

March 6, 2012

Sent via Facsimile (713) 647-3003 and U.S. Mail

TOTAL E&P USA, INC. Total Plaza 1201 Louisiana Street – Suite 1800 Houston, TX 77002

RE:

Well Proposal: Burkett State # 15H COG Operating LLC ("COG"), as Operator SHL: 330' FNL & 1470' FEL (Unit D –NWNW or other legal location) BHL: 330' FNL & 330' FWL Section 16, T17S-R31E, Eddy County, New Mexico API # 30-015-39949

#### Gentlemen:

COG Operating LLC ("COG") hereby proposes to drill the Burkett State #15H well on July 17, 2012 to a total measured depth of 9,575' in the Yeso formation. Please find enclosed, for your review and approval, a copy of COG's Authority for Expenditure ("AFE") detailing the estimated costs for drilling and completing the Burkett State #15H well. Should Total be interested in participating in this proposal, please review and approve the enclosed Joint Operating Agreement.

Pursuant to Requirement No. 6 of the attached Title Opinion dated January 11, 2012, rendered by Kim Hamann, Total Petrochemical USA Inc. ("Total") has 25% working interest in the captured lands as successor to American Petrofina, Inc.

However, should Total not be interested in participating in this proposal, COG respectfully requests a three year term assignment covering Total's entire interest in the W/2NE/4 and N/2NW/4 of Section 16-T17S-R31E, Eddy County, NM, for the following terms:

- Bonus consideration of \$500 per net acre for your 20 acres.
- Total to deliver 75% NRI proportionately reduced.
- Continuous Development: 180 days

Corporate Address: Fasken Center, Tower II

550 West Texas Avenue, Suite 100

Midland, Texas 79701 PHONE 432.683.7443 FAX 432.683.7441

NMOCD CASE NO. 14815 APRIL 26, 2012 COG EX.



Time is of the essence and a quick response would be greatly appreciated. Should you require additional information or have any questions, please do not hesitate to contact the undersigned at (432) 221-0333.

Thank you for your time and consideration of this proposal.

Sincerely,

COG Operating LLC

Katayoun "Katie" Mohebkhosravi Landman

KMohebkhosravi@concho.com

Corporate Address: Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701

fax 432.683.7441 PHONE 432.683.7443

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AU		FOR EXPENDI DRILLING	TURE								
WELL NAME: BURKETT 16 STATE #15H PROSPECT NAME: FREN											
Surf. 330' FNL, 1470' FEL, Section 16	COUNTY & STATE: Eddy Co. NM										
BHL. 330' FNL, 330' FWL, Section 16				D, (6300' TVD) Yeso	Test						
T17S, R31E	_			· · ·							
INTANGIBLE COSTS		BCP		ACP	TOTAL						
Title/Curative/Permit	201	10,000		Hon	10,0						
insurance	202	22,000	302	·····	22,00						
Damages/Right of Way	203	15,000	303		15,00						
Survey/Stake Location	204	3,000	304		3,0						
ocation/Pits/Road Expense	205	40,000	305	15.000	55,04						
Driting / Completion Overhead	206	5,000	306	1,000	6,0						
Fumkey Contract	207	0,000	307								
Footage Contract	208		308								
Daywork Contract 20:4 @ \$14000/day	209	280,000	309	56,000	336,0						
Directional Drilling Services	210	175,000	310		175,0						
Fuel & Power	- 211	59,500	311	11,900	71,4						
Nater .	212	25,000	312	60,000	85,0						
3its	212	45,000	313	1,000	46,0						
Mud & Chemicáls	- 213 214	50,000	314	1,000	40,0						
Drill Stem Test	214	50,000	314 -								
	215	<u>_</u>	315 -								
Coning & Analysis		25.000	•	·`							
Cement Surface	- 217	35,000	-	<u> </u>	35,0						
	218	20,000			20,0						
Cement Production 5-1/2"	_ 218		319	35,000	35,0						
Cement Squeeze & Other (Kickoff Plug)	_ 220		320 _								
Toat Equipment & Centralizers	221	4,000	321 _	25,000	29,0						
Casing Crews & Equipment	_ 222	12,000	322 -	12,000	24,0						
Fishing Tools & Service	223		323 -								
Seologic/Engineering	_ 224	10,000	324 -	1,000	11,0						
Contract Labor	225	10,000	325	21,000	31,0						
Company Supervision	226	2,000	326	2,000	4,0						
Contract Supervision	_ 227	32,000	327	6,400	38,4						
Testing Casing/Tubing	228	5,000	328	12,000	17,0						
Mud Logging Unit	229	16,000	329 _	<u> </u>	16,0						
ogging	230	20,000	330 _		20,0						
Perforating/Wireline Services	231	3,500	331 _		3,5						
Stimulation/Treating			332	1,500,000	1,500,0						
Completion Unit	_		333 _	24,000	. 24,0						
Swabbing Unit	<b>_</b> .	<u> </u>	334 _	· · · · · · · · · · · · · · · · · · ·							
Rentals-Surface	235	35,000	335	75,000	110,0						
Rentals-Subsurface	236	35,000	336 _	10,000	45,0						
Trucking/Forkilf/Rig Mobilization	237	70,000	337 _	20,000	90,0						
Welding Services	238	5,000	338 _	2,500	7,5						
Water Disposal	239		339	20,000	20,0						
Plug to Abandon	240	·	340	,							
Seismic Analysis	241		341								
Closed Loop & Environmental	244	75,000	344 _	<u> </u>	75,0						
Miscellanéous	242	5,000	342	1,000	6,0						
Contingency	243	113,000	343	192,200	305.2						
TOTAL INTANGIBLES		1,237,000	-	2,104,000	3.341,0						
TANGIBLE COSTS											
Surface Casing 450' 13 3/8"	401	15,300			40 0						
	- 401 402		E00 -								
ntermediaté Casing 1350' 9 5/8" 36# Production Casing/Liner 5 1/2" 17# x 7" 26#	- 402	35,262		206 900	35,2						
Tubing 4300 2 7/8"	<u> </u>		503	206,800	206,8						
Wellhead Equipment	405	8,000	504 505	25,800	25,8						
Pumping Unit		0.000	505	40,000	40,0						
Prime Mover	<b>-</b> ·		506 -								
Rods	- •		-	20,000	20,0						
			508	40.000	10.0						
Pumps	<b></b>		509 -	10,000	10,0						
Tanks	<b></b> ·		510 -	27,825	27,8						
lowines			511	5,000	5,0						
teater Treater/Separator			512 -	48,500	48,5						
Electrical System			513	2,500	2,5						
Packers/Anchörs/Hangers	_ 414 .		514	310,000	310,0						
Couplings/Fittings/Valves Sas Compressors/Meters	415	2,500	515	45,250	47.7						
			516	4,000	4,00						

