From:

Robert Ready

Sent:

May 07, 2010 7:03 PM

To:

Stubbs, Kevin C

Subject:

Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Attachments:

Proposal-Taylor D2,3,4,5-Chevron.pdf; OA-Taylor D2,3,4,5 Proposal-COG 5-7-10, AAPL 1989-

Individual Loss.pdf

Chevron Oil Company, Chevron U.S.A. Inc. Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150 Houston, Texas 77002

Dear Mr. Stubbs,

As previously communicated, our records reflect that Chevron owns a 3.125% leasehold interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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COG Operating LLC Cases 14490, 14491, 14492 and 14493



From:

Stubbs, Kevin C [KevinStubbs@chevron.com]

To:

Robert Ready

Sent:

May 10, 2010 1:37 PM

Subject:

Read: Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Your message was read on Monday, May 10, 2010 1:37:21 PM (GMT-06:00) Central Time (US & Canada).

May 7, 2010

Sent via Email to 'KevinStubbs@chevron.com' and Federal Express Airbill # 8709 3258 2675

Chevron Oil Company, Chevron U.S.A. Inc.

Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150 Houston, Texas 77002

RE: Well Proposals - COG Operating LLC ("COG")

- 1) Taylor D #2 well, NW/4 SE/4
- 2) Taylor D #3 well, SW/4 NE/4
- 3) Taylor D #4 well, SE/4 NE/4
- 4) Taylor D #5 well, NE/4 SE/4

All in Section 9-T17S-R32E, NMPM, Lea County, New Mexico

#### Gentlemen:

COG Operating LLC ("COG") proposes to drill the above-referenced wells vertical tests of the Yeso formation, as follows:

- 1) Taylor D #2 well, NW/4 SE/4, located 1,650' FSL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 2) Taylor D #3 well, SW/4 NE/4, located 2,210' FNL & 1,650' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 3) Taylor D #4 well, SE/4 NE/4, located 2,120' FNL & 475' FEL of said Section 9, to be drilled to a total depth of approximately 7,000'.
- 4) Taylor D #5 well I, NE/4 SE/4, located 1,650' FSL & 330' FEL of said Section 9, to be drilled to a total depth of approximately 7,100'.

The total estimated cost of each of the subject wells is \$1,650,000 which is described in more detail in the enclosed Authority for Expenditure ("AFE") for each well, attached to and made a part of this proposal. If you choose to participate in any or all of the wells, please evidence the same by signing, dating and returning to the undersigned the AFE that corresponds to the well(s) in which you choose to participate. For your convenience, you may return AFEs to me by mail to the letterhead address, by fax to (432) 686-3000, or by email to 'rready@conchoresources.com'. A copy of COG's proposed form of operating agreement for the subject wells is also enclosed.

If you choose not to participate in the proposed wells, we will be glad to consider alternatives. Please feel free to contact me about this matter at phone (432) 685-4345 or by email to 'rready@conchoresources.com'.

Sincerely,

**COG Operating LLC** 

J. Robert Ready Senior Landman

Enclosures:

AFEs (4)

