



AARON L. MYERS
Senior Landman

August 18, 2016

Patrick Fowlkes
P.O. Box 658
Marfa, Texas 79843

RE: Lease offer

Mr. Fowlkes,

COG Production LLC ("COG") hereby makes an offer to lease your minerals situated in Eddy County, New Mexico, described in further detail herein below:

Township 26, South, Range 28 East, N.M.P.M.:

Section 21: S/2SE/4
Section 22: W/2SW/4, NE/4SW/4, N/2SE/4
Section 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4
Section 24: N/2NW/4, NW/4NE/4, SE/4SE/4, SW/4NE/4, N/2SE/4
Section 28: E/2NW/4, SW/4NW/4, NW/4NE/4
Section 29: E/2SE/4, NW/4SE/4, SE/4NE/4
Section 32: NE/4NE/4
Section 33: W/2NW/4

Township 26 South, Range 29 East, N.M.P.M.:

Section 7: S/2NE/4
Section 8: NW/4NW/4
Section 19: Lots 2, 3, 4 and E/2NW/4

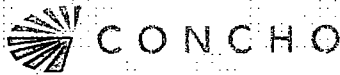
A review of the Official Public Records of Eddy County, New Mexico, reveals that you own 21.390764 net mineral acres in an under the lands described above. COG is offering to lease your minerals for \$1,500.00 per net mineral acre which yields a total lease bonus payment of \$32,086.15.

This lease offer will remain valid for thirty (30) days from your receipt of this letter.

Please contact me directly at 432.688.6674 to discuss this matter further. I look forward to discussing this opportunity with you in greater detail.

Sincerely,

Aaron L. Myers
Senior Landman



Via Certified Mail

October 6, 2016

Working Interest Owners - Listed on Attached Exhibit "A"

RE: Well Proposal - Graham Nash Federal Com #7H

Township 26 South, Range 28 East, N.M.P.M.

Section 21: SE/SW (SHL Only) SHL: 200' FSL & 1450' FWL (Or at a legal location in Unit N)

Section 28: E/2 W/2 (Producing Area)

Section 33: NE/NW, Lot 2 (Producing Area) BHL: 330' FSL & 1980' FWL (Or at a legal location in Lot 2)

Eddy County, New Mexico

Dear Working Interest Owners:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the Graham Nash Federal Com #7H as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 7,879' and a MD of 15,000 to test the 2nd Bone Spring Sand formation. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$6,361,918, being the total estimated cost to drill and complete the proposed well.

COG is proposing to drill this well under the terms of a modified 1989 A.A.P.L. 610 Model Form Operating Agreement, which will follow separately for the above referenced well. The Operating Agreement will cover the SE/SW of Section 21, the E/2 W/2 of Section 28 and the E/2 W/2 of Section 33 - Township 26 South, Range 28 East located in Eddy County, New Mexico. It will include the following general terms:

- 100%/300% Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided on page two and return this letter, along with an executed copy of the enclosed AFE and a copy of your geological well requirements to the corporate address, attention Patrick Godwin.

Should you have any questions, please do not hesitate to contact Patrick Godwin at 432-685-4390 or by email at pgodwin@concho.com.

Very truly yours,
COG Operating LLC

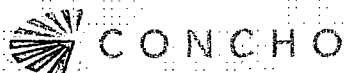
Savannah Haller
Land Technician - Delaware Basin

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

OCD Case No. 15607

P. FOWLKES

EXHIBIT # 2



Via Certified Mail

October 31, 2016

Patrick Fowlkes
P.O. Box 658
Marfa, TX 79843

RE: Lease Offer - Eddy County, NM

Dear Mr. Fowlkes:

Under the letter dated August 18, 2016, COG Production LLC ("COG") made an offer to lease your mineral interests in Eddy County, New Mexico, with the offer being valid for 30 days from receipt of the letter. COG would like to re-propose an identical offer to lease your minerals situated in Eddy County, New Mexico, described in further detail herein below:

Township 26, South, Range 28 East, N.M.P.M.:

Section 21: S/2SE/4
Section 22: W/2SW/4, NE/4SW/4, N/2SE/4
Section 23: E/2E/2, SW/4SE/4, SE/4SW/4, N/2SW/4
Section 24: N/2NW/4, NW/4NE/4, SE/4SE/4, SW/4NE/4, N/2SE/4
Section 28: E/2NW/4, SW/4NW/4, NW/4NE/4
Section 29: E/2SE/4, NW/4SE/4, SE/4NE/4
Section 32: NE/4NE/4
Section 33: W/2NW/4

Township 26 South, Range 29 East, N.M.P.M.:

Section 7: S/2NE/4
Section 8: NW/4NW/4
Section 19: Lots 2, 3, 4 and E/2NW/4

A review of the Official Public Records of Eddy County, New Mexico, reveals that you own 21.390764 net mineral acres in an under the lands described above. COG is offering to lease your minerals for \$1,500.00 per net mineral acre which yields a total lease bonus payment of \$32,086.15.

This lease offer will remain valid until December 1, 2016.

Please contact Patrick Godwin by phone at 432.685.4390 or by email at pgodwin@concho.com, should you have any questions or concerns.

Very truly yours,
COG Production LLC

Savannah Haller

Savannah Haller
Land Technician - Delaware Basin

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

OCD Case No. 15607

P. FOWLKES

EXHIBIT # 3

Oil & Gas Lease

THIS OIL & GAS LEASE ("Lease") made this 1st day of August 2016, between Patrick Fowlkes, whose address is P.O. Box 658, Marfa, Texas 79843, herein called "Lessor" (whether one or more) and COG Production LLC, whose address is One Concho Center, 600 W. Illinois Avenue, Midland, Texas 79701, herein called "Lessee":

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is hereby acknowledged, and of the agreements herein contained, hereby grants, leases and lets exclusively unto Lessee, for the purpose of owning, investigating, exploring, prospecting, drilling, operating, producing and marketing oil, gas, and such other minerals and substances as may be produced incident to the production of oil and/or gas, the grant effected hereby to include the right to engage in all activities reasonably necessary or convenient to said stated purposes, including but not limited to conducting seismic operations, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store, transport and market said Lease substances, the following described land (deemed to comprise 1,547.60 acres, whether it actually comprises more or less), in Eddy County, New Mexico (the "leased premises" or "said land"), to-wit:

Township 26 South, Range 28 East, N.M.P.M.:

Section 22: N/2S/2, SW/4SW/4

Section 23: N/2SW/4, SE/4SW/4, S/2SE/4, NE/4SE/4, E/2NE/4

Section 24: N/2NW/4, NW/4NE/4, SW/4NE/4, N/2SE/4

Section 28: S/2NW/4, NE/4NW/4, NW/4NE/4

Section 29: SE/4NE/4, E/2SE/4, NW/4SE/4

Section 32: NE/4NE/4

Section 33: W/2NW/4

Township 26 South, Range 29 East, N.M.P.M.:

Section 7: S/2NE/4

Section 8: NW/4NW/4

Section 19: Lots 2, 3, 4, & E/2NW/4

2. Subject to the other provisions herein contained, this Lease shall remain in force for a term of three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled, or this Lease is otherwise maintained in accordance with its terms.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons, 25% of that produced and saved from said land, same to be delivered free of all costs to the credit of Lessor at the tanks or pipelines to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 25% of the gas so used, provided that on gas sold on or off the premises, the royalties shall be 25% of the net proceeds realized at the well from such sale; (c) and at any time when this Lease is not validated by other provisions hereof and there is a well on said land, or land pooled therewith, capable of producing and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, Lessee may pay or tender a shut-in royalty equal to \$1.00 per net acre of the acreage then capable of being held by the well under this Lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this Lease shall not terminate and it shall be considered under all clauses hereof that leased substances are being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment.

4. This is a paid-up Lease and Lessee shall not be obligated during the primary term hereof to pay shut-in royalties, to commence or continue any operations of whatsoever character or to make any other payments hereunder in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Spacing units (for vertical wells) or project areas (for horizontal wells) pooled hereunder shall not exceed the spacing unit or project area fixed by law, from time to time during the term hereof, or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent (10%). Lessee shall file written unit or project area designations in the county in which the premises are located and such units or project areas may be designated from time to time and either before or after the completion of wells. Operations (including, but not limited to, drilling operations) on or production from any part of any such unit or project area shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in

this lease, including, for a horizontal well, those cases in which the location of the well site tract for such well is not located on the leased premises or on any other lands included within the project area for such well. There shall be allocated to the land covered by this Lease included in any such unit or project area that portion of the total production of pooled minerals from wells in the unit or project area, after deducting any used in Lease or unit (or project area) operations, which the net oil or gas acreage in the land covered by this Lease included in the unit or project area bears to the total number of surface acres in the unit or project area. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit or project area in the same manner as though produced from said land under the terms of this lease. Any pooled unit or project area designated by Lessee, as provided herein, may be amended or dissolved by Lessee, in whole or in part, at any time and from time to time, by recording an appropriate instrument in the County where the land is situated. As used in this lease, the term "horizontal well" shall mean a well containing a single lateral that is drilled in a manner in which the horizontal component of the completion interval extends at least one hundred (100) feet in the objective formation and which exceeds the vertical component of the completion interval in the objective formation. A horizontal well may have more than one lateral as long as each lateral component meets the above requirements for a single lateral. As used in this lease, the term "lateral" shall mean that portion of the well bore that deviates from approximate vertical orientation to approximate horizontal orientation and the remainder of the well bore beyond such deviation to the end of the well bore. A "vertical well" is a well other than a horizontal well.