Surface Casing 450' 13 3/8"	401	15,300		
Intermediate Casing 1350' 9 5/8" 36#	402	35,262	503	
Production Casing/Liner 5 1/2" 17# x 7" 26#			503	206,800
Tubing 4300 2 7/8"			504	· 25,800
Wellhead Equipment	405	8,000	505	15,000
Pumping Unit			506	40,000
Prime Mover			507	20,000
Rods			508	
Pumps			509	10,000
Tanks			510	27,825
Flowfines			511	5,000
Heater Treater/Separator			512	48,500
Electrical System			513	2,500
Packers/Anchors/Hangers	414		514	310,000
Couplings/Fittings/Valves	415	2,500	<b>515</b>	45,250
Gas Compressors/Meters			516	4,000
Dehydrator			517	
Injection Plant/CO2 Equipment			518	
Miscellaneous	419	1,000	519	21,000
Contingency	420	7,938	520	79,325
TOTAL TANGIBLES		70,000		861,000
TOTAL WELL COSTS		1,307,000		2,965,000

## COG Operating LLC

## By: C. Elliott

## Date Prepared:

We approve: \_\_\_\_% Working Interest

Company: By:

Printed Name: Title: Date:

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

02/29/2012

4,000 0 22,000 87,263 931,000 4,272,000

### AUTHORITY FOR EXPENDITURE DRILLING

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Insuranci  202  22.000  302  22.000  302    Damagel/Right of Way  200  15.000  305  305    Survey/Shale Locition  204  3000  306  305    Deling / Completion Devented  205  300  305  305    Deling / Completion Devented  207  307  305  305    Trends Contract  207  307  175,000  306  305    Derector UP (4) § \$1000(May  200  200  306  305  305    Derector UP (4) § \$1000(May  200  200  306  305  305    Derector UP (4) § \$1000(May  200  306  315  30	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224	BCP 10,000 22,000 15,000 3,000 40,000 5,000 175,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000	302 303 304 305 306 307 308 309 310 311 312 313 314	ACP 15,000 1,000 56,000 11,900 60,000	TOTAL 10,00 22,00 15,00 3,00 55,00 6,00 
NTAKOBLE COSTS  BCP  ACP  TOTAL    Title/Carboy/Permit  201  10.000  302  10.000    Insurance  202  20200  302  10.000    Damagazinget of Way  200  15.000  304  10.000    Strengthet of Carbon  204  3000  304  10.000    Damagazinget of Karbon  204  3000  55.00  55.00  55.00  305  10.000  55.00  305  10.000	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224	10,000 22,000 15,000 3,000 40,000 5,000 175,000 280,000 175,000 25,000 45,000 50,000	303 304 305 306 307 308 309 310 311 312 313 314	15,000 1,000 56,000 11,900 60,000	10,00 22,00 15,00 55,00 55,00 55,00 55,00 55,00 55,00 55,00 175,00 71,40 85,00
TigeCashio/Fermit  201  10.000  10.000    Damaged/Sph of Way  203  15.000  302  15.000  302    Damaged/Sph of Way  203  15.000  302  15.000  303    Decaster/Sph of Way  203  15.000  304  303    Decaster/Sph of Way  203  306  15.000  305    Decaster/Sph of Way  203  306  15.000  305    Decaster/Sph of Way  204  309  306  306    Decaster/Sph of Way  204  306  306  306  306    Decaster/Sph of Way  204  215.000  306  115.000  306	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224	10,000 22,000 15,000 3,000 40,000 5,000 175,000 280,000 175,000 25,000 45,000 50,000	303 304 305 306 307 308 309 310 311 312 313 314	15,000 1,000 56,000 11,900 60,000	10,00 22,00 15,00 55,00 55,00 55,00 55,00 55,00 55,00 55,00 175,00 71,40 85,00
TigeCashio/Fermit  201  10.000  10.000    Damaged/Sph of Way  203  15.000  302  15.000  302    Damaged/Sph of Way  203  15.000  302  15.000  303    Decaster/Sph of Way  203  15.000  304  303    Decaster/Sph of Way  203  306  15.000  305    Decaster/Sph of Way  203  306  15.000  305    Decaster/Sph of Way  204  309  306  306    Decaster/Sph of Way  204  306  306  306  306    Decaster/Sph of Way  204  215.000  306  115.000  306	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224	10,000 22,000 15,000 3,000 40,000 5,000 175,000 280,000 175,000 25,000 45,000 50,000	303 304 305 306 307 308 309 310 311 312 313 314	15,000 1,000 56,000 11,900 60,000	10.00 22.00 15.00 55.00 55.00 55.00 55.00 55.00 55.00 55.00 175.00 71.41 85.00
Insultanci:  20  22.00  30  22.00    Damagel/Bipk Locition  24  3.00  3.00  3.00    Survey/Shak Locition  24  3.00  3.00  3.00    Survey/Shak Locition  24  3.00  3.00  3.00    Survey/Shak Locition  26  4.000  3.00  3.00    Delay / Completion Deventand  20  5.00  3.00  3.00    Devent Contract 20.4 (§ 314000ksy  20  20.00  3.00  3.00  3.00    Devent Contract 20.4 (§ 314000ksy  20  20.00  3.00  3.00  3.00    Devent Contract 20.4 (§ 314000ksy  20  20.00  3.00  3.00  3.00    Oracide Analysin  215  50.00  3.00 <td< td=""><td>202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224</td><td>22,000 15,000 3,000 40,000 5,000 175,000 25,000 25,000 45,000 59,500 25,000</td><td>303 304 305 306 307 308 309 310 311 312 313 314</td><td>1,000 56,000 11,900 60,000</td><td>22,00 15,00 3,00 55,00 6,00 </td></td<>	202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 221 222 223 224	22,000 15,000 3,000 40,000 5,000 175,000 25,000 25,000 45,000 59,500 25,000	303 304 305 306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	22,00 15,00 3,00 55,00 6,00 
Damages/Bight of Way  200  15.000  300  15.000    Deranges/Bight of Way  200  15.000  300    Deranges/Bight of Way  200  300  300    Deranges/Bight of Way  200  300  300    Deranges/Derange	203 204 205 206 207 208 209 210 212 212 213 214 215 216 217 218 218 220 221 222 223 224	15,000 3,000 40,000 5,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000	303 304 305 306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	15,00 3,00 55,00 6,00 336,00 175,00 71,40 85,00
Damages/Bight of Way  200  15.000  300  15.000    Deranges/Bight of Way  200  15.000  300    Deranges/Bight of Way  200  300  300    Deranges/Bight of Way  200  300  300    Deranges/Derange	203 204 205 206 207 208 209 210 212 212 213 214 215 216 217 218 218 220 221 222 223 224	15,000 3,000 40,000 5,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000	303 304 305 306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	15,00 3,00 55,00 6,00 336,00 175,00 71,40 85,00