Operating Agreement

WELL NAME: Taylor D #2 LOCATION: Section 9-T17S-R32E, NMPM		COUNTY 8	ST/	ME: Maljamar (Lowe) Pro ATE: Lea County, NM	
FOOTAGE: 1650' FSL & 1650' FEL		OBJECTIV	E:	Yeso test (4 Fracs) 7000	•
NITANIGIDI E COCTO				4.0B	
INTANGIBLE COSTS	204	BCP		<u>ACP</u>	TOTAL
Title/Curative/Permit	201	4,000	202		4,00
Insurance	202	3,800	302		3,80
Damages/Right of Way	203		303	<del></del>	0.50
Survey/Stake Location	204	2,500	304	- 6000	2,50
ocation/Pits/Road Expense  Orilling / Completion Overhead	205 206	30,000 2,500	305 306	2,000	35,00 4,50
Furnkey Contract	207	2,300	307	2,000	4,30
-ootage Contract	208		308		
Daywork Contract	209	175,000	309		175,00
Directional Drilling Services	210		310		
Fuel & Power	211	28,800	311	1,000	29,80
Water	212	14,000	312	32,000	46,00
Bits	213	24,000	313	500	24,50
Mud & Chemicals Drill Stem Test	214	7,000	314 315		7,00
Coring & Analysis	215 216		313		
Dement Surface	217	15,500			15,50
Cement Intermediate #1	218	16,400		<del></del>	16,40
Cement Intermediate #2					
Cement Production			319	30,000	30,00
Sement Squeeze	220		320		
loat Equipment & Centralizers	221	2,500	321	2,000	4,50
Casing Crews & Equipment	222	4,000	322	5,500	9,50
ishing Tools & Service	223		323		
Seologic/Engineering	224	3,000	324	40.000	12.00
Company Supervision	225 226	3,000	325 326	10,000	13,00
Company Supervision Contract Supervision	226	12,000	327	5,000	17,00
esting Casing/Tubing	228	1,800	328	2,200	4,00
Aud Logging Unit	229	6,000	329		6,00
ogging	230	15,000	330		15,00
Perforating/Wireline Services	231		331	24,000	24,00
timulation/Treating (4 fracs)			332	369,000	369,00
Completion Unit			333	20,000	20,00
Swabbing Unit			334		
Rentals-Surface	235	5,000	335	36,000	41,00
Rentals-Subsurface	236	26,000	336	10,000	36,00
rucking/Forklift/Rig Mobilization	237	40,000	337 338	8,000	48,00 3,00
Velding Services Vater Disposal	238 239	2,000	339	<u>1,000</u> 3,000	3,50
Plug to Abandon	240		340	3,000	0,00
Seismic Analysis	241		341		
Closed Loop & Environmental	244	100,000	344		100,00
Miscellaneous	242		342		
Contingency 5%	243	27,065	343	28,310	55,37
TOTAL INTANGIBLES		569,000		595,000	1,163,00
TANGIBLE COSTS					
Surface Casing	401	31,200			31,20
ntermediate Casing #1	402	75,300			75,30
ntermediate Casing #2			503	154,000	154,00
Production Casing/Liner Fubing			504	49,000	49,00
Velihead Equipment	405	6,000	505	3,000	9,00
Pumping Unit			506	87,500	87,50
rime Mover			507		
Rods			508	21,376	21,37
Pumps			509	4,500	4,50
anks			510	3,000	3,00
lowlines			511 612	5,000	5,00
leater Treater/Separator			512 513	10,000	3,00
Rectrical System Packers/Anchors/Hangers	414		514	900	90
couplings/Fittings/Valves	415		515	7,000	7,00
Sas Compressors/Meters			516		.,,0
Dehydrator			517		
njection Plant/CO2 Equipment			518		
Miscellaneous	419	500	519	500	1,00
	420	5,700	520	18,600	24,30
Contingency 5%		118,700		367,376	486,07
Contingency 5% TOTAL TANGIBLES		688,000		963,000	1,650,00
TOTAL TANGIBLES		-			
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC		<del>-</del>		_	
		Date Prepared:		5/7/10	
TOTAL TANGIBLES TOTAL WELL COSTS  COG Operating LLC  By: Erick W. Nelson					
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC		This AFE is only an		ate. By signing you agree to pa	y your share
TOTAL TANGIBLES TOTAL WELL COSTS COG Operating LLC By: Erick W. Nelson				ate. By signing you agree to pa	y your share

