
From Brent Sawyer
Sent Wednesday April 22 2015 4 18 PM
To Randy Howard (rhoward@nearburg.com)
Cc Aaron Myers John Turro (jturro@nearburg.com)
Subject Friday meeting
Attachments Agenda.docx CA SRO State Com #43H.pdf CA SRO State Com #44H.pdf

Randy

I just finished putting together the attached list of the things we would like to discuss at our meeting on Friday

One issue that we need to get resolved as soon as possible is the communitization agreements for the SRO 43H and 44H. I've also attached those for your review. As for the rest, I'll bring copies of all the farmout agreements, JOAs, term assignment and proposed correction, and probably put together a map or two.

Looking forward to seeing you Friday and getting all of this sorted.

Thanks

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NMOCC CASE Nos 15441 15481 15482
NEX SRO2 LLC AND SRO3 LLC
Exhibit No 14
February 28 2017

1) Comm Agreements

- a) SRO State Com #43H W2W2 17 26S 28E W2W2 20 26S 28E spud 10/10/14
- b) SRO State Com #44H E2W2 17 26S 28E E2W2 20 26S 28E spud 8/2/14

One of our regulatory employees who works in Santa Fe met with someone from the NMOCD who said that the Commissioner is very seriously considering suing the operators of several wells which have overdue comm agreements. These two wells are some of the ones being considered so it is crucial that we get these executed and approved as soon as possible.

2) SRO

- a) Correct term of assignment for W2 20 26S 28E
 - 1) Correct term to the expiration of the SRO Unit Operating Agreement instead of the SRO Unit Agreement
 - 2) Correct assignees to include the other working interest owners since contrary to what is said in the last page of the JOA s Exhibit A 1 there was never an assignment into any of the other working interest partners
 - 3) Exhibit A to assignment well information requirements needs review
- b) Discuss Nearburg SRO ORR
 - 1) After further internal review and discussion this ORR should remain at 0 00415092 as stated in the last page of the JOA s Exhibit A 1 regardless of how it may have been calculated. Proportionately reduced if a wellbore lies partially inside the SRO

3) Amend farmout agreements and their attached JOAs to compensate for wells that are not wholly within the contract area (longer than 1 mile)

- a) This affects two farmout agreements
 - 1) Way South/FUN State – E2 30 26S 28E farmout dated 12/4/2009
 - 2) Honey Graham – lots 1 2 3 4 NW4NE4 N2W4 32 26S 28E farmout dated 3/4/2010

4) Discuss Nearburg Employee ORR in Cluster State wells

- a) We have had incorrect title opinions issued and consider that the employee ORR should not be proportionately reduced but should be borne wholly by COG until Nearburg's BIAPO. After payout Nearburg should be burdened by said ORR proportionate to its back in working interest.