Sinvey/Sinkel Locition  204  3.000  300  300    Dellay (Completion Devented)  205  40,000  306    Dellay (Completion Devented)  206  40,000  306    Truchy Contract  207  307  307    Foolage (Gvirant)  208  200  308  308    Derechantiz DA (0, 514000/ksy)  209  220,000  312  56,000  306,000    Derechantiz DA (0, 514000/ksy)  201  55,000  316,000  66,000  306,000  66,000  306,000  66,000  306,000  66,000  306,000  66,000  306,000  66,000  306,000  66,000  306,000  66,000  306,000  46,000  306,000	204 205 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224	3,000 40,000 5,000 175,000 59,500 25,000 45,000 50,000 35,000	304 305 306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	3,00 55,00 6,00 336,00 175,00 71,40 85,00
Locate/PrickRoad Expanse  205  40,000  306  15,000  550    Unrakey Contract  207  307  1,000  56    Dayreck Contract 20:4 (§ 31000/ldsy  209  220,000  309  56,000  330    Dayreck Contract 20:4 (§ 31000/ldsy  209  220,000  310  115,000  46,000    Dayreck Contract 20:4 (§ 31000/ldsy  209  220,000  310  110,000  46,0    Water  212  25,000  313  10,000  46,0  46,0    Water  212  25,000  313  10,000  46,0  46,0    Water  216  310  10,000  46,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0  26,0	205 206 207 208 209 210 211 212 213 214 215 216 217 218 220 221 222 223 224	40,000 5,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000	305 306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	
Drilling Completion Download  205  5,000  306  1,000  5,000  306    Foologic Grivinst  207  309  309  309  309    Foologic Grivinst  208  200  309  301  11,000  306  306    Derechand Dalky Services  210  975,000  309  11,000  46,00  311  46,00  46,00  46,00  46,00  46,00  311  46,00  312  50,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  320  20,00  321,000  310,00 <t< td=""><td>206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224</td><td>5,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000</td><td>306 307 308 309 310 311 312 313 314</td><td>1,000 56,000 11,900 60,000</td><td><u> </u></td></t<>	206 207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224	5,000 280,000 175,000 59,500 25,000 45,000 50,000 35,000	306 307 308 309 310 311 312 313 314	1,000 56,000 11,900 60,000	<u> </u>
Turnbay Constant  207  307  308    Dayneth Contract 20:4 (§ 31000/lsay  200  220,000  309  56,000  336    Dayneth Contract 20:4 (§ 31000/lsay  200  220,000  309  56,000  336    Dayneth Contract 20:4 (§ 31000/lsay  201  259,000  311  11,500  715,000    Paul & Printer  213  45,000  313  1,000  46,0    Muld & Contract 20:4 (§ 314,000  314  1,000  46,0  315  66,000  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  46,0  26,0	207 208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224	280,000 175,000 59,500 25,000 45,000 50,000 35,000	307 308 309 310 311 312 313 314	56,000 11,900 60,000	336,00 175,00 71,40 85,00
Footage Covinsel  200  22000  336  336    Directional Dilling Services  210  175,000  310  315,000    Directional Dilling Services  211  55,000  310  11,000  716,000    Water  212  25,000  313  1,000  46,0    Maid Chemicals  214  50,000  313  1,000  46,0    Maid Chemicals  214  50,000  313  1,000  46,0    Oring Analysis  216  315  35  35,000  35,000  35,000  35,000  35,000  35,000  35,000  35,000  35,000  35,000  35,000  35,000  25,000  25,000  25,000  25,000  25,000  32,000  25,000  32,000  311,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00  110,000,00	208 209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224	175,000 59,500 25,000 45,000 50,000	308 309 310 311 312 313 314	11,900 60,000	175,00 71,40 85,00
Daywork Contract 20:4 (§ 240004ay  200  280,000  309  56,000  335,0    Public Prover  211  69,500  311  11,900  716,0    Weatr  212  25,000  312  66,000  86,	209 210 211 212 213 214 215 216 217 218 218 220 221 222 223 224	175,000 59,500 25,000 45,000 50,000	309 310 311 312 313 313 314	11,900 60,000	175,00 71,40 85,00
Directional Diffing Services  210  175.00  310  175.00    Water  212  25.000  11  1000  R64.000    Water  212  25.000  312  60.0000  R64.000    Mod & Chemicals  214  60.000  314  60.000  R64.0000    Mod & Chemicals  214  60.000  314  60.000  85.0    Coring & Analysin  216  315	210 211 212 213 214 215 216 217 218 218 220 221 222 223 224	175,000 59,500 25,000 45,000 50,000	310 311 312 313 314	11,900 60,000	175,00 71,40 85,00
Directional Diffing Services  210  175.00  310  175.00    Water  212  25.000  11  1000  R64.000    Water  212  25.000  312  60.0000  R64.000    Mod & Chemicals  214  60.000  314  60.000  R64.0000    Mod & Chemicals  214  60.000  314  60.000  85.0    Coring & Analysin  216  315	211 212 213 214 215 216 217 218 218 220 221 222 223 224	175,000 59,500 25,000 45,000 50,000	310 311 312 313 314	11,900 60,000	175,00 71,40 85,00
Fund & Prover  211  95.500  311  11,500  71.4    Water  212  25.000  312  60.000  65.0    Bis  213  45.000  314  50.0  65.0    Bis  213  45.000  314  50.0  65.0    Bis  214  65.000  314  50.0  65.0    Cong & Analysis  216  315	211 212 213 214 215 216 217 218 218 220 221 222 223 224	59,500 25,000 45,000 50,000 	311 312 313 314	60,000	71,40
Water  12  25.000  312  60.000  85.0    Bits  213  45.000  313  1,000  46.0    Mod & Chemicals  214  60.000  314  60.000  46.0    Drift Stam Text  215  315	212 213 214 215 216 217 218 218 220 221 222 223 223 224	25,000 45,000 50,000 35,000	312 313 314	60,000	85,00
Bits  213  45.000  313  1,000  46.0    Dril Stam Test  215  315	213 214 215 216 217 218 218 220 221 222 223 224	45,000 50,000 35,000	313 314		
