

From: Kathie Craft </O=NEARBURG PRODUCING COMPANY/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=KCRAFT>
Sent: Tuesday, July 8, 2014 3:41 PM
To: Rue Landon <rlandon@nearburg.com>
Subject: RE: SRO Unit's #16H & #61H

Will do --

From: Rue Landon
Sent: Tuesday, July 08, 2014 10:24 AM
To: Kathie Craft
Subject: RE: SRO Unit's #16H & #61H

You have explained the big mess perfectly...ugh for everyone involved.

When all is squared away let me know what wells we have an ORRI in and what it is and I will adjust the reserve database accordingly.

Thank you Kathie!

From: Kathie Craft
Sent: Tuesday, July 08, 2014 10:12 AM
To: Carol Smith; Rue Landon
Subject: SRO Unit's #16H & #61H

The SRO Unit was voluntarily terminated on March 1, 2014... We have been paid for our ORI under the previously drilled SRO wells to date BUT it has been determined that we have been paid on these wells based on the unit committed net acres instead of the unit gross acres – so we have been overpaid on all the previously drilled wells. COG is in the process of obtaining new Opinions on all of these wells. Since everyone has previously signed Division Orders, once the new Opinions are received, the decision will need to be made as to whether or not adjustments will be made from 1st production on each well.

We only committed 320 acres of the 8320 acre unit (on which the SRO #16H has been drilled). We have received a Division Order for the #16H but have not returned same due to the calculation of our interest on the gross acres instead of the previously calculated net acres. As our interest is smaller using the gross acre calculation instead of the net acre calculation we don't want to return same setting a precedence that we agree with our smaller ORI.

At this time and as the decision has not yet been made.....we don't know if we will continue to be entitled to our ORI under all the wells previously drilled or not since they aren't on our acreage.

With the SRO #61H being spud on February 27th a couple days before the termination of the unit on March 1st – not sure how they will treat this well or whether (or not) we will have an interest.

Hope that explains the current situation surrounding the SRO wells...if not, let me know and I'll try to explain further.

BEFORE THE OIL CONSERVATION
COMMISSION
Santa Fe, New Mexico
Exhibit No. 13A
Submitted by: COG OPERATING LLC
Hearing Date: February 28, 2017

NEX00004979