6. If at the expiration of the primary term (a) there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations thereon, or (b) there has been production from, or operations upon the leased premises within the preceding ninety (90) days, this Lease shall remain in force so long as operations are prosecuted with no cessation of more than ninety (90) consecutive days, whether such operations be the same or different operations and/or on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land or this Lease is otherwise maintained in force and effect. If after the expiration of the primary term there should be a cessation of production or other event or circumstance as would otherwise cause this Lease to expire in accordance with its terms, this Lease shall not terminate if Lessee commences or restores production or commences operations for additional drilling or for reworking within ninety (90) days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this Lease shall remain in full force so long thereafter as oil or gas is produced hereunder. As used throughout this lease, the term "reworking" means all actions taken to secure, restore or improve production through the use of a wellbore previously drilled, but without regard to whether the action involved be within or outside of the wellbore.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. If and when having pipe lines on the surface unreasonably interferes with existing surface uses or surfaces uses then being commenced, Lessee, when required by Lessor, will bury all pipe lines below ordinary plow depth or such lesser depth as reasonably removes same as an interference, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Existing wells and/or wellbores on the leased premises may be reentered and used and to the extent such occurs the reentry shall be considered the same as the drilling of a new well on the leased premises.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee and no such change or division shall be binding upon Lessee for any purpose until thirty (30) days after Lessee has received at Lessee's principal place of business certified copies or acceptable alternative documentation in lieu thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this Lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this Lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder, by reason of scarcity or inability to obtain or use equipment or material, by act of God, by any Federal or state law or any order, rule or regulation of governmental authority (including the time during which Lessee is waiting on the issuance of any order, rule, policy or practice in connection therewith or while the time for comments on the issuance of any rule, order, practice or policy is in effect), or by other act, event, circumstance or condition beyond Lessee's reasonable control, then while so prevented, and for thirty (30) days thereafter, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and for thirty (30) days thereafter, and that time shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding. As used herein, the term "order, rule, denial, policy, directive, rule-making proposal, and/or practice" includes, but is not limited to any denial, restriction or delay of drilling and/or other operations on the leased premises attributable to environmental and/or endangered species restrictions, conditions and limitations now or hereafter adopted, enforced or applied to the leased premises by any federal or state agency having authority with respect to the leased premises, and without limiting the generality of the foregoing clause, shall specifically include all lesser prairie chicken and sand dune lizard stipulations and restrictions, collectively

referred to herein as "Endangered Species and Environmental Conditions." If Lessee is precluded from engaging in operations because the necessary permits and approvals to drill have not been obtained, or because Lessee is required to postpone or suspend operations by application of Endangered Species and Environmental Conditions, then its obligation and/or entitlement to engage in operations shall be deferred until sixty (60) days after approval of the necessary permits and approvals, or until sixty (60) days after operations are allowed to commence or resume following any period of suspension attributable to Endangered Species and Environmental Conditions, and the running of periods of special limitation applicable to the estate granted hereby shall be tolled during such deferral period.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this Lease covers less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this Lease as to acreage so surrendered, except as to the liability for any payments accruing hereunder prior to the time of such surrender which shall survive surrender and continue as an obligation of Lessee, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. No partial surrender or release or partial termination shall in any manner reduce or limit Lessee's entitlement to use all of the surface (as originally described and as originally subject to this lease) in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Moreover, under no circumstances shall Lessee, as a consequence of any partial surrender or release or partial termination, be required to relocate roads, pipelines, facilities or other improvements utilized, or potentially subject to use, by Lessee in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Nor shall the filing of a document of surrender or release, or a document acknowledging partial termination, be construed as effecting a surrender, release or partial termination of surface rights incident to Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

LESSOR:

By: _____

Name: _____

ACKNOWLEDGMENT

STATE OF _____ §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____,
201__, by _____.

Notary Public

Notary's Printed Name: _____

My Commission Expires: _____

ADDENDUM TO OIL & GAS LEASE

Dated the 1st day of August 2016, between Patrick Fowlkes, as Lessor, and COG Production LLC, as Lessee.

In the event of conflict between this Addendum and paragraphs 1 – 11 of the form of Oil & Gas Lease to which this Addendum is attached, this Addendum shall control. Provided, however, this Addendum shall be harmonized with the form to which it is attached insofar as is reasonable to avoid the finding of a conflict.

12. Lessor and Lessee acknowledge that the lands described in this Lease are presently subject to that certain Oil and Gas Lease dated July 10, 2008, recorded in Volume 747, page 005, of the Official Public Records of Eddy County, New Mexico, from J. M. Fowlkes, Jr., et al, as Lessor, to OGX Resources, as Lessee, or (ii) that certain Oil and Gas Lease dated April 4, 2013, recorded in Volume 930, page 803, of the Official Public Records of Eddy County, New Mexico, from J.M. Fowlkes, Jr., as Lessor, to COG Production LLC, as Lessee (such leases collectively hereinafter, the "Current Lease"). This Lease shall never become effective as an operational oil and gas lease/determinable fee conveyance as to lands covered by the Current Lease while the Current Lease is in force and effect as to said lands, but shall only come into force and effect as an operational oil and gas lease/determinable fee conveyance as provided for below:

- (a) Lessor covenants and agrees not to take any action that would extend, renew, amend, or modify the Current Lease.
- (b) If the Current Lease terminates in its entirety, this Lease shall immediately become effective as to all of said lands.
- (c) If the Current Lease remains in force and effect in its entirety until [August 1, 2017] ("Deadline Date"), this Lease shall not become effective and Lessee shall be relieved of all obligations provided for in this Lease as well as of the obligation to make any additional payments of any kind to Lessor. If prior to such date the Current Lease terminates in part and remains in force and effect in part, this Lease shall become effective only as to those lands and depths as to which the Current Lease has terminated, and Lessee shall be relieved of all obligations provided for in this Lease as to lands and depths as to which the Current Lease remains in force and effect, as well as of the obligation to make any additional payments of any kind to Lessor as to such perpetuated lands and depths. If the Current Lease terminates as to certain lands and depths on more than one date prior to the Deadline Date, this Lease shall immediately become effective as to such terminated lands and depths upon each such instance of termination occurring prior to such date.
- (d) Lessor warrants there are no other leases or top leases other than the Current Lease on any of the leased premises as to which Lessor owns an interest, and agrees that no other top leases covering all or any part of the leased premises will be executed by Lessor prior to the Deadline Date. Upon any expiration of the Current Lease in whole or in part, Lessor covenants and agrees to cooperate with Lessee in securing one or more complete or partial releases of the Current Lease, as applicable.
- (e) Notwithstanding the provisions of paragraph 2 above or any other provision of this Lease, the primary term hereof shall not commence until the Current Lease terminates in whole or in part. For the absence of doubt, references herein to the term "primary term" shall be deemed to be references to the primary term of this Lease, and not to the primary term of the Current Lease.

13. Continuous Development: At the expiration of the primary term, this Lease shall terminate as to all the acreage covered hereby **SAVE AND EXCEPT** as specified below:

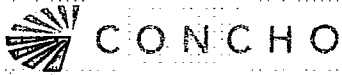
- (a) At the expiration of the primary term, should Lessee then be engaged in Drilling Operations ("Drilling Operations", for purposes of this paragraph 13 and the Continuous Development Period provided for herein only, to be limited to operations occurring between Commencement as provided below and Completion as provided below) upon the leased premises or lands pooled therewith, or should Lessee have Completed a well upon the leased premises or lands pooled therewith (whether as a dry hole or as a producer) within the immediately preceding three hundred sixty-five (365) days, this Lease shall continue in full force and effect as to all the acreage covered hereby until three hundred sixty-five (365) consecutive calendar days have elapsed without Drilling Operations being conducted on the leased premises or lands pooled therewith (i) after the Completion of any well as to which Drilling Operations were occurring at the expiration of the primary term or, (ii) in the absence of Drilling Operations occurring at the expiration of the primary term, after the Completion of the last well, if any, completed within the three hundred sixty-five (365) day period immediately preceding expiration of the primary term (the "Continuous Development Period"). "Completion" of a well shall be the earliest of: (i) the date of completion as shown on the appropriate well completion form filed with the New Mexico Oil Conservation Division ("OCD") on a productive well, (ii) the date of plugging and abandonment as shown on the appropriate plugging form filed with the OCD on a non-productive well, or (iii) the expiration of one hundred twenty (120) calendar days after a well has reached total drilled depth. "Commencement" of a well, for purposes of this paragraph 13 and determination of the Continuous Development Program only, shall be fixed by the date when the drill bit first makes penetration of the earth in the drilling of the bore of a well. The later to occur of (i) the expiration of the primary term, or (ii) the expiration of the Continuous Development Period, if any, is herein called the "Severance Date".

