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October 8, 2014

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

Attention: Amanda R. Neagle
Landman

**SUPPLEMENTAL DRILLING TITLE OPINION AND DIVISION ORDER TITLE
OPINION**

**SRO STATE UNIT COM #38H WELL
SRO STATE UNIT COM #39H WELL
SRO STATE UNIT COM #40H WELL
EDDY COUNTY, NEW MEXICO**

LANDS INVOLVED:

Township 25 South, Range 28 East, N.M.P.M.
Section 34: All

(containing 640.00 acres, more or less)

Limited from the Surface to the Base of the Bone Spring Formation

LEASES INVOLVED:

State of New Mexico Oil and Gas Leases V-7101 and V-7085
(see Appendix "A")

Ladies and Gentlemen:

We have examined title to the lands (hereinafter sometimes referred to as the "Subject Lands") and to the oil and gas leases (hereinafter sometimes referred to as the "Subject Leases") described above and report our opinion as of September 18, 2014.

{00056811.1}

**NMOCD CASE Nos. 15441, 15481, 15482
NEX, SRO2 LLC AND SRO3 LLC
Exhibit No. 21
May 4, 2016**

NEX00001900



COG Operating LLC

October 8, 2014

Page 22

The Allar Company

0.30769230 of 80/160 LESS ((0.30769230 of 0.16666667 of
80/160) + (0.00384615 of 80/160) + (0.00384615 of 80/160)
+ (0.07692308 of 0.05833333 of 80/160)) = 0.12211538

PLUS

0.19673756 WI

0.19158086 of 80/160 LESS ((0.19158086 of 0.16666667 of
80/160) + (0.00384615 of 80/160) + (0.00384615 of 80/160)
+ (0.0440636 of 0.05833333 of 80/160) + (0.00383162 of
0.0375 of 80/160)) = 0.07462218

☐ Borne solely by The Allar Company

Requirement: The Allar Company should execute and record the re-assignment required by the Assignment. If The Allar Company and EG3, Inc. intended for The Allar Company to retain its interest in the Subject Wells based on the approved APDs, the Assignment discussed above should be revised to so state and the tables in this Comment should be used to replace the interests of The Allar Company and EG3, Inc. in the Tabulation of Ownership, the Unit Gross Working Interest Summary, and Schedule "A" in this Opinion.

9. **Term Assignment from Nearburg Exploration Company, L.L.C. to Marbob Energy Corporation.** Requirement 4 of the Original Opinion references Assignment No. 38, which is a Term Assignment from Nearburg Exploration Company, L.L.C. to Marbob Energy Corporation, dated August 27, 2009, effective July 1, 2009, recorded in Book 790, Page 530. Although the Term Assignment was not included in the Abstract, the Original Opinion goes into some depth regarding the provisions of the assignment. Specifically, the Original Opinion notes that the Term Assignment is limited to depths from the surface to the base of the Bone Spring Formation and that Assignor reserved unto itself an overriding royalty interest equal to the difference between 25% of production and the aggregate burdens existing against the interest assigned thereby, subject to proportionate reduction.

Most importantly, the Underlying Opinion provides that the interest assigned shall be limited to a term commencing on the effective date of the Term Assignment (July 1, 2009) and extending so long thereafter as the lease remains subject to the SRO State Exploratory Unit Agreement. Because the SRO State Exploratory Unit was voluntarily terminated effective March 1, 2014, it appears that the primary term of the Term Assignment is now expired and the interests assigned thereunder in all of the Subject Lands except Tracts 7 and 8, which comprise the spacing unit for the SRO State Unit Com #11H Well, have reverted back to Nearburg Exploration Company, L.L.C. We have reported title accordingly.

{00056811.1}

NEX00001921

As a final matter, we note that the Original Opinion raised as an advisory requirement the fact that all parties to the SRO State Exploratory Unit Operating Agreement seemed to have acquired interests under the Term Assignment, despite Marbob Energy Corporation being the only party identified as an assignee under the Term Assignment. Because all parties to the SRO State Exploratory Unit Operating Agreement acquired interests under the Term Assignment, a release of the Term Assignment should be executed by all of the parties to the SRO State Exploratory Unit Operating Agreement or their successors and assigns.

Requirement: A release of the Term Assignment inasmuch as it affects the Subject Lands, except Tracts 7 and 8, should be executed by all of the parties to the SRO State Exploratory Unit Operating Agreement or their successors and assigns. The release should then be recorded.

10. **Overriding Royalty Interests of John Thoma and Sandra Mary Thoma: Stipulation of Interest.** Included in the Abstract was a Revised Stipulation of Interests (“Stipulation”) dated effective October 1, 2007, recorded August 3, 2010, in Book 822, Page 171, entered into by The Allar Company, EG3, Inc., John Thoma, and Sandra Mary Thoma.³ The Stipulation documents various assignments and agreements related to leases subject to the Graham Cracker Working Interest Operating Agreement. Most importantly, the parties stipulate and agree that John Thoma, as his separate property, and Sandra Mary Thoma, as her separate property, each own one-half “total overriding royalty interest of 2.5% x 30.769231% = 0.769230775% in the [Graham Cracker State] Working Interest Unit, to be borne by the Working Interest Owners [identified in the Stipulation as The Allar Company and EG3, Inc.] proportionate to their respective operating rights percentages”

Since the Graham Cracker State Working Interest Unit Agreement covered all of the Subject Lands, we have interpreted the Stipulation as being applicable to both the N½ and the S½ Tracts that comprise the spacing units for the Subject Wells. The Underlying Opinions credited John Thoma and Sandra Mary Thoma, each as their sole and separate property, with an overriding royalty interest of “½ of ½ of 7.692308% ORI plus ½ of ½ of 4000/7360 of 7.692308% ORI.” It seems clear that the first part of the formula, “½ of ½ of 7.692308% ORI”, demonstrates that the overriding royalty interest is applicable to Tract 7, being the N½NW¼, which was the N½ Tract in the spacing unit for the SRO State Unit Com #11H Well. However, it is not clear from the Underlying Opinions if the second part of the formula, “plus ½ of ½ of 4000/7360 of 7.692308% ORI”, indicates that the overriding royalty interest is applicable to the S½ of the Subject Lands. Despite this lack of clarity, because the Stipulation specifically states the overriding royalty interests of John Thoma and Sandra Mary Thoma apply to the Graham Cracker State Working Interest Unit, which covers all of the Subject Lands, we have applied the overriding royalty to the entire section.

³ The Stipulation is also identified in the Original Opinion as Assignment No. 33.