Mul & Chemicals  214  60,000  514  400    Drill Stem Text  215  315  35  35    Centred Statuca  217  35,000  30,0  30,0    Centred Statucas  217  35,000  30,0  30,0    Centred Statucas  216  20,000  30,0  20,0    Centred Statucas  216  20,000  320  20,000  240    Centred Statucas  214  4,000  312  25,000  240,000  241,000  240,000  241,000  240,000  241,000  110,000  315  21,000  316,000	214 215 216 217 218 218 220 221 222 223 223 224	50,000 	314	1,000	40 ~
Drd Sim Test  215  315	215 216 217 218 218 220 221 222 223 224	35,000			40,00
Chrig & Analysis  216  35,000  350,000    Comment Sumfacta  217  35,000  200,000    Cennerd Squeezes & Other (Victor) FU2)  200  320  200,000    Field Equipment & Centralitizers  221  4,000  321  25,000  240,000    Carring Carlos & Equipment & Centralitizers  222  10,000  324  1,600  111,60    Contract Labor  222  10,000  324  1,600  311,600  311,600  311,600  311,600  311,600  311,600  311,600  312,600  326,600	216 217 218 218 220 221 222 223 224	·	315		50,00
Cerneit Surface  217  35,000  353    Cennick Iterminedate  218  20,000  300  350    Cennick Iterminedate  218  319  353,000  350    Cennick Reimmediate  218  319  355,000  350    Cennick Reimmediate  221  21000  322  22,000  240    Caning Chrime & Equipment  222  12,000  324  1,000  316    Gends Edupervision  226  20,000  324  1,000  316    Compart Libor  222  20,000  325  2,000  344    Contract Libor  226  2,000  326  2,000  344    Contract Libor  229  1,000  320  1,500  000  240    Contract Libor  229  20,000  330  240,000  340  240  1,500  000  240  240  1,500  000  240  240  35,000  350  1,500  100  445  54,000  <	217 218 218 220 221 222 223 224	·			
Cerneit Surface  217  35,000  353    Cennick Iterminedate  218  20,000  300  350    Cennick Iterminedate  218  319  353,000  350    Cennick Reimmediate  218  319  355,000  350    Cennick Reimmediate  221  21000  322  22,000  240    Caning Chrime & Equipment  222  12,000  324  1,000  316    Gends Edupervision  226  20,000  324  1,000  316    Compart Libor  222  20,000  325  2,000  344    Contract Libor  226  2,000  326  2,000  344    Contract Libor  229  1,000  320  1,500  000  240    Contract Libor  229  20,000  330  240,000  340  240  1,500  000  240  240  1,500  000  240  240  35,000  350  1,500  100  445  54,000  <	217 218 218 220 221 222 223 224	·			
Cennich Hummedale  218  20,000  319  20,000    Cennical Production 5-1/2"  218  319  35,000  35,000    Field Equipment & Centraliters  221  4,000  321  25,000  220    Field Equipment & Centraliters  221  4,000  321  25,000  240    Casing Creixe & Equipment & Centraliters  222  12,000  322  11,000  160    Constrait Cabura  222  10,000  325  21,000  321  200  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  440  0.00  450  0.00  450  0.00  450  0.00  450  0.00  450  0.00  450  0.00  450  0.00  450  0.00  450  0.00 <td>218 218 220 221 222 223 223</td> <td>·</td> <td></td> <td></td> <td>35,00</td>	218 218 220 221 222 223 223	·			35,00
Centent Production 5-1/2  218  319  35,000  35,000    Cement Squeeze & Dijer (Xickin Pkg)  220  320  220  220    Casing Convex & Equipment  221  4,000  221  25,000  220    Casing Convex & Equipment  222  12,000  323  220  220    GeologicEngineering  224  10,000  324  1,000  311    Company Supervision  225  10,000  324  1,000  311    Company Supervision  226  2,000  327  6,400  334    Company Supervision  227  32,000  320  200  320    Conjeging Unit  229  16,000  329  12,000  240    Swabing Unit  333  24,000  240  334  300  240    Swabing Unit  333  3,000  335  75,000  1100  334  2,600  340  240  240  240  240  240  240  240  25,000	218 220 221 222 223 223 224	20,000		<del> </del>	
Cenent Souscia & Other (Nckoff Pkg)  200  300  21    Fisht Equipment & Equipment  221  4.000  322  12.000  224    Gazing Crivis & Equipment  222  12.000  322  12.000  224    Gazing Crivis & Equipment  222  12.000  322  12.000  324    Contract Labor  226  10.000  325  21.000  334    Contract Labor  226  10.000  324  1.000  314    Contract Labor  226  10.000  325  12.000  317    Maid Logging Unit  229  16.000  322  16.00  324    Compact Supervision  221  3.500  331  .325    Standardiver Reads  233  3.500  331  .324    Conging Unit  332  1.500.000  445.0  .336  .0000    Swatzbring Unit  333  24.000  .336  .2600  .260    Swatzbring Unit  233  3.0000  .336  .2600<	220 221 222 223 224				
Field Equipment A Centrolizors  21  4.000  321  25.000  224    Casing Creive & Equipment  222  12.000  324  7	221 222 223 224			35,000	35,00
Cating Crews & Equipment  222  12,000  922  12,000  924    Fishing Tools & Service  223  333	222 223 224			<u> </u>	
Failing Tools & Service  223  323  1000    Gendspitzlengineering  224  10.000  324  1.000    Gendspitzlengineering  224  10.000  324  1.000  331    Compart Labor  225  10.000  326  12.000  330  340    Combail Supervision  227  52.000  328  12.000  117.0    Muld Logging Unit  229  16.000  329  12.000  130    Optimizing Wireline Services  231  3.500  331  332  1,500,000  1500    Orimption Unit  333  24.000  235.000  226.000  226.000  226.000	223 224	4,000	321	25,000	29,00
GeologicEngineering  224  10,000  324  1,000  311    Contract Labor  225  10,000  325  21,000  310    Contract Labor  226  2,000  325  21,000  340    Contract Supervision  227  32,000  326  12,000  340    Contract Supervision  228  16,000  329  16,00  340    Mud Logging Unit  228  16,000  330  220,000  130    Stinuision/Treating  331  332  1,500,000  1,500  246,00    Swatabring Unit  333  24,000  330  24,000  340  240  240  340  240,000  350  10,000  450,000  350,000  330  250,000  320,000  920,000  200,000  920,000  200,000  920,000  200,000  920,000  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  2	224	12,000	322	12,000	24,00