- (b) On the Severance Date, this Lease shall terminate as to all of the land and depths covered hereby, **SAVE AND EXCEPT** from the surface to the base of the deepest formation in and to that portion of the acreage of the leased premises included in (i) any one or more pooled units created pursuant to paragraph 5 hereof and then producing oil and/or gas, or (ii) any one or more "Retained Well Tracts" (as hereinafter defined). The term "Retained Well Tracts" as used herein is defined to mean tracts of land to be designated by Lessee for vertical oil wells producing on the Severance Date not to exceed 80 acres plus a maximum acreage tolerance of 10%, and tracts of land to be designated by Lessee for vertical gas wells and for horizontal wells (oil and gas) producing on the Severance Date not exceed 320 acres plus a maximum acreage tolerance of 10%; provided that larger Retained Well Tracts may be formed for vertical oil wells, for vertical gas wells and/or for horizontal wells to conform to any well spacing, density and/or proration pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so.
- (c) Each pooled unit and each Retained Well Tract as to which this Lease remains in force after the Severance Date pursuant to this paragraph 13 shall be hereinafter referred to as a "Perpetuated Tract". Upon written request by Lessor, for purposes of verification of Completion and Commencement dates, Lessee shall provide Lessor with copies of determinative reports, forms, certifications and documents filed by Lessee with the OCD relative to the Commencement and Completion of each well.
- (d) The express continuous development provisions of this Lease are in lieu of any implied duty of reasonable development prior to the Severance Date. Thereafter, however, Lessee expressly accepts, in addition to all other duties and obligations stated herein, a duty of reasonable development equivalent to that duty of reasonable development which would be implied if there was no express covenant relating thereto.
- (e) In event of partial termination of this Lease under the provisions hereof, Lessee, upon request of Lessor, shall execute and deliver unto Lessor a partial release of this Lease as to all lands and depths as to which this Lease shall have expired under the provisions hereof.
- (f) In the determination of retained acreage and depths pursuant to paragraph 13(b) above, each of the Lease saving/perpetuating clauses of the Lease (including but not limited to the shut-in royalty provisions, the operations/rework clause, and/or the force majeure clause) shall be applicable, on a well by well basis, as a substitute for, and in lieu of, actual production, so that Perpetuated Tracts shall be held on the same basis as the Lease would have been held in the absence of the partial termination/expiration provision(s) of this lease. Any wells and/or Perpetuated Tracts subject to Lease saving/perpetuating clauses of the Lease on any expiration or termination date otherwise provided for in this lease: (i) shall be deemed producing from all perforated formations, provided that (ii) any such wells that have not been perforated shall be deemed producing from each field of anticipated completion as provided for in the application for drilling permit applicable to said well.
- (g) Where a well is completed in multiple fields, such that multiple field and/or statewide rules are applicable to that well, the Perpetuated Tract acreage to be held by that well shall be the same for all depths that are held, and shall be determined in accordance with the field and/or statewide rules that permit or prescribe the greatest number of acres to be assigned to a well.
- (h) No partial surrender or release or partial termination shall in any manner reduce or limit Lessee's entitlement to use all of the surface (as originally described and as originally subject to this lease) in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Moreover, under no circumstances shall Lessee, as a consequence of any partial surrender or release or partial termination, be required to relocate roads, pipelines, facilities or other improvements utilized, or potentially subject to use, by Lessee in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Nor shall the filing of a document of surrender or release, or a document acknowledging partial termination, be construed as effecting a surrender, release or partial termination of surface rights incident to Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated.

LESSOR:

By: _____

Name: _____



Via Certified Mail

November 7, 2016

Working Interest Owners - Listed on Attached Exhibit "A"

RE: Operating Agreement – Graham Nash Federal Com #7H

Township 26 South, Range 28 East, N.M.P.M.

Section 21: SE/SW (SHL Only) SHL: 200' FSL & 1450' FWL (Or at a legal location in Unit N)

Section 28: E/2 W/2 (Producing Area)

Section 33: NE/NW, Lot 2 (Producing Area) BHL: 330' FSL & 1980' FWL (Or at a legal location in Lot 2)

Eddy County, New Mexico

Dear Working Interest Owners:

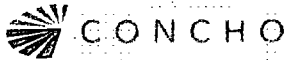
In reference to the original proposal letter and AFE dated October 6, 2016 for the above referenced well, please find (1) copy of the proposed Operating Agreement for your records and two (2) additional sets of signature pages with notary blocks. Please execute and notarize the two (2) sets of signature & notary pages and return them to:

COG Operating LLC
600 W. Illinois Ave.
Midland, TX 79701
Attn: Patrick Godwin 1CC-818

Once the Agreement has been approved and recorded, a copy will be sent to you. If you have any questions or need additional information, you may contact Patrick Godwin by email at pgodwin@concho.com or by phone at 432-685-4390.

Very truly yours,
COG Operating LLC

Savannah Haller
Savannah Haller
Land Technician – Delaware Basin



Via Certified Mail

December 15, 2016

Patrick Fowlkes
P.O. Box 658
Marfa, TX 79843

RE: Lease Offer - Eddy County, NM

Dear Mr. Fowlkes:

In a follow up to the two previous offers to lease your mineral interests in Eddy County, New Mexico by COG Production LLC ("COG") that have since expired, COG would like to offer to lease your minerals situated in Eddy County, New Mexico, described in further detail herein below:

Township 26, South, Range 28 East, N.M.P.M.:

Section 28: SE/4NW/4

A review of the Official Public Records of Eddy County, New Mexico, reveals that you own .5556 net mineral acres in and under the lands described above. In an effort to come to a voluntary agreement with you, COG is increasing its offer to lease your minerals to \$1,600.00 per net mineral acre which yields a total lease bonus payment of \$888.96, subject to the updated Oil and Gas lease enclosed along with this letter. Should this offer be acceptable, please execute and have the enclosed lease notarized. Upon receipt of executed Oil and Gas Lease, COG will promptly process payment.

This lease offer will remain valid until January 4, 2017.

Please contact Patrick Godwin by phone at 432.685.4390 or by email at pgodwin@concho.com, should you have any questions or concerns.

Very truly yours,
COG Production LLC
Savannah Haller
Savannah Haller
Land Technician - Delaware Basin

CORPORATE ADDRESS: One Concho Center 600 W Illinois Avenue Midland, Texas 79701 Phone 432.683.7443 Fax 432.683.7441

OCD Case No. 15607

P. FOWLKES

EXHIBIT # 6

Oil & Gas Lease

THIS OIL & GAS LEASE ("Lease") made this 1st day of August 2016, between Patrick Fowlkes, whose address is P.O. Box 658, Marfa, Texas 79843, herein called "Lessor" (whether one or more) and COG Production LLC, whose address is One Concho Center, 600 W. Illinois Avenue, Midland, Texas 79701, herein called "Lessee":

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is hereby acknowledged, and of the agreements herein contained, hereby grants, leases and lets exclusively unto Lessee, for the purpose of owning, investigating, exploring, prospecting, drilling, operating, producing and marketing oil, gas, and such other minerals and substances as may be produced incident to the production of oil and/or gas, the grant effected hereby to include the right to engage in all activities reasonably necessary or convenient to said stated purposes, including but not limited to conducting seismic operations, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store, transport and market said Lease substances, the following described land (deemed to comprise 40 acres, whether it actually comprises more or less), in Eddy County, New Mexico (the "leased premises" or "said land"). to-wit:

Township 26 South, Range 28 East, N.M.P.M.:

Section 28: SE/4NW/4

2. Subject to the other provisions herein contained, this Lease shall remain in force for a term of **three (3) years** from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled, or this Lease is otherwise maintained in accordance with its terms.

3. The royalties to be paid by Lessee are: (a) on oil, and other liquid hydrocarbons, **25%** of that produced and saved from said land, same to be delivered free of all costs to the credit of Lessor at the tanks or pipelines to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of **25%** of the gas so used, provided that on gas sold on or off the premises, the royalties shall be **25%** of the net proceeds realized at the well from such sale; (c) and at any time when this Lease is not validated by other provisions hereof and there is a well on said land, or land pooled therewith, capable of producing and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, Lessee may pay or tender a shut-in royalty equal to \$1.00 per net acre of the acreage then capable of being held by the well under this Lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this Lease shall not terminate and it shall be considered under all clauses hereof that leased substances are being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this Lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this Lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment.

4. This is a paid-up Lease and Lessee shall not be obligated during the primary term hereof to pay shut-in royalties, to commence or continue any operations of whatsoever character or to make any other payments hereunder in order to maintain this Lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Spacing units (for vertical wells) or project areas (for horizontal wells) pooled hereunder shall not exceed the spacing unit or project area fixed by law, from time to time during the term hereof, or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent (10%). Lessee shall file written unit or project area designations in the county in which the premises are located and such units or project areas may be designated from time to time and either before or after the completion of wells. Operations (including, but not limited to, drilling operations) on or production from any part of any such unit or project area shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease, including, for a horizontal well, those cases in which the location of the well site tract for such well is not located on the leased premises or on any other lands included within the project area for such well. There shall be allocated to the land covered by this Lease included in any such unit or project area that portion of the total production of pooled minerals from wells in the unit or project area, after deducting any used in Lease or unit (or project area) operations, which the net oil or gas acreage in the land covered by this Lease included in the unit or project area bears to the total number of surface acres in the unit or project area. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit or project area in the same manner as though produced from said land under the terms of this lease. Any pooled unit or project area designated by Lessee, as provided herein, may be amended or dissolved by Lessee, in whole or in part, at any time and from time to time,

by recording an appropriate instrument in the County where the land is situated. As used in this lease, the term "horizontal well" shall mean a well containing a single lateral that is drilled in a manner in which the horizontal component of the completion interval extends at least one hundred (100) feet in the objective formation and which exceeds the vertical component of the completion interval in the objective formation. A horizontal well may have more than one lateral as long as each lateral component meets the above requirements for a single lateral. As used in this lease, the term "lateral" shall mean that portion of the well bore that deviates from approximate vertical orientation to approximate horizontal orientation and the remainder of the well bore beyond such deviation to the end of the well bore. A "vertical well" is a well other than a horizontal well.

6. If at the expiration of the primary term (a) there is no well upon said land capable of producing oil or gas, but Lessee has commenced operations thereon, or (b) there has been production from, or operations upon the leased premises within the preceding ninety (90) days, this Lease shall remain in force so long as operations are prosecuted with no cessation of more than ninety (90) consecutive days, whether such operations be the same or different operations and/or on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land or this Lease is otherwise maintained in force and effect. If after the expiration of the primary term there should be a cessation of production or other event or circumstance as would otherwise cause this Lease to expire in accordance with its terms, this Lease shall not terminate if Lessee commences or restores production or commences operations for additional drilling or for reworking within ninety (90) days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this Lease shall remain in full force so long thereafter as oil or gas is produced hereunder. As used throughout this lease, the term "reworking" means all actions taken to secure, restore or improve production through the use of a wellbore previously drilled, but without regard to whether the action involved be within or outside of the wellbore.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. If and when having pipe lines on the surface unreasonably interferes with existing surface uses or surfaces uses then being commenced, Lessee, when required by Lessor, will bury all pipe lines below ordinary plow depth or such lesser depth as reasonably removes same as an interference, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without Lessor's consent. Existing wells and/or wellbores on the leased premises may be reentered and used and to the extent such occurs the reentry shall be considered the same as the drilling of a new well on the leased premises.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee and no such change or division shall be binding upon Lessee for any purpose until thirty (30) days after Lessee has received at Lessee's principal place of business certified copies or acceptable alternative documentation in lieu thereof constituting the chain of title from the original Lessor. If any such change in ownership occurs through the death of the owner, Lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as Lessee has been furnished with evidence satisfactory to Lessee as to the persons entitled to such sums. An assignment of this Lease in whole or in part shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder and, if Lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such Lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this Lease insofar as it covers a part of said lands upon which Lessee or any assignee thereof shall properly comply or make such payments.

