

**Nearburg Exploration Company, L.L.C.**

*Oil and Gas Exploration*  
3300 North "A" Street  
Building 2, Suite 120  
Midland, TX 79705-5421  
432-686-8235  
FAX 432-686-7806

May 28, 2015

COG Operating LLC  
Attn: Mr. Aaron Myers  
One Concho Center  
600 W. Illinois Avenue  
Midland, Texas 79701

Sent via Federal Express  
and Hand Delivery

Re: Communitization Agreements  
SRO State Comm #43H & 44H Wells  
Eddy County, New Mexico  
Sections 17 & 20, T-26-S, R-28-E, N.M.P.M.

Dear Aaron:

As you are aware, Nearburg Exploration Company, L.L.C. ("Nearburg") is in receipt of a Communitization Agreement for the SRO State Com #43H and a Communitization Agreement for the SRO State Com #44H, (collectively the "Agreements"). The Agreements are stamped "COPY" and were delivered by you to Nearburg on April 24, 2015.

Nearburg owns an interest in the SRO State Com #43 H and SRO State Com #44H wells (collectively the "Wells") by way of Nearburg's State of New Mexico Lease #VO-7450-0001 covering the W/2 of Section 20, T-26-S, R-28-E, N.M.P.M., Eddy County, New Mexico (the "Lease"). The Lease was subject to a Term Assignment of Oil and Gas Lease from Nearburg in favor of Marbob Energy Corporation (now COG) recorded in Book 790, Page 530 of the records of Eddy County, New Mexico (the "Term Assignment"). The Term Assignment has expired by its own terms and has not been extended. We would request that you inform us as to the source of COG's authority to drill the Wells utilizing the acreage covered by the Lease. Nearburg is not aware of any Operating Agreement related to the Wells or any other arrangement which would grant COG the right to drill the Wells with the acreage covered by the Lease.

Nearburg has also been copied on emails between COG and the New Mexico State Land Office (the "Office") regarding the Agreements, apparently to put us on notice that the State Land Commissioner could be sending a letter "...which actually threatens to expire the leases involved with the well and charge the operator DOUBLE the value of oil/gas removed from the well" if they are not the subject of a state mandated form of communitization agreement.


In an effort to comply with the State's requirements, Nearburg would consider executing the "COPY" of the Agreements, subject to (i) changing the formation set out in the Agreements from the "Bone Spring formation" to the "2nd Bone Spring interval of the Bone Spring formation as defined in the SRO State Unit 3H well located in Section 18, T26S, R28E, API 3001537422, as being from 7548'-7998' MD as evidenced on the Dual Laterolog run by Halliburton on January 19, 2010" and (ii) COG furnishing Nearburg all communication between COG and the Office regarding the Agreements. Any execution of the Agreements would not extend or ratify the Term Assignment and Nearburg would not waive any rights held by it as owner and holder of the Lease. Nearburg would consider executing the Agreements merely to comply with the State of New Mexico Land Office requirements, but Nearburg would specifically reserve all rights relating to this situation.

Please send us all documentation requested above as soon as possible.

If you have any questions or comments, or should you need anything further in regard to this matter, please do not hesitate to contact the undersigned at (432) 818-2914 or via email at [rhoard@nearburg.com](mailto:rhoard@nearburg.com).

Sincerely,

Nearburg Exploration Company, L.L.C.

  
Randy Howard  
Land Manager

Enclosures