GeologicEngineering  224  10,000  324  1,000  311    Contract Labor  225  10,000  325  21,000  310    Contract Labor  226  2,000  325  21,000  340    Contract Supervision  227  32,000  326  12,000  340    Contract Supervision  228  16,000  329  16,00  340    Mud Logging Unit  228  16,000  330  220,000  130    Stinuision/Treating  331  332  1,500,000  1,500  246,00    Swatabring Unit  333  24,000  330  24,000  340  240  240  340  240,000  350  10,000  450,000  350,000  330  250,000  320,000  920,000  200,000  920,000  200,000  920,000  200,000  920,000  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  200,00  2	224		323	,	
Contract Labor  25  10,000  325  21,000  314    Company Supervision  226  2,000  326  2,000  426    Contract Supervision  227  6,400  384    Testing Casing/Tubing  228  5,000  326  12,000  1176    Mad Logging  228  5,000  320  20,000  330  200    Conjusting Wireline Services  231  3,500  331  34  332  1,500,000  1,500    Conjusting Unit  333  24,000  240  340  34 <td></td> <td>10 000</td> <td></td> <td>1.000</td> <td>11,00</td>		10 000		1.000	11,00
Cempainy Supervision  226  2.000  326  2.000  340    Contract Supervision  227  32.2000  327  6.400  304    Contract Supervision  228  5.000  328  12.000  117.    Mult Logging  230  230  20.000  330  20.000  330  20.000  330  20.000  330  20.000  330  20.000  1500  20.000  1500  20.000  1500  24.000  25.000  37.000  37.000  39.00.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.000  20.	226				
Contracti Supervision  227  32,000  327  6,400  344    Testing Casing/Tubing  228  5,000  328  12,000  177    Mid Logging Unit  229  16,000  329  1660  1200  177    Definiting Wrieline Sarvices  231  3,500  331  332  1,500,000  1500    Contraction Unit  332  1,500,000  1500  260  240  1500  260  240  240  240  240  240  240  240  255  35,000  336  10,000  450.00					
Testing Casing/Tubing  228  5,000  328  12,000  17.0    Mad Logging  229  16,000  329  16.00  329  16.00    Derforating/Wrieline Services  231  3,500  331  33.3  33.3    Stimulation/Treating  332  1,500,000  1,500,000  15.000  24.000					
Mud Logging Unit  229  16,000  329  16,00    Logging  230  20,000  330  20,000    Stimulation/Treating  332  1,500,000  1,500,000  1,500,000    Cringleton Unit  333  24,000  24,0    Stimulation/Treating  333  24,000  24,0    Standard Unit  333  20,000  350  1,500,000    Rendals-Subsurface  236  35,000  336  10,000  45,0    Tricking/Fonkift/Rig Mobilization  237  70,000  339  20,000  20,00  20,000  90,0    Weiter Disposal  238  5,000  334  2,500  1,5  344  75,000  20,000	227	32,000	327	6,400	
Logging  230  20,000  330  20,000    Perforating/Wrieline Services  231  3,500  331  34    Simulation/Treating  332  1,500,000  1,500,000  24,000    Completion Unit  333  24,000  24,000  24,000    Swatohig Unit  333  24,000  24,000  24,000    Reindlas-Subturface  236  35,000  336  10,0000  45,0    Reindlas-Subturface  236  5,000  337  20,000  90,0    Water Disposal  239  339  20,000  20,0  20,000  20,0    Water Disposal  239  341	228	5,000	328	12,000	17,00
Performing/Wireline Services  231  3.500  331  32    Stinulation/Treating  332  1,500,000  1,500  240    Swabbing Unit  333  24,000  240    Swabbing Unit  333  75,000  110,000  450    Swabbing Unit  333  75,000  110,000  450    Tucking/Fonkfi/Rig Mobilization  237  70,000  337  20,000  90,0    Weaking Services  238  5,000  338  2,500  1,50    Weaking Services  238  5,000  330  20,000  20,000    Weaking Services  238  339  20,000  30,31,10  20,000  30,31,10  20,000  30,31,10  20,000  30,31,10  31,32,200  30,32,10,300  31,32,200  3	229	16,000	329		16,00
Performing/Wireline Services  231  3.500  331  32    Stinulation/Treating  332  1,500,000  1,500  240    Swabbing Unit  333  24,000  240    Swabbing Unit  333  75,000  110,000  450    Swabbing Unit  333  75,000  110,000  450    Tucking/Fonkfi/Rig Mobilization  237  70,000  337  20,000  90,0    Weaking Services  238  5,000  338  2,500  1,50    Weaking Services  238  5,000  330  20,000  20,000    Weaking Services  238  339  20,000  30,31,10  20,000  30,31,10  20,000  30,31,10  20,000  30,31,10  31,32,200  30,32,10,300  31,32,200  3	230	20.000	330		20,00
Stimulation/Treating  332  1,500,000  1,500,000    Conjulcion Unit  333  24,000  24,0    Swabbing Unit  334  2000  24,0    Rentals-Surface  235  35,000  335  75,000  110,0    Reintals-Subsurface  236  35,000  336  10,000  450,0    Reintals-Subsurface  238  5,000  338  2,500  77,000  90,0    Weaking Services  238  5,000  338  2,500  71,5  77,000  90,0  20,000  33,41,0  75,000  34,11  75,000  34,11,000  33,41,00  33,41,00  33,41,00  33,41,00  33,41,00  35,20  20,600  25,600	234		- 2		
Completion Unit  333  24,000  24,6    Swabbitg Unit  334  334  334    Swabbitg Unit  334  334  334    Swabbitg Unit  334  334  334    Rentals-Subsurface  236  35,000  336  10,000  45,0    Rentals-Subsurface  236  35,000  337  20,000  90,0    Wating Services  238  5,000  337  20,000  20,0    Wating Services  238  5,000  344  75,000  20,000  20,0    Wating Services  241  341	201			1 500 000	
Swabbing Unit  334  333    Rendals-Sufface  235  35,000  335  75,000  110,00    Rendals-Sufface  236  35,000  337  20,000  45,0    Trucking/Forkif/Rig Mobilization  237  70,000  337  20,000  20,0    Welding Services  238  5,000  338  2,500  75,000    Welding Services  238  5,000  339  20,000  20,0    Plug to Abandon  240  344  75,00  344  75,00    Seismic Aristysis  241  341		<u>`</u>			
Rentable-Subsurface  235  35,000  335  75,000  110,0    Reintable-Subsurface  236  35,000  336  10,000  450    Reintable-Subsurface  236  35,000  337  20,000  90,0    Weldring Services  238  5,000  337  20,000  200    Weldring Services  238  5,000  337  20,000  200    Weldring Services  239  339  20,000  200  200    Seismic Analysis  241  341		<u>.</u>		24,000	24,00