9. Should Lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder, by reason of scarcity or inability to obtain or use equipment or material, by act of God, by any Federal or state law or any order, rule or regulation of governmental authority (including the time during which Lessee is waiting on the issuance of any order, rule, policy or practice in connection therewith or while the time for comments on the issuance of any rule, order, practice or policy is in effect), or by other act, event, circumstance or condition beyond Lessee's reasonable control, then while so prevented, and for thirty (30) days thereafter, Lessee's duty shall be suspended, and Lessee shall not be liable for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas hereunder, and for thirty (30) days thereafter, and that time shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding. As used herein, the term "order, rule, denial, policy, directive, rule-making proposal, and/or practice" includes, but is not limited to any denial, restriction or delay of drilling and/or other operations on the leased premises attributable to environmental and/or endangered species restrictions, conditions and limitations now or hereafter adopted, enforced or applied to the leased premises by any federal or state agency having authority with respect to the leased premises, and without limiting the generality of the foregoing clause, shall specifically include all lesser prairie chicken and sand dune lizard stipulations and restrictions, collectively referred to herein as "Endangered Species and Environmental Conditions." If Lessee is precluded from engaging in operations because the necessary permits and approvals to drill have not been obtained, or because Lessee is required to postpone or suspend operations by application of Endangered Species and Environmental Conditions, then its obligation and/or entitlement to engage in operations shall be deferred until sixty (60) days after approval of the necessary permits and approvals, or until sixty (60) days after operations are allowed to commence or resume following any period of suspension attributable to Endangered Species and Environmental Conditions, and the running of periods of special limitation applicable to the estate granted hereby shall be tolled during such deferral period.

10. Lessor hereby warrants and agrees to defend the title to said land from and against all persons claiming or to claim by, through, or under lessor, but not otherwise, and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event Lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty, if this Lease covers less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this Lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this Lease as to acreage so surrendered, except as to the liability for any payments accruing hereunder prior to the time of such surrender which shall survive surrender and continue as an obligation of Lessee, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. No partial surrender or release or partial termination shall in any manner reduce or limit Lessee's entitlement to use all of the surface (as originally described and as originally subject to this lease) in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Moreover, under no circumstances shall Lessee, as a consequence of any partial surrender or release or partial termination, be required to relocate roads, pipelines, facilities or other improvements utilized, or potentially subject to use, by Lessee in connection with Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated. Nor shall the filing of a document of surrender or release, or a document acknowledging partial termination, be construed as effecting a surrender, release or partial termination of surface rights incident to Lessee's ownership and enjoyment of that portion of the leased premises (as originally described and as originally subject to this lease) as to which the Lease has not been surrendered, released or terminated.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

LESSOR:

By: _____

Name: _____

ACKNOWLEDGMENT

STATE OF _____ §
COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of _____, 201____, by _____

Notary Public
Notary's Printed Name: _____
My Commission Expires: _____

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

ORIGINAL

APPLICATION OF COG OPERATING LLC
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

CASE 15291

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

April 30, 2015

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
Thursday, April 30, 2015, at the New Mexico Energy,
Minerals, and Natural Resources Department, Wendell
Chino Building, 1220 South St. Francis Drive, Porter
Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105

OCD Case No. 15607

P. FOWLKES

EXHIBIT #7

PAUL BACA PROFESSIONAL COURT REPORTERS
500 FOURTH STREET NW - SUITE 105, ALBUQUERQUE, NM 87102

1 having been first duly sworn, was examined and testified
2 as follows:

3 DIRECT EXAMINATION

4 BY MR. LARSON:

5 Q. Good morning, Mr. Bergman. Could you state your
6 full name for the record.

7 A. Drew Bergman.

8 Q. And where do you reside?

9 A. Midland, Texas.

10 Q. And by whom are you employed and in what
11 capacity?

12 A. COG Operating as a geologist.

13 Q. What is the focus of your responsibilities as a
14 geologist?

15 A. My focus is geological matters in southeast New
16 Mexico.

17 Q. And are you familiar with the geological aspects
18 of the drilling of the Graham Nash State Com 6H --

19 A. Yes.

20 Q. -- and the matters addressed in the application?

21 A. Yes.

22 Q. Have you previously testified at a Division
23 hearing?

24 A. Yes.

25 Q. And during those hearings, did the examiner

1 accept your qualifications as an expert in petroleum
2 geology?

3 A. Yes.

4 MR. LARSON: Mr. Examiner, I request that
5 Mr. Bergman be qualified as an expert petroleum
6 geologist for purposes of this case.

7 EXAMINER GOETZE: So qualified.

8 MR. LARSON: Thank you.

9 BY MR. LARSON (cont'd):

10 Q. Directing your attention to the document marked
11 as Exhibit No. 2 -- which you don't have in front of
12 you.

13 (Pause.)

14 Q. Were you involved in COG's evaluation of the
15 prospects for any of the Graham Nash wells that are
16 identified on Exhibit 2?

17 A. Yes, I was.

18 Q. And what was your assessment of the prospects for
19 those wells?

20 A. That it was a very productive area.

21 Q. And if you will identify the document identified
22 as Exhibit 7.

23 A. It is a map with black contours or structure
24 contours. And the Graham Nash 6H Well is shown in
25 orange and our acreage is shown in yellow.

1 Q. Did you prepare this document?

2 A. Yes.

3 Q. And what role did this structure map have in your
4 geological analysis of the prospects for the Graham Nash
5 No. 6?

6 A. It showed us the dip of the area, the location of
7 the basin, and that there were no geological
8 impediments.

9 Q. I next ask you to identify the document marked as
10 Exhibit 8.

11 A. It is a cross section through the area, with the
12 top of the second Bone Spring Sand in the top orange and
13 the base in the bottom orange.

14 Q. And did you prepare this document?

15 A. Yes.

16 Q. And what role did the cross section have in your
17 analysis of the prospects for the Graham Nash No. 6?

18 A. It showed us that the area had consistent
19 thickness, frosting permeability and that there were no
20 geological impediments.

21 Q. And there are two other Graham Nash wells
22 identified on Exhibit 2, the number 1 and the number 8.
23 Have those wells been productive?

24 A. Yes.

25 Q. And has the Graham Nash State Com 6H performed in

1 the manner you anticipated?

2 A. Yes.

3 Q. And, finally, I ask you to identify the document
4 marked as Exhibit 9.

5 A. This is the profile of the Graham Nash 6H with
6 these lines on the far left and right and the setbacks
7 and the dashed lines on the far left and right.

8 Q. And did you prepare this document?

9 A. Yes.

10 Q. And does the Graham Nash 6H Well as completed
11 comply with Division's setback requirements?

12 A. Yes.

13 Q. And has the well been productive along the entire
14 length of the completed lateral?

15 A. On average, yes.

16 Q. In your opinion, will the granting of COG's
17 application serve the interests of conservation and the
18 preservation of waste?

19 A. Yes.

20 MR. LARSON: Mr. Examiner, I move the
21 admission of Exhibits 7, 8, and 9.

22 EXAMINER GOETZE: Exhibits 7, 8, and 9 are
23 so entered.

24 (Whereupon, COG Operating LLC's Exhibits 7,
25 8, and 9 were offered and admitted into evidence.)

1 MR. LARSON: And I pass the witness.

2 EXAMINER WADE: I have no questions.

3 EXAMINER GOETZE: No, questions. Very
4 good.

5 EXAMINATION BY EXAMINER GOETZE

6 EXAMINER GOETZE: So we have a history of
7 drilling north/ south and have been very successful in
8 this area.

9 We have an additional well in the north half
10 of section 28 that is east/west. Do you know what that
11 is, the 1H, where is that completed?

12 THE WITNESS: I believe it was lower Avalon.

13 EXAMINER GOETZE: Okay. So we are looking
14 at a different part of the Bone Springs there?

15 THE WITNESS: Yes, sir.

16 EXAMINER GOETZE: And then we do have the --
17 the 7H has been completed?

18 THE WITNESS: No. The 7H has not been
19 completed.

20 EXAMINER GOETZE: But the 6H is being
21 drilled at this time?

22 THE WITNESS: It has been drilled.

23 EXAMINER GOETZE: It has been drilled. So
24 we are waiting on authority to produce or are we
25 producing?

1 THE WITNESS: I believe we are producing.

2 EXAMINER GOETZE: Okay.

3 MR. LARSON: Mr. Examiner, the 7H is the
4 subject of 15292, which was continued.

5 EXAMINER GOETZE: Yes. I just want to make
6 sure what we're going to see next. And the 8H is
7 productive, is currently in production with no issues?

8 THE WITNESS: Yes, sir.

9 EXAMINER GOETZE: With that, I have no
10 further questions of this witness.

11 MR. LARSON: I have nothing further.

12 EXAMINER GOETZE: Then case 15291 is taken
13 under advisement.

14

15

16

(Time noted 8:40 a.m.)