WELL NAME: Taylor D #3 LOCATION: Section 9-T17S-R32E, NMPM FOOTAGE: 2210' FNL & 1650' FEL				ME: Maljamar (Lowe) Pro	
		OBJECTIV	<u> </u>	Yeso test (4 Fracs) 7000'	
INTANGIBLE COSTS		BCP		ACP	TOTAL
Title/Curative/Permit	201	4,000			4,00
nsurance	202	3,800	302		3,80
amages/Right of Way	203		303		
Survey/Stake Location	204	2,500	304		2,50
ocation/Pits/Road Expense	205	30,000	305	5,000	35,00
hilling / Completion Overhead	206	2,500	306	2,000	4,50
urnkey Contract	207		307		
ootage Contract	208	175 000	308		475.00
Daywork Contract	209 210	175,000	309 310		175,00
Directional Drilling Services	211	28,800	311	1,000	29,80
Vater	212	14,000	312	32,000	46.00
Nits .	213	24,000	313	500	24,50
Aud & Chemicals	214	7,000	314		7,00
Orill Stem Test	215		315		
Coring & Analysis	216				
Cement Surface	217	15,500	•		15,50
Cement Intermediate #1	218	16,400			16,40
Cement Intermediate #2 Cement Production			319	30,000	30,00
Zement Production Zement Squeeze	220		320	30,000	30,00
Toat Equipment & Centralizers	221	2,500	321	2,000	4,50
Casing Crews & Equipment	222	4,000	322	5,500	9,50
Fishing Tools & Service	223		323		
Seologic/Engineering	224		324		
Contract Labor	225	3,000	325	10,000	13,00
Company Supervision	226		326		
Contract Supervision	227	12,000	327	5,000	17,00
esting Casing/Tubing	228	1,800	328	2,200	4,00
Aud Logging Unit	229 230	6,000 15,000	329 330		6,00 15,00
ogging erforating/Wireline Services	231	15,000	331	24,000	24,00
Stimulation/Treating (4 fracs)	2.91		332	369,000	369,00
Completion Unit			333	20,000	20,00
Swabbing Unit			334		
Rentals-Surface	235	5,000	335	36,000	41,00
Rentals-Subsurface	236	26,000	336	10,000	36,00
rucking/Forklift/Rig Mobilization	237	40,000	337	8,000	48,00
Velding Services	238	2,000	338	1,000	3,00
Nater Disposal	239	500	339	3,000	3,50
dug to Abandon	240		340		
Selsmic Analysis	241	100.000	341		400.00
Closed Loop & Environmental Miscellaneous	244 242	100,000	344 342		100,00
Contingency 5%	242	27,065	343	28,310	55,37
TOTAL INTANGIBLES		569,000	0.0	595,000	1,163,00
T. MOIDLE 00070					
TANGIBLE COSTS	401	21 200			24.20
Surface Casing Intermediate Casing #1	402	31,200 75,300			31,20 75,30
niermediate Casing #1	402	70,300			73,00
Production Casing/Liner		<del> </del>	503	154,000	154,00
ubing			504	49,000	49,00
Velihead Equipment	405	6,000	505	3,000	9,00
Pumping Unit			506	87,500	87,5
Prime Mover			507		
Rods			508	21,376	21,3
Pumps			509	4,500	4,5
fanks Foudings			510	3,000	3,0 5,0
Nowlines Heater Treater/Separator			511 512	3,000	3,0
leater Treater/Separator			513	10,000	10,0
Packers/Anchors/Hangers	414		514	900	9
Couplings/Fittings/Valves	415		515	7,000	7,0
Gas Compressors/Meters			516		·
Pehydrator			517		
njection PlanVCO2 Equipment			518		
/liscellaneous	419	500	519	500	1,0
Contingency 5%	420	5,700	520	18,600	24,3
TOTAL TANGIBLES		118,700		367,376	486,0
TOTAL WELL COSTS		688,000		963,000	1,650,0
COG Operating LLC					
By: Erick W. Nelson		Date Prepared:		5/7/10	
<u> </u>					
We approve:				ate. By signing you agree to pay	your share
		of the actual costs in	осите	d.	
Company:		_			
Ву:		_			