Reintals-Subsurface  236  35,000  336  10,000  45,0    TruckingFork#Vritg Mobilization  237  70,000  337  20,000  90,0    Water Disposal  238  5,000  338  2,500  7,5    Water Disposal  239  339  20,000  20,000  20,000    Seismic Analysis  241  341			334		
Trucking/Forkift/Rig Mobilization  237  70,000  337  20,000  90,0    Welding Services  238  5,000  338  2,500  7.5    Welding Services  239  339  20,000  34,0  75,10	235	35,000	335	75,000	110,00
Weiking Services  238  5,000  338  2,500  7,5    Water Disposal  239  339  20,000  6,000  6,000  6,000  6,000  6,000  6,000  33,41,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  35,261,000  35,261,	236	35,000	336	10,000	45,00
Weiking Services  238  5,000  338  2,500  7,5    Water Disposal  239  339  20,000  6,000  6,000  6,000  6,000  6,000  6,000  33,41,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  34,40,000  35,261,000  35,261,	237	70.000	337	20.000	90,00
Water Disposal  239  339  20,000  20,000    Phig to Abandon  240  340					
Phig to Abandon  240  340					
Seismic Analysis  241  341				20,000	20,0
Closed Loop & Environmental  244  75,000  344  75,00    Miscelineous  242  5,000  342  1,000  66,    Contingency  243  113,000  343  192,200  305,2    . TOTAL INTANGIBLES  1,237,000  2,104,000  3,341,0    TANGIBLE, COSTS  1,237,000  2,104,000  3,341,0    Take Casing 450' 13 3/8"  401  15,300  15,3    Intermediate Casing 1350' 9 5/8" 36#  402  35,22  503  206,800  206,80    Tubing 4300' 2 7/8"  504  25,800  23,00  23,00  23,00    Pumping Unit  506  40,000  40,00  20,0					
Miscellaneous  242  5,000  342  1,000  6,0    Contingency  243  113,000  343  192,200  305,2    TOTAL INTANGIBLES  1,237,000  2,104,000  3,341,0  3,341,0    TANGIBLE COSTS  1,237,000  2,104,000  3,341,0  3,341,0    Surface Casing 450' 13,3/8'  401  15,300  15,3  3,35,2    Intermediate Casing 1350' 9 5/8' 36#  402  35,262  503  206,800  206,800    Tobing 4300' 2 7/8'  504  25,800  23,00  20,00  21,00  21,00					
Contingency  243  113.000  343  192,200  305,2    TOTAL INTANGIBLES  1,237,000  2,104,000  3,341,0  3,341,0    TANGIBLE COSTS  301  15,300  15,300  15,300  35,2    Surface Casing 450' 13 3/B"  401  15,300  35,2  35,2  35,2    Production Casing/Liner 5 1/2* 17# x 7* 26#  503  206,800  206,800  206,800  206,800  206,800  206,800  206,800  206,800  206,800  206,800  206,800  206,800  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  200,900  20,900  20,900  20,900  20,900  21,800  25,800 <td>244</td> <td>75,000</td> <td>344</td> <td></td> <td>75,00</td>	244	75,000	344		75,00
TOTAL INTANGIBLES  1.237,000  2.104,000  3.341,0    TANGIBLE COSTS  Surface Casing 450' 13 3/8'  401  15.300  15.3    Surface Casing 450' 13 3/8'  402  35,262  503  206,800  206,800    Production Casing/Lheir 5 1/2' 17# x 7' 26#  504  25,800  225,800  226,800    Production Casing/Liner 5 1/2' 17# x 7' 26#  504  25,800  225,800  225,800    Pumping Unit  405  5006  40,000  40,00  20,000  21,000  22,000  21,80 <t< td=""><td>242</td><td>5,000</td><td>342</td><td>1,000</td><td>6,0</td></t<>	242	5,000	342	1,000	6,0
TANGIBLE_COSTS    Surface Casing 450' 13 3/8"  401  15,300  15,3    Intermediate Casing 1350' 9 5/8" 36#  402  35,262  503  206,800  200,000  20,000  20,000  20,000  415  2,500<	243	113,000	343	192,200	305,20
TANIGIBLE COSTS    Surface Casing 450' 13 3/8"  401  15,300  15,3    Intermediate Casing 130' 9 5/8" 36#  402  35,262  503  35,2    Production Casing 130' 9 5/8" 36#  402  35,262  503  206,800  200,800  200,000  2				· · · · · · · · · · · · · · · · · · ·	
Surface Casing 450' 13 3/8"  401  15,300  15,300    Intermediate Casing 1300' 9.58" 36#  402  35,262  503  35,2    Production Casing/Liner 5 1/2" 17# x 7" 26#  503  206,800  206,900  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  25,500  25,500 <td></td> <td></td> <td></td> <td></td> <td></td>					
Surface Casing 450' 13 3/8"  401  15,300  15,300    Intermediate Casing 1300' 9.58" 36#  402  35,262  503  35,2    Production Casing/Liner 5 1/2" 17# x 7" 26#  503  206,800  206,900  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  20,000  25,500  25,500 <td></td> <td></td> <td></td> <td></td> <td></td>					
Intermediate Casing 1350*9 5/8*36/4  402  35,262  503  35,262    Production Casing/Liner 5 1/2* 17# x 7*26/#  503  206,800  206,8    Tubing 4300*2 7/8*  504  25,800  235,2    Wellhead Equipment  405  6,000  640,000  40,0    Pumping Unit  506  40,000  40,0  20,000  21,000  22,000  25,000  25,000  42		· · · · · ·			
Production Casing/Liner 5 1/2* 17# x 7* 26#  503  206,800  206,800    Tubing 4300* 2 7/8*  504  25,800  25,8    Wellhead Equipment  405  8,000  505  15,000  230,0    Pumping Unit  506  40,000  400,000  45,5  45,250  47,7  48,500  48,5  414  513  2,500  42,5  44,7  514  310,000  3100,00  3100,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00		15,300			15,30
Tubing 4300°2 7/8*  504  25,800  25,800    Wellhead Equipment  405  6,000  505  15,000  23,0    Pumping Unit  506  40,000  40,0  20,000  20,0  20,000  20,0  20,000 </td <td>402</td> <td>35,262</td> <td>503</td> <td>· · ·</td> <td>35,26</td>	402	35,262	503	· · ·	35,26
Sold  Sold  25,800  25,800  25,800  25,800  25,800  25,800  25,800  25,800  25,800  25,800  25,800  25,800  23,00  20,000 <t< td=""><td></td><td></td><td>503</td><td>206,800</td><td>206,80</td></t<>			503	206,800	206,80
Wethead Equipment  405  8,000  505  15,000  23,0    Puriping Unit  506  40,000  40,0  40,0    Prime Mover  507  20,000  20,00  20,0  20,00  20,0  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  25,50  20,00  25,50  25,50  25,50  25,50  25,50  25,50  25,50  27,00  20,00  20,00  20,00  20,00  20,00  20,00  20,00  22,0  20,00  22,0  20,00  22,0			504	25,800	25.80