17

18

19

20

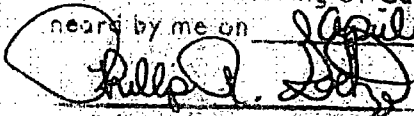
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I hereby certify that the foregoing is
a complete record of the proceedings at
the Examiner hearing of Case No. 15291
heard by me on April 20, 2015.

Philip A. Schaefer
Oil Conservation Division

Graham Nash Fed Com #7H (E/2W/2 Secs. 28 & 33, T26S, R28E)

Graham Nash State Com #8H

WI Owners:

| | |
|-----------------------|-------------|
| COG Operating LLC | 47.540050% |
| Concho Oil & Gas LLC | 2.326773% |
| COG Production LLC | 9.9932142% |
| COG Acreage LP | 0.845532% |
| The Allar Company | 16.220655% |
| Yates Petroleum Corp. | 3.982750% |
| ABO Petroleum Corp. | 3.982750% |
| Myco Industries, Inc. | 3.186200% |
| Sharbro Energy, LLC | 0.597413% |
| Yates Industries LLC | 0.199138% |
| OXY Y-1 Company | 3.982750% |
| OXY USA Inc. | 10.238380% |
| | 100.000000% |

Skeen 21 State Com #1H

WI Owners:

| | |
|------------------------|-------------|
| Mewbourne Oil Co. | 65.625000% |
| Great Western Drilling | 10.937500% |
| McCombs Energy | 10.937500% |
| COG Operating LLC | 6.718750% |
| Concho Oil & Gas LLC | 0.312500% |
| COG Production LLC | 2.159877% |
| COG Acreage LP | 0.183873% |
| OXY USA Inc. | 2.343750% |
| Edwin H. Fowlkes III | 0.390625% |
| Janet Fowlkes Murrey | 0.390625% |
| | 100.000000% |

Graham Nash State Com #1H

WI Owners:

| | |
|-----------------------|-------------|
| COG Operating LLC | 31.269746% |
| Concho Oil & Gas LLC | 1.645776% |
| COG Production LLC | 14.399184% |
| COG Acreage LP | 1.225816% |
| The Allar Company | 25.961538% |
| Yates Petroleum Corp. | 6.374485% |
| ABO Petroleum Corp. | 6.374485% |
| Myco Industries, Inc. | 6.374485% |
| OXY Y-1 Company | 6.374485% |
| | 100.000000% |

Graham Nash Fed Com #7H

WI Owners:

| | |
|-----------------------|-------------|
| COG Operating LLC | 35.237625% |
| Concho Oil & Gas LLC | 1.337196% |
| COG Production LLC | 18.898434% |
| COG Acreage LP | 1.608841% |
| The Allar Company | 10.755182% |
| Yates Petroleum Corp. | 2.640781% |
| ABO Petroleum Corp. | 2.640781% |
| Myco Industries, Inc. | 2.112625% |
| Sharbro Energy, LLC | 0.396117% |
| Yates Industries LLC | 0.132039% |
| OXY Y-1 Company | 2.640781% |
| OXY USA Inc. | 20.507275% |
| Edwin H. Fowlkes III | 0.546162% |
| Janet Fowlkes Murrey | 0.546162% |
| | 100.000000% |

Graham Nash State Com #6H

WI Owners:

| | |
|-----------------------|-------------|
| COG Operating LLC | 31.551968% |
| Concho Oil & Gas LLC | 1.660631% |
| COG Production LLC | 15.199565% |
| COG Acreage LP | 1.293952% |
| The Allar Company | 16.501933% |
| Yates Petroleum Corp. | 4.051814% |
| ABO Petroleum Corp. | 4.051814% |
| Myco Industries, Inc. | 3.241451% |
| Sharbro Energy, LLC | 0.607772% |
| Yates Industries LLC | 0.202591% |
| OXY Y-1 Company | 4.051814% |
| OXY USA Inc. | 16.493517% |
| Edwin H. Fowlkes III | 0.545589% |
| Janet Fowlkes Murrey | 0.545589% |
| | 100.000000% |

OCD Case No. 15607

P. FOWLKES

EXHIBIT # 8

From: patrick fowlkes <patfowlkes@gmail.com>

Date: November 14, 2016 at 3:21:27 PM CST

To: Patrick Godwin <PGodwin@concho.com>

Subject: COG Lease

Patrick:

I'm currently in a bad service but, it appears that the lease executed April 4th, but made effective January 2, 2013 would have expired many months ago, beings it is in it's 47 month now. I was unable to find any permits in these sections that would indicate operations or drilling.

Township-26 South, Range-28-East, NMPM

Section 23: E/2E2, SW4SE/4, SE/4SW/4, N/2SW/4

Section 24: N/2NW/4, NW/4NE/4, SW/4NE/4, N/2SE/4, SE/4SE/4

Township-26 South, Range-29-East, NMPM

Section 19: Lots 2,3,4, and E/2NW/4

799.93 Acres

In the acreage encumbered by the Lease with OGX the July 10, 2008 it appears that the Diamond Back 22 State #001H would have been the last well drilled in said acreage on 1/20/2016 with production commencing 3/5/2016. So it would appear that the 180 day drilling clause with the Diamond Back 22 State#001H beings the last well drilled would kick in as well. So it would appear that both leases have expired on their terms, besides said held acreage and depths, with acreage below the 100 ft. depth severance releasing this acreage. It would appear that rather than a "Top Lease", a new lease should be taken, because both leases have expired by their terms, and would no longer be in full force or effect.

Kind Regards,
Patrick Fowlkes

Township 26, South, Range 28 East, NMPM

Section:21 S/2SE/4

Section:22 W/2SW/4, NE/4SW/4, N/2SE/4

Section:23 E/2E, SW/4SE/4, SE/4SW/4, N/2SW/4

Section:24 N/2NW/4, NW/4NE/4, SE/4SE/4, SW/4NE/4, N/2SE/4

Section:28 E/2NW/4, SW/4NW/4, NW/4NE/4

Section:29 E/2SE/4, NW/4SE/4, SE/4NE/4


Section:32 NE/4NE/4

Section:33 W/2NW/4

OCD Case No. 15607

P. FOWLKES

EXHIBIT #9



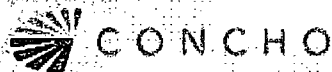
From: Patrick Godwin <PGodwin@concho.com>
Date: November 14, 2016 at 2:11:40 PM CST
To: patrick fowlkes <patfowlkes@gmail.com>
Subject: RE: [External] Graham Nash Federal Com#013H

Patrick,

Do you have a good number for me to give you a call on? I think it might be easier if we could talk on the phone. The Graham Nash Fed Com 13H has not been previously drilled and we are currently waiting on the permit for the 7H. If you have a minute, feel free to give me a call at my direct number below and we can discuss further and hopefully I can answer all of your questions/concerns.

Thanks,

Patrick R. Godwin, RPL
Senior Landman
COG OPERATING LLC
600 West Illinois
Midland, Texas 79701
p.432.685.4390



From: patrick fowlkes [mailto:patfowlkes@gmail.com]
Sent: Monday, November 14, 2016 2:07 PM
To: Patrick Godwin
Subject: [External] Graham Nash Federal Com#013H

**** External email. Use caution. ****
Patrick:

The Graham Nash Federal Com 013H appears to be the only well permitted for?
The Graham Nash Federal Com 7H, 14H, 25H, 27H, and 28H all appear to be proposed wells from what this drilling permit states. Please advise.

Kind Regards,

Patrick Fowlkes

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From: Patrick Godwin <PGodwin@concho.com>
Date: November 15, 2016 at 9:50:03 AM CST
To: Patrick Fowlkes <patrickfowlkes@yahoo.com>
Subject: RE: [External] Graham Nash Federal Com #13H

Patrick,

As I mentioned yesterday, we are aware that the current only active permit is the 13H. We have plans to drill the 7H (well that was proposed to you) in February and intend to have an active permit prior to drilling that well. Your lease has expired as to all undeveloped tracts and 100' below the deepest depth drilled in the tracts that were developed. I have attached a spreadsheet that shows the wells drilled and the acreage/depths that they hold for reference. COG would like to take a new lease on your acreage position, as shown on the multiple offers that have been sent to you. There still appears to be some miscommunication and I think if we could talk on the phone that hopefully I could clear that up. Please give me a call at the number below at a convenient time for you.

Thanks,

Patrick R. Godwin, RPL
Senior Landman
COG OPERATING LLC
600 West Illinois
Midland, Texas 79701
p.432.685.4390

-----Original Message-----

From: Patrick Fowlkes [<mailto:patrickfowlkes@yahoo.com>]
Sent: Tuesday, November 15, 2016 9:21 AM
To: Patrick Godwin
Subject: [External] Graham Nash Federal Com #13H

**** External email. Use caution. ****

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.

From: patrick fowlkes <patfowlkes@gmail.com>

Date: November 15, 2016 at 1:01:37 PM CST

To: Patrick Godwin <PGodwin@concho.com>

Subject: COG Operating LLC. (Fowlkes Lease) Eddy County, New Mexico

Patrick:

The written offer by Aaron L. Myers on August 18, 2016 would have not been considered a bonafide offer beings the "Terms" of the contract were not presented. It strictly contained a legal description with a monetary figure for "said acreage". Without the terms submitted, this is a similar offer that is received frequently in the every day business world, and was not considered bonafide without the attached "Proposed Terms".

Then without any disclosure of the "Terms" of the (original offer), a "Working Interest" proposal was sent by certified mail 10/6/2016 by Savanna Haller-Land Technician, Delaware Basin, with yourself not Aaron Myers as the contact. Without being able to see the "Terms" of the original (offer), a "Working Interest Proposal", suddenly appeared without presentation of "Terms" from the original letter 7/18/2016.

On 10/31/2016 I finally received a Lease offer proposal from Savannah Haller-Land Technician Delaware Basin, once again referencing yourself as the contact. So after 74 days I was able to see the exact "Terms" of said O&G Lease proposed 7/18/2016.