ACCURATIVE PRIME   201   4,000   3.0	LOCATION: Section 9-T17S-R32E, NMPM FOOTAGE: 2120' FNL & 475' FEL		OBJECTIV		TE: Lea County, NM Yeso test (4 Fracs) 700	00'
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Internate		201			<u>AGP</u>	
March   Marc				202		
New State Location   204   2,00   304   305   306	· · · · · · · · · · · · · · · · · · ·		3,800			3,8
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may Contract 208 308 308 308 308 308 308 308 308 308 3						
Stage Contract   208		-	2,500		2,000	4,5
175,000   399   175,000   399   175,000   310						
A   Power   21						
18 Power			175,000	309		175,0
Section   1997		210		310		
2		211	28,800	311	1,000	29,8
d & Chemicals         214         7,000         314         7,00           Iring & Analysis         218         15         315         15           ment Intermediate #1         218         16,400         15,500         15,500           ment Intermediate #2         319         30,000         4,55 <t< td=""><td>Blet</td><td>212</td><td>14,000</td><td>312</td><td>32,000</td><td>46,0</td></t<>	Blet	212	14,000	312	32,000	46,0
Stem Test   15	s	213	24,000	313	500	24,5
Iring & Analysis ment Intermediate #1 ment Intermediate #1 ment Intermediate #1 ment Intermediate #1 ment Intermediate #2 ment Intermediate Casing #2 ment I	ud & Chemicals	214	7,000	314		7,0
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154	oring & Analysis	216				
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ment   Production	ment Intermediate #1	218	16,400	-		16,40
ment Squeeze   220   3	ment Intermediate #2	_		•	<del></del>	
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at Equipment & Centralizers 221 2,500 321 2,000 4,5 11,000 325 5,500 9,5 11,000 5,5 11,000 5,5 11,000 325 5,5 11,000 325 5,5 11,000 325 5,5 11,000 325 11,000 325 11,000 11,000 325 11,000 325 11,000 325 11,000 11,000 325 11,000 327 5,000 31,000 31,000 11,000 326 3,000 325 11,000 327 5,000 31,000 31,000 11,000 328 3,000 329 3,000 329 3,000 31,00	ment Squeeze	220		320		
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A	sing Crews & Equipment					9,5
Content   Cont	shing Tools & Service					
Interest Labor		_				
mparry Supervision	ontract Labor	_	3,000		10 000	13.0
Intest Supervision   227   12,000   327   5,000   17,000		_	3,000		10,000	13,0
288   1,800   348   2,200   3.0			12,000		5,000	17.0
Section   Sect						
15.000   330   15.000   330   15.000   330   331   24.000   24.5		_			2,200	
Internation/Wireline Services   331   334   24,000   24.0						
mulation/Teating (4 facs) making lenin Linit  abbing Unit  abbing Unit  abbing Unit  abbing Unit  abbing Services  235 5,000 395 36,000 41,1,000 395,0			13,000		24,000	
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abbing Unit   1334		-				
nals-Sufface         235         5,000         335         36,000         41,0           nals-Subsurface         236         28,000         336         10,000         366,00           tcking/Forldift/Rig Mobilization         237         40,000         337         8,000         48,0           stding Services         238         2,000         338         1,000         3.0           stding Services         238         2,000         338         1,000         3.0           stding Services         239         500         399         3,000         3.0           spice Analysis         241         341         341         341           spice Cashing         244         100,000         344         100,000           specilianeous         242         342         342         2           ningency 5%         243         27,065         343         28,310         55,3           TOTAL INTANGIBLES         401         31,200         31,4         31,200           ermediate Casing #1         402         75,300         75,300         31,4         31,200         31,4         31,200         31,4         31,200         31,4         31,2         31,2         31,2		-	<del></del>		20,000	20,0
natis-Subsurface         236         25,000         336         10,000         38,0           ucking/Forkidir/Rig Mobilization         237         40,000         337         8,000         48,0           skiding Services         238         2,000         338         1,000         3,0           skiding Services         238         2,000         339         3,000         3,5           gto Abandon         240         340         341         341         341         341         342         342         342         342         342         342         342         342         342         342         342         342         342         342         342         342         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,3         343         28,310         55,2         342         342         342         342         342         342		- 225			25 000	44.0
Acking/Fordiff/Rig Mobilization   237   40,000   337   8,000   48.0		_				
Seding Services   238   2,000   338   1,000   3.0		_				
Stee   Disposal   239   500   339   3,000   3,5     glo Abandon   240   340   340   340     strain Analysis   241   34		_				
Section   Sect		_				
Simic Analysis   241   341   100,00   344   100,00   344   100,00   344   100,00   344   100,00   344   100,00   344   100,00   344   100,00   344   100,00   344   100,00   342   100,000   342   100,000   342   100,000   342   100,000   1,63,00		_	500		3,000	3,5
244   100,000 344   342   34		_				
Seellaneous   242   343   342   343   343   344   345   34		_				
Name		_	100,000			100,0
ANGIBLE COSTS   Face Casing #1   401   31,200   31,200   75,300		_				
ANGIBLE COSTS rface Casing		243		343		
### doctors	TOTAL INTANGIBLES	_	569,000		295,000	1,103,0
### doctors						
### documentate Casing #1						
Semediate Casing #/2   Solution Casing Allor   Solut						
Solution Casing/Liner   Solution   Solutio		_ 402	75,300		<del></del>	75,3
Solid		_				
Sellhead Equipment   405   6,000   505   3,000   9,000   305   3,000		_				
Impling Unit	ubing	<del>-</del>				
Second   S		_ 405	6,000			
Solid		_			87,500	87,5
Solid   Soli		_				
Stop		_				
Sector   S	umps	_				
Section   Sect		_				
State		_				
Section   Sect		_				
Supplings/Fittings/Valves		_				
St Compressors/Meters		_		514		9
State   Stat	ouplings/Fittings/Valves	415		515	7,000	7,0
Scellaneous	as Compressors/Meters			516		
Scellaneous	ehydrator	_		517		
April   Apri	jection Plant/CO2 Equipment			518		
April   Apri	iscellaneous	419	500	519	500	1,0
TOTAL TANGIBLES 118,700 367,376 486,000 1,850,						24,3
TOTAL WELL COSTS 688,000 963,000 1,850.1  DG Operating LLC  F. Erick W. Nelson Date Prepared: 5/7/10  Date Prepared: 5/7/10  Date Prepared: 5/7/10  This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.				•		486,0
OG Operating LLC  7. Erick W. Netson  Date Prepared: 5/7/10  e approve:  This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.						1,650,0
p. Erick W. Nelson  Date Prepared: 5/7/10  This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.		-		•		
p. Erick W. Nelson  Date Prepared: 5/7/10  This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.	OG Operating LLC					
e approve:  This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.  propany:			Date Prepared:		5/7/10	
of the actual costs incurred.  company:  compa	I. C. tr. Honon	-	- 20 . Toparos.			
of the actual costs incurred.  company:  compa	la anniovo:		This AFF is only an	estima	nte. By signing you agree to	pay your share
ompany: r.	о аррочо.					, ,
r.	'ampany'		OF THE BOLLER COS(S)	, KAITO	<b>.</b>	
	ompany.		-			
			-			
	itle:		<del>-</del>			

