

**GJ WEST COOP UNIT
EDDY COUNTY, NEW MEXICO
COG OPERATING LLC**

ENGINEERING ESTIMATE OF LOST RESERVES & VALUE TO ROYALTY OWNERS

POTENTIAL BLINEBRY RESERVES LOST:

19 TOTAL WELLS

(scattered throughout Sections 21, 22, 27 & 28) - see attached map

GROSS RESERVES: 700,000 barrels of oil
3,000,000 mcf of gas

CUMULATIVE NET CASH FLOW (before tax) TO COG: \$31.30 million

ROYALTY OWNERS RESERVES LOST (12.5%): 87,500 barrels of oil
375,000 mcf of gas

ROYALTY OWNERS TOTAL VALUE LOST: \$8.30 million

POTENTIAL PADDOCK RESERVES LOST:

23 TOTAL WELLS

(scattered throughout Sections 21, 22, 27 & 28)

GROSS RESERVES: 1,000,000 barrels of oil
4,000,000 mcf of gas

CUMULATIVE NET CASH FLOW (before tax) TO COG: \$48.00 million

ROYALTY OWNERS RESERVES LOST (12.5%): 125,000 barrels of oil
500,000 mcf of gas

ROYALTY OWNERS TOTAL VALUE LOST: \$11.60 million

TOTAL VALUE LOST TO ROYALTY OWNERS: \$19.90 million
(BLINEBRY + PADDOCK NOT DEVELOPED)

Assumptions:

- Flat pricing, NYMEX as of 7/23/07, adjusted - \$69/bbl oil & \$6/mcf gas
- Reserves risked 75%

**NMOCD CASE NO. 13956
JULY 26, 2007
COG OPERATING LLC
EXHIBIT NO. 3**