

**Robert Ready**

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**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

Ex. 7



## Robert Ready

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**From:** Stubbs, Kevin C [KevinStubbs@chevron.com]  
**To:** Robert Ready  
**Sent:** 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:

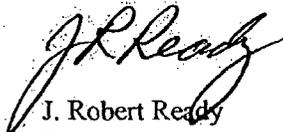
COG Operating LLC (“COG”) proposes to drill the above-referenced wells vertical tests of the Yeso formation, as follows:

- 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'.
- 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 1, 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 #2	PROSPECT NAME: Maljamar (Lowe) Prospect
LOCATION: Section 9-T17S-R32E, NMPM	COUNTY & STATE: Lea County, NM
FOOTAGE: 1650' FSL & 1650' 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	302	3,800
Damages/Right of Way	203		303	0
Survey/Stake Location	204	2,500	304	2,500
Location/Pits/Road Expense	205	30,000	305	35,000
Drilling / Completion Overhead	206	2,500	306	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	29,800
Water	212	14,000	312	46,000
Bits	213	24,000	313	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
Cement Squeeze	220		320	0
Float Equipment & Centralizers	221	2,500	321	4,500
Casing Crews & Equipment	222	4,000	322	9,500
Fishing Tools & Service	223		323	0
Geologic/Engineering	224		324	0
Contract Labor	225	3,000	325	13,000
Company Supervision	226		326	0
Contract Supervision	227	12,000	327	17,000
Testing Casing/Tubing	228	1,800	328	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
Stimulation/Treating (4 fracs)			332	369,000
Completion Unit			333	20,000
Swabbing Unit			334	0
Rentals-Surface	235	5,000	335	41,000
Rentals-Subsurface	236	26,000	336	36,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	48,000
Welding Services	238	2,000	338	3,000
Water Disposal	239	500	339	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	55,375
<b>TOTAL INTANGIBLES</b>		<b>569,000</b>	<b>595,000</b>	<b>1,163,000</b>

<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	505	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		514	900
Couplings/Fittings/Valves	415		515	7,000
Gas Compressors/Meters			516	0
Dehydrator			517	0
Injection Plan/CO2 Equipment			518	0
Miscellaneous	419	500	519	1,000
Contingency 5%	420	5,700	520	24,300
<b>TOTAL TANGIBLES</b>		<b>118,700</b>	<b>367,376</b>	<b>486,076</b>
<b>TOTAL WELL COSTS</b>		<b>688,000</b>	<b>963,000</b>	<b>1,650,000</b>

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: \_\_\_\_\_

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: Taylor D #3	PROSPECT NAME: Majamar (Lowe) Prospect
LOCATION: Section 9-T17S-R32E, NMPM	COUNTY & STATE: Lea County, NM
FOOTAGE: 2210' FNL & 1650' 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	302	3,800
Damages/Right of Way	203		303	0
Survey/Stake Location	204	2,500	304	2,500
Location/Pits/Road Expense	205	30,000	305	5,000
Drilling / Completion Overhead	206	2,500	306	2,000
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
Water	212	14,000	312	32,000
Bits	213	24,000	313	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
Cement Squeeze	220		320	0
Float Equipment & Centralizers	221	2,500	321	2,000
Casing Crews & Equipment	222	4,000	322	5,500
Fishing Tools & Service	223		323	0
Geologic/Engineering	224		324	0
Contract Labor	225	3,000	325	10,000
Company Supervision	226		326	0
Contract Supervision	227	12,000	327	5,000
Testing Casing/Tubing	228	1,800	328	2,200
Mud Logging Unit	229	6,000	329	6,000
Logging	230	15,000	330	15,000
Perforating/Wireline Services	231		331	24,000
Stimulation/Treating (4 fracs)			332	369,000
Completion Unit			333	20,000
Swabbing Unit			334	0
Rentals-Surface	235	5,000	335	36,000
Rentals-Subsurface	236	26,000	336	10,000
Trucking/Forklift/Rig Mobilization	237	40,000	337	8,000
Welding Services	238	2,000	338	1,000
Water Disposal	239	500	339	3,000
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
<b>TOTAL INTANGIBLES</b>		<b>569,000</b>	<b>595,000</b>	<b>1,163,000</b>

<u>TANGIBLE COSTS</u>		<u>BCP</u>	<u>ACP</u>	<u>TOTAL</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	505	3,000
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		514	900
Couplings/Fittings/Valves	415		515	7,000
Gas Compressors/Meters			516	0
Dehydrator			517	0
Injection Plan/VCO2 Equipment			518	0
Miscellaneous	419	500	519	500
Contingency 5%	420	5,700	520	18,600
<b>TOTAL TANGIBLES</b>		<b>118,700</b>	<b>367,376</b>	<b>486,076</b>
<b>TOTAL WELL COSTS</b>		<b>688,000</b>	<b>963,000</b>	<b>1,650,000</b>

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: \_\_\_\_\_

**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'

<b>INTANGIBLE COSTS</b>	<b>BCP</b>	<b>ACP</b>	<b>TOTAL</b>
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	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 8,000	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 28,000	336 10,000	38,000
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
<b>TOTAL INTANGIBLES</b>	<b>569,000</b>	<b>595,000</b>	<b>1,163,000</b>

<b>TANGIBLE COSTS</b>			
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
<b>TOTAL TANGIBLES</b>	<b>118,700</b>	<b>367,376</b>	<b>486,076</b>
<b>TOTAL WELL COSTS</b>	<b>688,000</b>	<b>963,000</b>	<b>1,650,000</b>

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:

**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>BCP</u>	<u>ACP</u>	<u>TOTAL</u>
<b>INTANGIBLE COSTS</b>			
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	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
<b>TOTAL INTANGIBLES</b>	<b>569,000</b>	<b>595,000</b>	<b>1,163,000</b>
<b>TANGIBLE COSTS</b>			
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
<b>TOTAL TANGIBLES</b>	<b>118,700</b>	<b>367,376</b>	<b>486,076</b>
<b>TOTAL WELL COSTS</b>	<b>688,000</b>	<b>963,000</b>	<b>1,650,000</b>

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:** 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

## Robert Ready

---

**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](mailto: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*

**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

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**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

## Robert Ready

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**From:** Stubbs, Kevin C [KevinStubbs@chevron.com]  
**Sent:** June 07, 2010 3:32 PM  
**To:** Robert Ready  
**Subject:** RE: Taylor JOA

Got it.

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**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,

## Robert Ready

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**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