	DRILLING						
WELL NAME: Taylor D #5		PROSPEC:	T NAM	E: Maljamar (Lowe) Pro	spert		
LOCATION: Section 9-T17S-R32E, NMPM				E: Lea County, NM	орсы		
FOOTAGE: 1650' FSL & 330' FEL		OBJECTIV		'eso test (4 Fracs) 7100'			
INTANGIBLE COSTS		BCP		ACP	TOTAL		
Title/Curative/Permit	201	4,000	- -		4,000		
Insurance	202 203	3,800	302 _		3,800		
Damages/Right of Way		0.500	303 _				
Survey/Stake Location	204 205	2,500	304 _	- 5000	2,500		
Location/Pits/Road Expense Drilling / Completion Overhead	205	2,500	305 306	2,000	35,000		
Turnkey Contract	207	2,500	307 -	2,000	4,50		
Footage Contract	208		308				
Daywork Contract	209	175,000	309 -	<del></del>	175,00		
Directional Drilling Services	210	- 1,1,1,1	310				
Fuel & Power	211	28,800	311	1,000	29,80		
Water	212	14,000	312	32,000	46,00		
Bits	213	24,000	313	500	24,50		
Mud & Chemicals	214	7,000	314		7,00		
Orill Stern Test	215		315				
Coring & Analysis	216	45.500	_		45.50		
Cement Surface Cement Intermediate #1	217 218	15,500 16,400	_		15,50 16,40		
Cement Intermediate #2	210	10,400	_		10,40		
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Float Equipment & Centralizers	221	2,500	321	2,000	4,50		
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Geologic/Engineering	224		324 _				
Contract Labor	225	3,000	325 _	10,000	13,00		
Company Supervision	226 227	40.000	326 -	5000	47.00		
Contract Supervision Testing Casing/Tubing	228	12,000	327 328	5,000 2,200	17,00 4,00		
Mud Logging Unit	229	6,000	329 -		6,00		
Logging	230	15,000	330		15,00		
Perforating/Wireline Services	231	15,500	331	24,000	24,00		
Stimulation/Treating (4 fracs)			332 -	369,000	369,00		
Completion Unit			333	20,000	20,00		
Swabbing Unit			334 _				
Rentals-Surface	235	5,000	335 _	36,000	41,00		
Rentals-Subsurface	236	26,000	336 _	10,000	36,00		
Trucking/Forklift/Rig Mobilization	237 238	40,000	337 338	8,000	48,00		
Welding Services Water Disposal	239	2,000	339 -	3,000	3,00		
Plug to Abandon	240		340 -				
Seismic Analysis	241		341				
Closed Loop & Environmental	244	100,000	344	<del></del> -	100,00		
Miscellaneous	242		342 _				
Contingency 5%	243	27,065	343	28,310	55,37		
TOTAL INTANGIBLES		569,000	_	595,000	1,163,00		
TANGIBLE COSTS							
Surface Casing	401	31,200	_		31,20		
Intermediate Casing #1	402	75,300	_		75,30		
Intermediate Casing #2			503	154,000	154,00		
Production Casing/Liner Tubing			504 -	49,000	49,00		
Wellhead Equipment	405	6,000	505	3,000	9,00		
Pumping Unit			506	87,500	87,50		
Prime Mover			507				
Rods			508	21,376	21,3		
Pumps			509	4,500	4,50		
Tanks			510 _	3,000	3,00		
Flowlines Heater Treater/Separator		<del></del>	511 - 512 -	5,000 3,000	5,00 3,00		
Electrical System			513	10,000	10,0		
Packers/Anchors/Hangers	414		514	900	9		
Couplings/Fittings/Valves	415		515	7,000	7,00		
Gas Compressors/Meters			516	<del></del>			
Dehydrator			517	<u> </u>			
Injection Plant/CO2 Equipment			518				
Miscellaneous	419	500	519	500	1,0		
Contingency 5%	420	5,700	520	18,600	24,31		
TOTAL TANGIBLES		118,700	_	367,376	486,07		
TOTAL WELL COSTS		688,000	-	963,000	1,650,0		
COG Operating LLC By: Erick W. Nelson		Date Prepared:		5/7/10			
We approve:			estimate	a. By signing you agree to pay	your share		
-		of the actual costs I			,		
Company:		<del>-</del>					
By:		_					