It is my understanding that my Uncle Maco S. Fowlkes sent a certified letter requesting un held acreage to be released with the County Clerk in Eddy County, New Mexico on 10/17/2016. A release filing this acreage would be standard protocol as to the "Terms" of the original leases between my family and OGX July 10, 2008 Vol. 747, Pg. 005, and the lease filed April 4, 2013, but effective January 2, 2013 with COG Operating LLC.

On Nov. 7, 2016, I received by certified mail a inundated stack of documents, once again referencing a (Working Interest Proposal). In Maco S. Fowlkes's letter 10/17/2016 he clearly stated that none of his siblings wanted to participate in a "Working Interest Deal". I'm in agreement with them, and feel the same way.

The ideal would be to come to an agreement very similar to the one negotiated at arms length with OGX in July 10, 2008, and the prior lease with COG April 4, 2013. These prior leases were what I had grown accustomed to when dealing with COG Operating LLC. Or release the acreage following protocol of the above referenced leases with the County Clerk, Eddy County, New Mexico.

Thoroughly aware of the 3000 ft. of possible net pay, the 10 multiple stacked zones, the Avalon, Bone Springs, and the Wolfcamp A,B,C,D, and the 5 additional zones below the Wolfcamp. Encumbering these "Mineral Interests" in a (Top Lease) that would hold these minerals in perpetuity seems foolish to me. Like I stated previously the ideal would be to work a arms length transaction similar to ones negotiated in the past with OGX, and COG Operating LLC. respectively. In the beginning OGX paid \$500/NMA for a completely "Wide Open Country", but

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you'll have come a long way, and I would like to continue a strong mutually cooperative relationship with COG Operating LLC.

Kind Regards,

Patrick Fowlkes

From: patrick fowlkes <patfowlkes@gmail.com>
Date: November 25, 2016 at 8:32:07 AM CST
To: Patrick Godwin <PGodwin@concho.com>
Subject: COG Operating LLC. (Fowlkes Lease)

Patrick:

If you go off the completion of the last well drilled and completed, on 2/26/2016 the Diamondback 22 State Com #011H we would be at 274 days today of the 180 day drill clause provision. 94 days after the expiration of the leases with COG, and OGX respectively. Off this completion date we would be looking at the timeframe of 8/18/2016 for expiration. Aaron Myers sent out the (original offer) without "Terms" that I have attached below. This (original proposal) did not include a copy of a "Lease" so that I could see the "Terms" of proposed lease offer 8/18/2016.

If you go off initial production of the Diamondback 22 State Com #011H we would be 264 days in the 180 day drilling provision, so we be 84 days after the expiration of the leases putting us at September 1, 2016 for expiration of said leases.

It appears that a hearing is set for 12/15/2016 for a Application for Non-Standard Spacing and Proration Unit and Compulsory Pooling of the Graham Nash Federal Com No. 7H that currently does not have a existing permit. With the leases expiring either in proximity to 8/18/2016 or 9/1/2016 and a proposal sent 8/18/2016 finally being able to see the "Terms" 10/31/2016, 74 days after initial proposal. It appears that Aaron Myers initial offer was presented when the leases expired, and the acreage should have been released with the County Clerks Office, Eddy County, New Mexico months ago. If the Compulsory Pooling is going to be heard on 12/15/2016 a one page release needs to be filed with the County Clerk in Eddy County, New Mexico releasing said acreage prior to this 12/15/2016 hearing.

Kind Regards,
Patrick Fowlkes

7
From: patrick fowlkes <patfowlkes@gmail.com>

Date: November 29, 2016 at 3:16:34 PM CST

To: Patrick Godwin <PGodwin@concho.com>

Subject: Recent Delaware Transactions

<https://www.oilandgasinvestor.com/endurance-exits-delaware-selling-bulk-its-30000-acres-1449521>

<https://www.google.com/amp/www.wsj.com/amp/articles/centennial-resource-development-buys-additional-energy-acerage-for-855-million-1480338830>

Sent from my iPhone

From: patrick fowlkes <patfowlkes@gmail.com>

Date: November 29, 2016 at 3:37:17 PM CST

To: Patrick Godwin <PGodwin@concho.com>

Subject: Centennial 35,000 acre deal

<https://www.oilandgasinvestor.com/centennial-resource-stitches-another-35000-delaware-acres-1449866>

Sent from my iPhone

From: patrick fowlkes <patfowlkes@gmail.com>

Date: December 2, 2016 at 10:43:50 AM CST

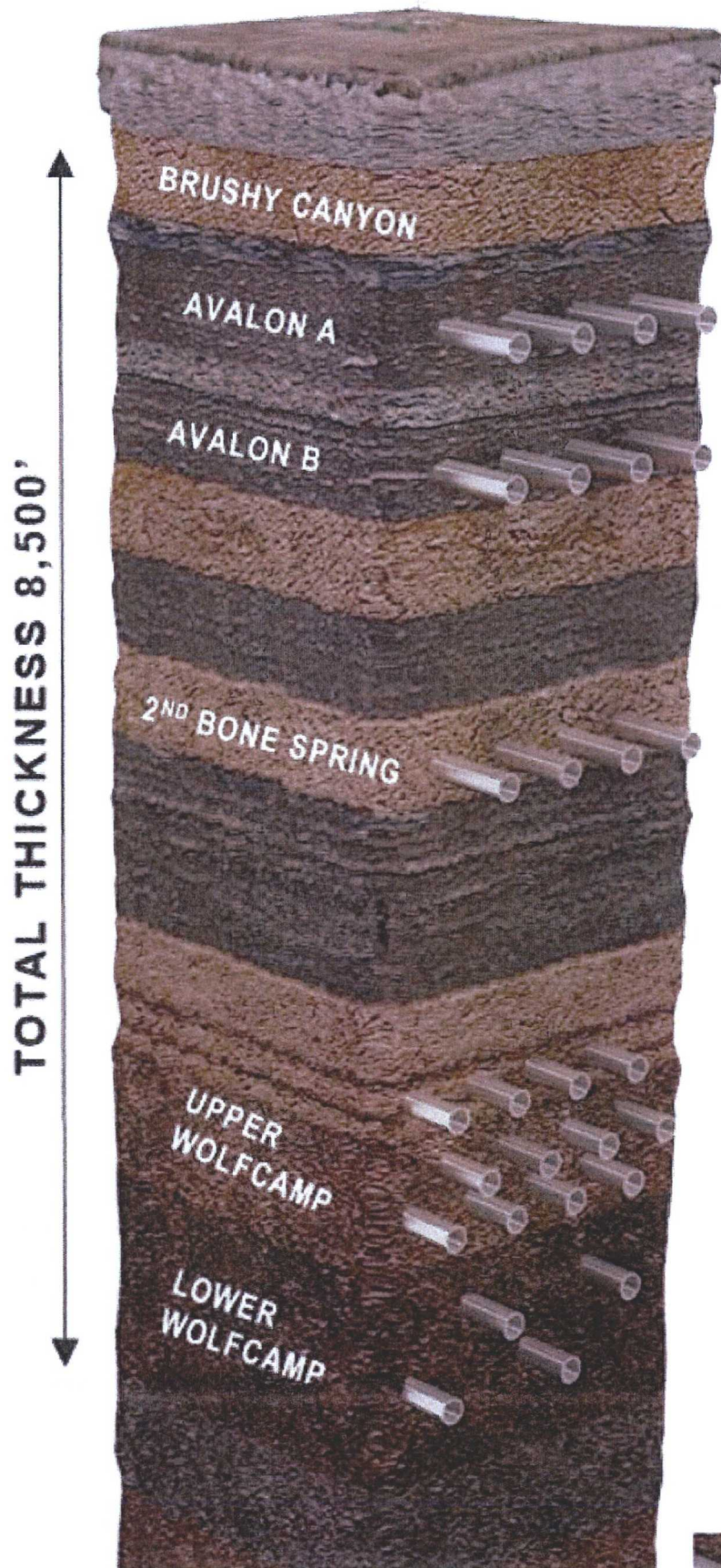
To: PGodwin@concho.com

Subject: Stack (Third Bone Spring)

. “In our opinion one of the most exciting developments that has yet to get much press is delineation at the Third Bone Spring Shale,” said Seaport Global’s Kelly. “This carbonate zone of the 600-foot thick Bone Spring column ... is deemed to be the same stellar rock that goes by the Lower Spraberry name in the Midland Basin.” If rates of return end up being similar to the Spraberry, the Delaware Basin’s status will rise even higher, he said.

Culberson and Eddy counties rank highest for Wolfcamp three-month cumulative production per thousand feet of lateral. Results are improving steadily in all Wolfcamp zones as completions increase, but plenty of unknowns remain.

