

Robert Ready

From: Robert Ready
Sent: May 07, 2010 7:36 PM
To: Sam Bradshaw (sbradshaw@triad-energy.com)
Subject: Well Proposals-Taylor D 2,3,4,5-Triad Energy-Section 9-T17S-R32E, Lea Co., NM
Attachments: Proposal-Taylor D2,3,4,5-Triad.pdf; OA-Taylor D2,3,4,5 Proposal-COG 5-7-10, AAPL 1989-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

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COG Operating LLC
Cases 14490, 14491, 14492 and
14493

Ex. 5

Robert Ready

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

Robert Ready

From: Sam Bradshaw [SBradshaw@triad-energy.com]
To: Robert Ready
Sent: 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:

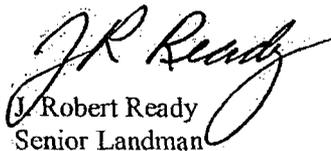
COG Operating LLC (“COG”) proposes to drill the above-referenced wells vertical tests of the Yeso formation, as follows:

- 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


J. Robert Ready
Senior Landman

Enclosures: AFEs (4)
Operating Agreement

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Taylor D #4	PROSPECT NAME: Maljamar (Lowe) Prospect
LOCATION: Section 9-T17S-R32E, NMPM	COUNTY & STATE: Lea County, NM
FOOTAGE: 2120' FNL & 475' FEL	OBJECTIVE: Yeso test (4 Fracs) 7000'

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201	4,000	4,000
Insurance	202	3,800	3,800
Damages/Right of Way	203		0
Survey/Stake Location	204	2,500	2,500
Location/Pits/Road Expense	205	30,000	35,000
Drilling / Completion Overhead	206	2,500	4,500
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract	209	175,000	175,000
Directional Drilling Services	210		0
Fuel & Power	211	28,800	29,800
Water	212	14,000	46,000
Bits	213	24,000	24,500
Mud & Chemicals	214	7,000	7,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217	15,500	15,500
Cement Intermediate #1	218	16,400	16,400
Cement Intermediate #2			0
Cement Production		319	30,000
Cement Squeeze	220		0
Float Equipment & Centralizers	221	2,500	4,500
Casing Crews & Equipment	222	4,000	9,500
Fishing Tools & Service	223		0
Geologic/Engineering	224		0
Contract Labor	225	3,000	13,000
Company Supervision	226		0
Contract Supervision	227	12,000	17,000
Testing Casing/Tubing	228	1,800	4,000
Mud Logging Unit	229	6,000	6,000
Logging	230	15,000	15,000
Perforating/Wireline Services	231		24,000
Stimulation/Treating (4 fracs)		332	369,000
Completion Unit		333	20,000
Swabbing Unit		334	0
Rentals-Surface	235	5,000	41,000
Rentals-Subsurface	236	26,000	36,000
Trucking/Forklift/Rig Mobilization	237	40,000	48,000
Welding Services	238	2,000	3,000
Water Disposal	239	500	3,500
Plug to Abandon	240		0
Sismic Analysis	241		0
Closed Loop & Environmental	244	100,000	100,000
Miscellaneous	242		0
Contingency 5%	243	27,065	55,375
TOTAL INTANGIBLES		569,000	1,163,000

<u>TANGIBLE COSTS</u>			
Surface Casing	401	31,200	31,200
Intermediate Casing #1	402	75,300	75,300
Intermediate Casing #2			0
Production Casing/Liner		503	154,000
Tubing		504	49,000
Wellhead Equipment	405	6,000	9,000
Pumping Unit		506	87,500
Prime Mover		507	0
Rods		508	21,376
Pumps		509	4,500
Tanks		510	3,000
Flowlines		511	5,000
Heater Treater/Separator		512	3,000
Electrical System		513	10,000
Packers/Anchors/Hangers	414		900
Couplings/Fittings/Valves	415		7,000
Gas Compressors/Meters		516	0
Dehydrator		517	0
Injection Plant/CO2 Equipment		518	0
Miscellaneous	419	500	1,000
Contingency 5%	420	5,700	24,300
TOTAL TANGIBLES		118,700	486,076
TOTAL WELL COSTS		688,000	1,650,000

COG Operating LLC
By: Erick W. Nelson

Date Prepared: 5/7/10

We approve:

Company: _____

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

By: _____
Printed Name: _____
Title: _____
Date: _____

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
DRILLING**

WELL NAME: Taylor D #5	PROSPECT NAME: Maljamar (Lowe) Prospect
LOCATION: Section 9-T17S-R32E, NMPM	COUNTY & STATE: Lea County, NM
FOOTAGE: 1650' FSL & 330' FEL	OBJECTIVE: Yeso test (4 Fracs) 7100'

<u>INTANGIBLE COSTS</u>	<u>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
Title/Curative/Permit	201 4,000		4,000
Insurance	202 3,800	302	3,800
Damages/Right of Way	203	303	0
Survey/Slake 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	208	308	0
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	214 7,000	314	7,000
Drill Stem Test	215	315	0
Coring & Analysis	216		0
Cement Surface	217 15,500		15,500
Cement Intermediate #1	218 16,400		16,400
Cement Intermediate #2			0
Cement Production		319 30,000	30,000
Cement Squeeze	220	320	0
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	225 3,000	325 10,000	13,000
Company Supervision	226	326	0
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)		332 369,000	369,000
Completion Unit		333 20,000	20,000
Swabbing Unit		334	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 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	244 100,000	344	100,000
Miscellaneous	242	342	0
Contingency 5%	243 27,065	343 28,310	55,375
TOTAL INTANGIBLES	569,000	595,000	1,163,000
<u>TANGIBLE COSTS</u>			
Surface Casing	401 31,200		31,200
Intermediate Casing #1	402 75,300		75,300
Intermediate Casing #2			0
Production Casing/Liner		503 154,000	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		507	0
Rods		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	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		518	0
Miscellaneous	419 500	519 500	1,000
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
By: Erick W. Nelson

Date Prepared: 5/7/10

We approve:

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

Company: _____

By: _____
Printed Name: _____
Title: _____
Date: _____

Robert Ready

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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Robert Ready

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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Robert Ready

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 hesitate 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

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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