers to use the 2005 COPAS. In our opinion the 2005 form addresses several situations not handled by the 1985 form. I'm not sure I can get a JOA approved by the finance folks on a 1985 form. Please let me know if COG is willing to make this concession.

Thanks for your courtesy,

Kevin