Pumping Unit  506  40,000  40,0    Prime Mover  507  20,000  20,0    Rods  509  10,000  10,0    Pumips  509  10,000  10,0    Tanks  510  27,825  27,8    Plowinies  511  5,000  50,0    Plowinies  511  5,000  40,0    Plowinies  511  5,000  50,0    Plowinies  511  5,000  50,0    Plowinies  513  2,500  25,50    Plowinies  513  2,500  25,50    Packers/Anchors/Hangers  414  514  310,000  310,0    Couplings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Maters  516  4,000  4,000  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40,00  40	405	8.000	505		23,00
Prime Mover  507  20,000  20,0    Rods  508					
Rods  508  10000  10,000    Pumps  509  10,000  10,0    Tanks  510  27,825  27,8    Flowfinits  511  5,000  50,000    Heater Treater/Separator  512  48,500  48,5    Electrical System  513  2,500  2,5    Packers/Anchors/Hangers  414  514  310,000  310,000    Couptrige/Fittings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Meters  516  4,000  4,00  2,00  2,000  2,000 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<>					
Pumps  509  10.000  10.00    Tanks  510  27.825  27.8    Flowfinids  511  5.000  50.0    Pather Trate/Separator  511  5.000  50.0    Pather Trate/Separator  512  48,500  48.5    Pathers/Anchors/Hangers  414  514  310,000  310,0    Couplings/Fittings/Valves  415  2,500  25,50  47,7    Gas Compressors/Matters  516  4,000  4,000  40,00    Dehydrator  517				20,000	20,00
Tanks  510  27,825  27,8    Flowfiries  511  5,000  5,00    Heater Treater/Separator  512  48,500  48,50    Electrical System  513  2,500  2,50    Packers/Anchors/Hangers  414  514  310,000  310,0    Couplings/Fittings/Valves  415  2,500  515  45,250    Ophydrator  516  4,000  4,00  4,00    Dehydrator  518  518  518  518    Contingency  420  7,938  520  79,325  87,2    TOTAL WELL COSTS  1,307,000  2,965,000  4,272,0					
Flowfines  511  5,000  5,00    Heider Treater/Separator  512  48,500  48,500  48,500  48,500  48,500  2,50  2,50  2,50  2,50  2,50  2,50  310,000  310,000  310,000  310,000  310,000  310,000  40,00  <					10,00
Heater Treater/Separator  512  48,500  48,500    Electrical System  513  2,500  2,5    Packars/Anchors/Hangers  414  514  310,000  310,00    Couptings/Filtings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Meters  516  4,000  4,00  22,00  22,00  22,00  22,00  22,00  22,00  22,00  22,00  23,00  33,00  33,00  33,00  33,00		<u> </u>	510	27,825	27,8
Heister Treater/Separator  512  48,500  48,500  48,500  48,500  48,500  25,500  2,500  2,500  2,500  2,500  2,500  2,500  2,500  2,500  310,000  310,000  310,000  310,000  310,000  310,000  310,000  40,0  42,0  7,938,52  79,325  67,2  67,2  66,1,000  931,0  29,65,000  42,272,0  42,272,0  42,272,0 <t< td=""><td></td><td></td><td>511</td><td>5,000</td><td>5,00</td></t<>			511	5,000	5,00
Electrical System  513  2,500  2,5    Packers/Anchors/Hangers  414  514  310,000  310,0    Couplings/Valves  415  2,500  515  45,250  310,0    Couplings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Maters  516  4,000  517			512		48,50
Packers/Anchors/Hangers  414  514  310,00  310,0    CoupErgis/Fittings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Meters  516  4,000  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  4,00  517  517  518  518  518  518  516  516  517  518  518  516  517  517  517  518  517  517  518  517  517  517  517  517  518  517  518  517  517  517  517  517  517  517  517  518  517 </td <td></td> <td></td> <td>•</td> <td></td> <td>2,50</td>			•		2,50
Couplings/Fittings/Valves  415  2,500  515  45,250  47,7    Gas Compressors/Meters  516  4,000  4,0  4,00  5,000  5,000  4,00  5,000  5,000  1,307,000  2,965,000  4,272,00  2,965,000  4,272,00	414				
Gas Compressors/Meters  516  4,00  4,0    Dehydriator  517  517  517    Injection Plant/CO2 Equipment  518  21,000  22,0    Miscellaneous  419  1,000  519  21,000  22,0    Contingency  420  7,938  520  79,325  67,2    TOTAL TANGIBLES  70,000  861,000  931,0  1,307,000  2,965,000  4,272,0		7.500	•		
Dehydrator  517    njećično Plant/CO2 Equipment  518    Miscellanieous  419  1,000  519  22,00    Contingency  420  7,938  520  79,325  87,2    TOTAL TANGIBLES  70,000  861,000  931,0  1,307,000  4,272,0	4 ID	2,500			
Injection Plant/CO2 Equipment  518    Miscellaneous  419  1,000  519  21,000  22,0    Contingency  420  7,938  520  79,325  87,2    TOTAL TANGIBLES  70,000  661,000  931,0  1,307,000  4,272,0				4,000	4,00
Miscellarieous  419  1.000  519  21.000  22.0    Contingency  420  7,938  520  79,325  87,2    TOTAL TANGIBLES  70,000  861,000  931,0  1,307,000  4,272,0    TOTAL WELL COSTS  1,307,000  2,965,000  4,272,0		<u> </u>	517		
Contingency  420  7,938  520  79,325  87,2    TOTAL TANGIBLES  70,000  861,000  931,0    TOTAL WELL COSTS  1,307,000  2,965,000  4,272,0			518		
Contingency  420  7,938  520  79,325  87,2    TOTAL TANGIBLES  70,000  861,000  931,0    TOTAL WELL COSTS  1,307,000  2,965,000  4,272,0	419	1.000		21.000	22,00
TOTAL TANGIBLES  70,000  861,000  931,0    TOTAL WELL COSTS  1,307,000  2,965,000  4,272,0		·			
TOTAL WELL COSTS 1,307,000 2,965,000 4,272,0	720		520		
· · · · · · · · · · · · · · · · · · ·					
		1,307,000		2,965,000	4,272,0
COG Operating LLC		238 239 240 244 242 243 401 402 405 405	238  5,000    239	238  5,000  338    239  339    240  340    241  341    242  5,000  344    243  113,000  343    1237,000  342  503    401  15,300  503    402  35,262  503    504  506  506    506  506  507    508  509  511    511  512  513    414  514  513    415  2,500  516    511  516  517    419  1,000  518    420  7,938  520    70,000  70,000  509	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$

