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**From:** Randy Howard <rhoward@nearburg.com> on behalf of Randy Howard  
**Sent:** Monday, November 03, 2014 10:41 AM  
**To:** Brent Sawyer  
**Subject:** RE: payout effective dates  
**Attachments:** COG to Nearburg - Cluster State Com 1H.DOCX

Brent,

This sound great. One small suggested change: add "the" in front of well in last sentence of 2<sup>nd</sup> paragraph.

Thanks,

Randy

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**From:** Brent Sawyer [mailto:BSawyer@concho.com]  
**Sent:** Monday, November 03, 2014 10:13 AM  
**To:** Randy Howard  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Randy:

I'll also draft up amendments to the two farmout agreements for the Cluster State (E/2 16-26S-27E) and Way South (E/2 30-26S-28E) sections adding the attached re-assignment (APO) form as an exhibit. That way we can use this form every time a well pays out without having to reinvent the wheel.

Thanks  
Brent

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**From:** Brent Sawyer  
**Sent:** Monday, November 03, 2014 10:06 AM  
**To:** 'Randy Howard'  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Randy:

I was thinking a replacement might be the thing to do on the TA for 20-26S-28E, but there are definitely a few different ways to skin that cat. Once I get the form drafted I'll run it by Aaron then send it to you for final review.

I'll also draft up the 7 APO assignments (Cluster State/Way South) using the attached agreed on form and get those executed as soon as I can.

Also, we are still waiting on the opinion(s) for the SRO Operating Agreement wells which calculate everything on a well by well basis. When we get those in I'll be sure you get copies.

Thanks  
Brent

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**From:** Randy Howard [<mailto:rhoward@nearburg.com>]  
**Sent:** Monday, November 03, 2014 8:12 AM  
**To:** Brent Sawyer  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Brent,

After a review of the applicable instruments, Nearburg regrettably must advise COG that it prefers to remain subject to the original JOA(s). We are, however, agreeable to your changes to the Term Assignment of Oil and Gas Lease covering the W/2 Section 20-26S-28E. I assume this will actually be an Amendment or Correction to Term Assignment of Oil and Gas Lease.

Also, we would still like to see COG's calculations on a well by well basis for our ORRI in the wells included on the lands subject to the SRO Operating Agreement.

We look forward to hearing from your office.

Thank you,

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

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**From:** Brent Sawyer [<mailto:BSawyer@concho.com>]  
**Sent:** Tuesday, October 28, 2014 5:17 PM  
**To:** Randy Howard  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Randy:

Just re read the first sentence of the 3<sup>rd</sup> paragraph and realized that's not what I meant to say. What I meant is you would effectively be subject to the same JOA attached to the farmout agreement, since all the unique things you negotiated with Marbob would be effective (but only for you) but all of the remaining non-unique things would be the same for everyone.

Thanks  
Brent

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**From:** Brent Sawyer  
**Sent:** Tuesday, October 28, 2014 5:06 PM  
**To:** 'Randy Howard'  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Randy:

Our legal guys have agreed to all your proposed changes in the reassignment form but wanted to see if you would consider an alternative solution on the JOA problem. I've never heard of their solution, but it sounds like a pretty good idea to me. Basically, instead of having you join our existing JOA and discarding the one attached to the farmout, what about doing a partial ratification?

The way our lawyer described it to me is it would be a ratification and joinder of the JOA we already have in place so there would only be one JOA. However, in all the places where it differs from the one attached to the farmout, you wouldn't ratify those specific parts and we would list the changes that would be effective only for Nearburg. For example, you would ratify the JOA save and except p.2, line 15 (1/5<sup>th</sup> shared burdens in ours) and substitute in the 17.66667% from your JOA.

If we did it this way, there would only be one JOA but you would only be subject to the unique portions you negotiated with Marbob. The biggest advantage to having it this way would be is if someone went non-consent. The way it stands now, if Allar (the party to our existing JOA) goes non-consent, since you aren't a party to that agreement you wouldn't get the option to take your proportionate share of their non-consent interest (or vice versa if you went non-consent). It is also attractive for us because since we are the only of the 3 subject to two JOAs it would cause a huge mess if we decided to go non-consent. If there is just one JOA it would be good for everyone.

I only think this would work for the Cluster State section (16-26S-27E) since we both use the AAPL Form 610-1982 JOA. It might be possible to do it for the other section (30-26S-28E), but since Marbob used the 1977 form there it might not be practical.

Let me know what you think?

Thanks  
Brent

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**From:** Randy Howard [<mailto:rhoward@nearburg.com>]  
**Sent:** Thursday, October 16, 2014 2:50 PM  
**To:** Brent Sawyer  
**Cc:** John Turro; Aaron Myers  
**Subject:** RE: payout effective dates

Brent,

It was a pleasure meeting with you and Aaron as well. Hopefully your attorneys will come around and agree with our suggested changes to the reassignment form. The good news is that my payout dates coincide with your payout dates. That shouldn't be a surprise since our accounting group most likely got those dates from your accounting group.

I'm still working my way through the SRO issues. One thing that might help me is if you could provide my office with the calculations used for our ORRI in the SRO Unit on a well by well basis.

Thank you,

Randy Howard  
Land Manager  
Nearburg Producing Company

432-818-2914 (direct line)  
432-599-0382 (cell)

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**From:** Brent Sawyer [mailto:BSawyer@concho.com]  
**Sent:** Thursday, October 16, 2014 2:29 PM  
**To:** Randy Howard  
**Cc:** John Turro; Aaron Myers  
**Subject:** payout effective dates

Randy:

First of all, it was great getting to meet you and John in person yesterday and I look forward to working with you. Please feel free to call me anytime if you think I can help with anything.

This took a little longer than I thought since I wanted to double check these payout dates:

CLUSTER STATE COM #1H	October-12
CLUSTER STATE COM #2H	November-13
CLUSTER STATE COM #3H	May-13
CLUSTER STATE COM #4H	November-13
CLUSTER STATE COM #5H	October-13
F.U.N. STATE COM #1	November-12
WAY SOUTH STATE COM #4H	February-13

Also, I submitted your changes to the re-assignment to our legal guys and encouragingly I've already gotten a question or two about it. I'll keep you updated on how that progresses.

Thanks

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