DELINEATING 8,500-FOOT STACK



Potential per
Section

Sent from my iPhone

**BUREAU OF LAND MANAGEMENT
NEW MEXICO STATE OFFICE
SEPTEMBER 1, 2016 LEASE SALE SUMMARY STATISTICS BY STATE**

| STATE | PARCELS BID | ACRES | BONUSES | FEES | 1ST YR RENT | TOTAL \$\$\$\$ |
|--------|-------------|-----------|------------------|-------------|--------------|-------------------|
| NM | 36 | 13,876.08 | \$145,556,170.00 | \$ 5,760.00 | \$ 20,821.50 | \$ 145,582,751.50 |
| TOTALS | 36 | 13,876.08 | \$145,556,170.00 | \$ 5,760.00 | \$ 20,821.50 | \$ 145,582,751.50 |

September 2016

Sale Results

| SERIAL | PAR | NAME | ADDRESS | CITY | ST | ZIP | Bid/Acre | ACRES | Total Bonus |
|------------|-----|----------------------------|-------------------------------|-------------|----|-----------|-------------|---------|-----------------|
| NMNM136209 | 1 | PHILIP L WHITE | PO BOX 25968 | ALBUQUERQUE | NM | 87125 | \$450.00 | 871.84 | \$392,400.00 |
| NMNM136210 | 2 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$16,000.00 | 79.92 | \$1,280,000.00 |
| NMNM136211 | 3 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$23,000.00 | 160.00 | \$3,680,000.00 |
| NMNM136212 | 4 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$18,000.00 | 40.00 | \$720,000.00 |
| NMNM136213 | 5 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$18,000.00 | 39.84 | \$720,000.00 |
| NMNM136214 | 6 | PERCHERON PROF SERVICE LLC | 1904 W GRAND PRKWY N #200 | KATY | TX | 77449 | \$16,000.00 | 40.00 | \$640,000.00 |
| NMNM136215 | 7 | WCM RESOURCES LLC | 1800 OLD PECOS TRAIL STE E | SANTA FE | NM | 87505 | \$2,500.00 | 40.00 | \$100,000.00 |
| NMNM136216 | 8 | WCM RESOURCES LLC | 1800 OLD PECOS TRAIL STE E | SANTA FE | NM | 87505 | \$27,000.00 | 160.00 | \$4,320,000.00 |
| NMNM136217 | 9 | WCM RESOURCES LLC | 1800 OLD PECOS TRAIL STE E | SANTA FE | NM | 87505 | \$21,500.00 | 320.00 | \$6,880,000.00 |
| NMNM136218 | 10 | J BAR CANE INC | 3660 HIGHWAY 41 | STANLEY | NM | 87056 | \$6,750.00 | 120.00 | \$810,000.00 |
| NMNM136219 | 11 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$21,000.00 | 120.00 | \$2,520,000.00 |
| NMNM136220 | 12 | J BAR CANE INC | 3660 HIGHWAY 41 | STANLEY | NM | 87056 | \$7,700.00 | 120.00 | \$924,000.00 |
| NMNM136221 | 13 | CROWN OIL PTRNS V LP | PO BOX 50820 | MIDLAND | TX | 79710 | \$29,000.00 | 160.00 | \$4,640,000.00 |
| NMNM136222 | 14 | CROWN OIL PTRNS V LP | PO BOX 50820 | MIDLAND | TX | 79710 | \$21,000.00 | 40.00 | \$840,000.00 |
| NMNM136223 | 15 | ENERGEN RESOURCES CORP | 605 RICHARD ARRINGTON JR BLVD | BIRMINGHAM | AL | 35203 | \$35,500.00 | 2160.08 | \$76,715,500.00 |
| NMNM136224 | 16 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$20,000.00 | 160.00 | \$3,200,000.00 |
| NMNM136225 | 17 | CROWN OIL PTRNS V LP | PO BOX 50820 | MIDLAND | TX | 79710 | \$575.00 | 280.00 | \$161,000.00 |
| NMNM136226 | 18 | MRC PERMIAN CO | 5400 LBJ FREEWAY STE 1500 | DALLAS | TX | 75240 | \$33,000.00 | 799.20 | \$26,400,000.00 |
| NMNM136227 | 19 | ENDURANCE PROPERTIES INC | 15455 DALLAS PARKWAY N | ADDISON | TX | 75001 | \$23,000.00 | 40.00 | \$920,000.00 |
| NMNM136228 | 20 | ENDURANCE PROPERTIES INC | 15455 DALLAS PARKWAY N | ADDISON | TX | 75001 | \$16,000.00 | 160.00 | \$2,560,000.00 |
| NMNM136229 | 21 | SCALA ENERGY ASSESTS LLC | 20445 STATE HWY 249 #300 | HOUSTON | TX | 77077 | \$13,500.00 | 120.00 | \$1,620,000.00 |
| NMNM136230 | 22 | FEATHERSTONE DEV CORP | PO BOX 429 | ROSWELL | NM | 882020429 | \$200.00 | 481.24 | \$96,400.00 |
| NMNM136231 | 23 | KEW DRILLING | 4925 GREENVILLE AVE #500 | DALLAS | TX | 75206 | \$725.00 | 960.00 | \$696,000.00 |
| NMNM136232 | 24 | BARTON JR ROY G | 1919 N TURNER ST | HOBBS | NM | 88240 | \$725.00 | 640.00 | \$464,000.00 |
| NMNM136233 | 25 | KEW DRILLING | 4925 GREENVILLE AVE #500 | DALLAS | TX | 75206 | \$850.00 | 1280.00 | \$1,088,000.00 |

September 2016***Sale Results***

| SERIAL | PAR | NAME | ADDRESS | CITY | ST | ZIP | Bid/Acre | ACRES | Total Bonus |
|---------------|------------|-----------------------|--------------------------|-------------|-----------|------------|-----------------|--------------|--------------------|
| NMNM136234 | 26 | BARTON JR ROY G | 1919 N TURNER ST | HOBBS | NM | 88240 | \$1,025.00 | 840.00 | \$861,000.00 |
| NMNM136235 | 27 | KEW DRILLING | 4925 GREENVILLE AVE #500 | DALLAS | TX | 75206 | \$1,450.00 | 840.00 | \$1,218,000.00 |
| NMNM136236 | 28 | OPAL RESOURCES II LLC | 7600 W TIDWELL SUITE 500 | HOUSTON | TX | 77040 | \$250.00 | 480.84 | \$120,250.00 |
| NMNM136237 | 29 | FEATHERSTONE DEV CORP | PO BOX 429 | ROSWELL | NM | 882020429 | \$130.00 | 40.00 | \$5,200.00 |
| NMNM136238 | 30 | CHASE OIL CORP | PO BOX 1767 | ARTESIA | NM | 882111767 | \$450.00 | 371.20 | \$167,400.00 |
| NMNM136239 | 31 | CHASE OIL CORP | PO BOX 1767 | ARTESIA | NM | 882111767 | \$275.00 | 880.00 | \$242,000.00 |
| NMNM136240 | 32 | FIRST ROSWELL CO | PO BOX 1797 | ROSWELL | NM | 882021797 | \$600.00 | 40.00 | \$24,000.00 |
| NMNM136241 | 33 | CHASE OIL CORP | PO BOX 1767 | ARTESIA | NM | 882111767 | \$525.00 | 120.00 | \$63,000.00 |
| NMNM136242 | 34 | FIRST ROSWELL CO | PO BOX 1797 | ROSWELL | NM | 882021797 | \$670.00 | 80.00 | \$53,600.00 |
| NMNM136243 | 35 | TOD SLATON DOT LLC | 724 W STOREY AVE | MIDLAND | TX | 79701 | \$490.00 | 275.80 | \$135,240.00 |
| NMNM136244 | 36 | TOD SLATON DOT LLC | 724 W STOREY AVE | MIDLAND | TX | 79701 | \$540.00 | 516.12 | \$279,180.00 |

Maco Fowlkes

Andrew Voelker, CPL
Land Manager
Clear Creek E&P, LLC
(303) 828-6339 ©

From: Andrew Voelker [mailto:andrew.voelker.84@gmail.com]
Sent: Tuesday, December 27, 2016 9:26 PM
To: 'Maco Fowlkes' <mfowlkes@bransonfowlkes.com>
Cc: 'Carol Fowlkes' <clfowlkes@yahoo.com>; 'John Fowlkes' <jmfowlkes@fowlkeslegal.com>; 'Britton James' <brittonjames007@gmail.com>; 'Sean Moore' <greywolfland@gmail.com>
Subject: RE: Fowlkes oil and gas lease scans

Maco,

I must apologize but I do actually have another revision to the final acreage numbers. As we were doing a final review of our ownership records we realized that we were treating the E/2SE/4 & SE/4NE/4 as 160 acres instead of the correct 120 acres. Accordingly, this 20 acre overstatement was spread across all the interests on my previous emails. We have updated all the numbers as follows. I am very sorry for the additional correction, but would much rather get everything correct up front rather than deal with it down the road. Please take a look and let me know if you think we are missing something on our end.

Also, please find attached the two necessary ratifications that will need to be signed by Carol Fowlkes and Nancy Donley, and returned along with signed oil & gas leases. Thank you again for your partnership on this matter. Best Regards,

| FAMILY SUMMARY | | | | | |
|---|--------------------|---------------|------------------|-------------|--|
| Fowlkes Family - Total Net Mineral Acres (NMA) | 731.8775 | | | | |
| Fowlkes Family - Total OPEN NMA | 597.30931640625 | | | | |
| Fowlkes Family - All depths OPEN NMA | 224.59 | | | | |
| Fowlkes Family - Wolfcamp Only OPEN NMA | 310.84 | | | | |
| Fowlkes Family - Quesionable Wolfcamp* OPEN NMA | 61.88 | | | | |
| Fowlkes Family - Primary Term and/or HBP | 134.57 | | | | |
| Fowlkes Family - Total Cost of OPEN NMA** | \$ 1,904,224.78 | | | | |
| | OPEN ALL DEPTHS | COST | OPEN WOLFCAMP | COST | |
| J.M. Fowlkes, Jr. | 45.56972656 | \$ 159,494.04 | 73.26210938 | \$ 219,786. | |
| Maco Fowlkes | 22.78486328 | \$ 79,747.02 | 36.63105469 | \$ 109,893. | |
| Kathleen Fowlkes | 31.2478125 | \$ 109,367.34 | 50.236875 | \$ 150,710. | |
| Lauren Fowlkes | 20.831875 | \$ 72,911.56 | 33.49125 | \$ 100,473. | |
| Nancy Fowlkes Donley | 20.831875 | \$ 72,911.56 | 33.49125 | \$ 100,473. | |
| John M. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.16375 | \$ 33,491. | |
| Preston C. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.16375 | \$ 33,491. | |
| Patrick K. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.16375 | \$ 33,491. | |
| E.H. Fowlkes, III, AKA Trey Fowlkes | 15.62390625 | \$ 54,683.67 | 25.1184375 | \$ 75,355. | |
| Janet Renee Fowlkes Murrey | 15.62390625 | \$ 54,683.67 | 25.1184375 | \$ 75,355. | |
| Christine S. Fowlkes | 15.62390625 | \$ 54,683.67 | 25.1184375 | \$ - | |
| Christopher Fowlkes | 15.62390625 | \$ 54,683.67 | 25.1184375 | \$ - | |
| Frank Blow Fowlkes | 25.38884766 | \$ - | 40.81746094 | \$ - | |