We approve:

\_\_\_\_% Working Inte

Company: By:

\* \_\_\_\_\_

Printed Name: Title: Date:

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

# BEATTY & WOZNIAK, P.C.

COG Operating LLC Section 16, T19S, R31E: N/2NW and W2/NE January 11, 2012 Page 10

Requirement No. 6. This Requirement concerns the 25% leasehold interest herein credited to Total Petrochemicals USA, Inc. In 1963, American Petrofina, Inc. acquired the interest of Cosden Petroleum Corporation, which had among its assets a one-fourth interest below 4,000' in the subject leasehold. This is evidenced by Assignment to American Petrofina recorded in Book 134, Page 1 ECR. In 1991, American Petrofina, Inc. became FINA, Inc. In 1997 another "FINA" related entity, Fina Oil and Chemical Company (whose name prior to 1985 had been American Petrofina Company of Texas – not the same as "American Petrofina, Inc.") by a term assignment (one year plus drilling requirements) purports to assign its interest in the subject leasehold to Chase Oil Corporation. There were no warranties of title. According to the Materials Examined, this Assignor, Fina Oil and Chemical Company, never had record title interest. On April 29, 1999, effective January 1, 1999, Fina Oil and Chemical Company purports to assign this same interest, without warranty of title, to Manix Energy, LLC. There is no recorded documentation evidencing the termination of the prior assignment to Chase Oil Corporation for failure to fulfill the drilling commitment but, for purposes of scheduling ownership, we assumed the drilling requirement was not met and, since Fina Oil and Chemical Company is a stranger to title, we have scheduled Total Petrochemicals USA Inc. (as the successor to FINA, Inc.), as the owner of this 25% interest.

There is a lengthy chain of title following the assignment from Fina Oil and Chemical Company to Manix Energy, LLC. The last related conveyance entry filed December 22, 2010, appearing in Book 838, Page 242 ECR, is an Assignment to Apache Corporation. All of these assignments, commencing with Manix Energy, LLC, are blanket assignments of multiple interests; they are not assignments of interest only in the subject lease. There is nothing in the Materials Examined to indicate that American Petrofina, Inc. or FINA, Inc. conveyed or otherwise transferred its interest to Fina Oil and Chemical Company, a wholly owned subsidiary of American Petrofina, Inc. The Corporate website for Total Petrochemicals USA, Inc., corporate successor to FINA, does not represent that FINA, Inc. and Fina Oil and Chemical Company were ever one and the same by merger/name change or otherwise. The New Mexico Public Regulation Commission website represents that American Petrofina, Inc. never owned assets in New Mexico. Further, we did find an entry in the NMSLO tract book for Section 16 that identifies an application for a salt water disposal well in Section 16 that was submitted on November 8, 2011 by Apache Corp. Since the application is pending, its contents are not yet public information. It is, however, an indication that Apache claims an interest in these lease lands.

As a result of the foregoing facts and analysis, there are three potential scenarios regarding ownership of the 25% working interest scheduled in Total Petrochemicals USA Inc.:

a. As shown in our ownership schedule, the interest is owned by Total Petrochemicals USA Inc., as successor by merger or name change to the record title owner, American Petrofina, Inc.;

> This opinion furnished by COG Operating LLC. Anyone relying upon the contents herein does so at his own risk and without recourse to COG Operating LLC.

### BEATTY & WOZNIAK, P.C.

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b. Assuming Fina Oil and Chemical Company succeeded, by name change or merger (we could find no evidence supporting this assumption), to the interest owned of record by American Petrofina, Inc., and assuming the term assignment referenced in the comment terminated for failure of the assignee to satisfy the drilling requirement, then the interest would be owned by the successors and assigns of Manix Energy, LLC; and

c. Assuming Fina Oil and Chemical Company succeeded, by name change or merger (we could find no evidence supporting this assumption), to the interest owned of record by American Petrofina, Inc., and assuming the term assignment referenced in the comment was continued in effect by satisfaction of the drilling requirement, then the interest would be owned by COG Oil & Gas, LP.

<u>REQUIREMENT</u>: You should inquire with both Apache Corporation and Total Petrochemicals USA Inc. regarding their claim to ownership, if any, of the referenced 25% working interest. You should determine whether Fina Oil and Chemical Company succeeded to the interest of FINA, Inc. If so, you should record appropriate documentation of such succession in Eddy County. You should also determine whether the term assignment referenced in the comment terminated for failure to satisfy the drilling requirement. You should return to us with the results of your investigations so that we can revise this Opinion accordingly and make the appropriate additional requirements.

> This opinion furnished by COG Operating LLC. Anyone relying upon the contents herein does so at his own rick and without recourse to COG Operating LLC.