| <u>Summary Bonus Consideration by Party:</u> | | <u>Revised Number (CORRECT)</u> |
|--|-----------------------------------|---------------------------------|
| J.M. Fowlkes, Jr: | \$ 433,967.87 | \$ 423,030.37 |
| Maco Fowlkes: | \$ 216,983.94 | \$ 211,515.19 |
| Kathleen Fowlkes: | \$ 297,577.97 | \$ 290,077.97 |
| Lauren Fowlkes: | \$ 198,385.31 | \$ 193,385.31 |
| Nancy Fowlkes Donley: | \$ 198,385.31 | \$ 193,385.31 |
| John M. Fowlkes: | \$ 66,128.44 | \$ 64,461.77 |
| Preston C. Fowlkes: | \$ 66,128.44 | \$ 64,461.77 |
| Patrick K. Fowlkes: | \$ 66,128.44 | \$ 64,461.77 |
| Trey Fowlkes: | \$ 148,788.98 | \$ 145,038.98 |
| Janet Renee Fowlkes Murrey | \$ 148,788.98 | \$ 145,038.98 |
| Christine S. Fowlkes | \$ 54,683.67 | \$ 54,683.67 |
| Christopher Fowlkes | \$ 54,683.67 | \$ 54,683.67 |
| Total | \$ 1,950,631.02 | \$1,904,224.76 |

Andrew Voelker, CPL
Land Manager
Clear Creek E&P, LLC
(303) 828-6339 ©

From: Andrew Voelker [mailto:andrew.voelker.84@gmail.com]
Sent: Tuesday, December 27, 2016 1:43 PM
To: 'Maco Fowlkes' <mfowlkes@bransonfowlkes.com>
Cc: 'Carol Fowlkes' <clfowlkes@yahoo.com>; 'John Fowlkes' <jmfowlkes@fowlkeslegal.com>; 'Britton James' <brittonjames007@gmail.com>; 'Sean Moore' <greywolflland@gmail.com>
Subject: RE: Fowlkes oil and gas lease scans

Maco,

Please find attached what I hope to be our final draft for signature on the OGL with the updated legal description. Please note that Sean and I added the depth restrictions to the legal description. This was a recommendation from Sean that we thought would 1) keep your title free from any unnecessary cloud, and 2) avoid any potential top lease issues with the existing COG lease. With the addition of these depth limitations, we added some language clarifying that our intent is to lease everything that is not currently held. Here is what we added:

"The intent of the parties is to lease only the portion of the acreage of said land that is not under lease as of the effective date listed above. The depths shown above are a reflection of what the parties believe to be unleased as of the effective date listed above. However, this lease shall cover all available depths in the described tracts, as determined solely by the terms of any existing oil & gas lease on said land, to the extent said oil and gas lease is in force as of the effective date listed above."

Also, pursuant to our discussions, we have updated the final acreage numbers as follows:

| FAMILY SUMMARY | | | | |
|---|----|-----------------|--|--|
| Fowlkes Family - Total Net Mineral Acres (NMA) | | 751.8775 | | |
| Fowlkes Family - Total OPEN NMA | | 612.77806640625 | | |
| Fowlkes Family - All depths OPEN NMA | | 224.59 | | |
| Fowlkes Family - Wolfcamp Only OPEN NMA | | 326.31 | | |
| Fowlkes Family - Quesionable Wolfcamp* OPEN NMA | | 61.88 | | |
| Fowlkes Family - Primary Term and/or HBP | | 139.10 | | |
| Fowlkes Family - Total Cost of OPEN NMA** | \$ | 1,950,631.03 | | |

| | OPEN ALL DEPTHS | COST | OPEN WOLFCAMP | COST |
|-------------------------------------|--------------------|---------------|------------------|------------|
| J.M. Fowlkes, Jr. | 45.56972656 | \$ 159,494.04 | 76.90794271 | \$ 230,723 |
| Maco Fowlkes | 22.78486328 | \$ 79,747.02 | 38.45397135 | \$ 115,361 |
| Kathleen Fowlkes | 31.2478125 | \$ 109,367.34 | 52.736875 | \$ 158,210 |
| Lauren Fowlkes | 20.831875 | \$ 72,911.56 | 35.15791667 | \$ 105,473 |
| Nancy Fowlkes Donley | 20.831875 | \$ 72,911.56 | 35.15791667 | \$ 105,473 |
| John M. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.71930556 | \$ 35,157 |
| Preston C. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.71930556 | \$ 35,157 |
| Patrick K. Fowlkes | 6.943958333 | \$ 24,303.85 | 11.71930556 | \$ 35,157 |
| E.H. Fowlkes, III, AKA Trey Fowlkes | 15.62390625 | \$ 54,683.67 | 26.3684375 | \$ 79,105 |
| Janet Renee Fowlkes Murrey | 15.62390625 | \$ 54,683.67 | 26.3684375 | \$ 79,105 |
| Christine S. Fowlkes | 15.62390625 | \$ 54,683.67 | 26.3684375 | \$ |
| Christopher Fowlkes | 15.62390625 | \$ 54,683.67 | 26.3684375 | \$ |
| Frank Blow Fowlkes | 25.38884766 | \$ | 42.84871094 | \$ |

Summary Bonus Consideration by Party: (sum of individual's row above)

| | |
|----------------------------|-----------------------|
| J.M. Fowlkes, Jr: | \$ 433,967.87 |
| Maco Fowlkes: | \$ 216,983.94 |
| Kathleen Fowlkes: | \$ 297,577.97 |
| Lauren Fowlkes: | \$ 198,385.31 |
| Nancy Fowlkes Donley: | \$ 198,385.31 |
| John M. Fowlkes: | \$ 66,128.44 |
| Preston C. Fowlkes: | \$ 66,128.44 |
| Patrick K. Fowlkes: | \$ 66,128.44 |
| Trey Fowlkes: | \$ 148,788.98 |
| Janet Renee Fowlkes Murrey | \$ 148,788.98 |
| Christine S. Fowlkes | \$ 54,683.67 |
| Christopher Fowlkes | \$ 54,683.67 |
| Total | \$1,950,631.02 |

Here are a few notes to go along with the information as well:

- 1) The interests of JM, Maco, Kathleen, Lauren, Nancy, John, Preston, and Patrick were all adjusted minorly by a total change of 10 acres among them all. This was a result of catching an error on our part where we credited the family with a ½ interest rather than a ¼ interest in the NE/4SE/4 of Section 24.
- 2) Interests and payments are reflected above to Trey, Janet, Christine, and Chris, but we will still need to see confirmation that the interest has been released prior to making payment.
- 3) Please have each party fill out and scan back to me a signed W-9 form.
- 4) The interests shown in red above are family interests that we will not be leasing. The red acreage for Chris and Christine is due to a lack of depth pugh clause in their signed lease.
- 5) Concurrent with closing, we will need to get a ratification from Carol Fowlkes, which Sean will discuss with J.M.
- 6) Concurrent with closing, we will need to get a ratification from Nancy A. Donley, Trustee for the NVMR Trust No 1 dated October 28, 1988. We will get drafts of these necessary ratifications to you shortly.

Please take a look and don't hesitate to let me know if you see anything I may have missed. Thank you for your patience as we have put the finishing touches on this process. I will give you a call shortly to discuss signing and payment processing.

Warm Regards,

Andrew Voelker, CPL
Land Manager
Clear Creek E&P, LLC
(303) 828-6339 ©

Maco S. Fowlkes CFP, ChFC, CLU, CAP
Branson, Fowlkes & Company, Inc.

Wealth Management Strategies for the Affluent

3300 Chimney Rock, Suite 100-B

Houston, Texas 77056

713.780.0606 voice

713.780.0072 fax

<http://www.bransonfowlkes.com/>

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Sharon T. Shaheen

From: patrick fowlkes <patfowlkes@gmail.com>
Sent: Tuesday, January 3, 2017 2:10 PM
To: Sharon T. Shaheen
Subject: Fwd: Fowlkes lease offer
Attachments: Lease offer.pdf; ATT00001.htm; Fowlkes lease form.pdf; ATT00002.htm; W9.pdf; ATT00003.htm; Original document signature Fedex instructions.pdf; ATT00004.htm

Sent from my iPhone

Begin forwarded message:

From: Maco Fowlkes <mfowlkes@bransonfowlkes.com>
Date: January 3, 2017 at 2:41:52 PM CST
To: Maco Fowlkes <mfowlkes@bransonfowlkes.com>
Subject: Fowlkes lease offer

Attached is a lease offer for our New Mexico acreage. I believe that it is a fair offer and the document is almost identical to the one we signed with COG in 2013. I plan to execute this document today and Fedex the original to Sean Moore at the address on the attachment above. If you wish to lease please review the document and the offer and make sure you are comfortable with it. No one has to lease. It is my goal to have as many leases as possible filed before the forced pooling meeting on Thursday. If you have any questions or need any help please do not hesitate to e-mail me. If you do decide to sign the lease, it needs to be notarized and e-mail a copy to me and send the original to Sean Moore.

Thanks,
Maco

P.S. Trey can you please forward this to Renee, as I did not have her e-mail address. Also, can you please call me when you have a chance.

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713.780.0606 voice
713.780.0072 fax
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