From:

Microsoft Exchange

To:

Stubbs, Kevin C

Sent:

May 07, 2010 7:07 PM

Subject:

Relayed: Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

# Delivery to these recipients or distribution lists is complete, but delivery notification was not sent by the destination:

Stubbs, Kevin C

Subject: Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Sent by Microsoft Exchange Server 2007

From:

Robert Ready

Sent:

May 26, 2010 3:18 PM

To:

'Stubbs, Kevin C'

Subject:

RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Thanks for both.

# J. Robert Ready COG OPERATING LLC

From: Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

**Sent:** May 26, 2010 3:06

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Just to give you a heads up as to our preferred form. Shelly's contact info is SRWO@chevron.com and 432.687.7104.

**From:** Robert Ready [mailto:rready@conchoresources.com]

**Sent:** Wednesday, May 26, 2010 2:59 PM

To: Stubbs, Kevin C

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Good. I will be glad to work through the OA with you, after you've had time to review it.

Can you provide contact info for Shelly Worrell? I have received correspondence from her and we've spoken on the phone, but I don't have her phone or email. Thought it would be good to make contact and verify my current fax, phone, email for her.

# J. Robert Ready COG OPERATING LLC

From: Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: May 26, 2010 2:48

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

I've got the OA.

From: Robert Ready [mailto:rready@conchoresources.com]

**Sent:** Wednesday, May 26, 2010 2:36 PM

To: Stubbs, Kevin C

Subject: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Kevin,

Please refer to the attached copy of the OA submitted with the well proposals. Please respond to let me know that the OA came through to you.

Regards,

#### J. Robert Ready

#### COG OPERATING LLC

From: Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: May 26, 2010 12:47

To: Robert Ready

Subject: Proposed JOA - Taylor Wells - Lea County, NM

Robert,

Can you please email me another copy of the proposed JOA? Thanks.

Regards,

#### **Kevin C. Stubbs**

Land Representative

#### MidContinent/Alaska Business Unit

Chevron North America Exploration and Production Company 1400 Smith Street, Room 43150 Houston, Texas 77002

Tel: 713-372-1048 Fax: 866-593-9105

From: Robert Ready Sent: May 07, 2010 7:03 To: Stubbs, Kevin C

Subject: Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Chevron Oil Company, Chevron U.S.A. Inc.

Attention: Mr. Kevin Stubbs 1400 Smith Street, Room 43150

Houston, Texas 77002

Dear Mr. Stubbs,

As previously communicated, our records reflect that Chevron owns a 3.125% leasehold interest in the lands described below. COG Operating LLC owns the majority interest in the subject lands, and desires to acquire or obtain commitment of all outstanding interests in the following tract:

Section 9, T17S-R32E, NMPM, Lea County, New Mexico S/2 NE/4 and N/2 SE/4, as to depths below the base of the San Andres formation Containing 160 acres, more or less

We are prepared to commence drilling on the subject lands soon. To that end, please find the attached Well Proposals, AFEs and our proposed form of operating agreement. Feel free to contact me to discuss alternatives to your participation in the subject wells. I will be glad to work with you.

Best regards,

J. Robert Ready, Senior Landman, CPL COG OPERATING LLC

From:

Stubbs, Kevin C [KevinStubbs@chevron.com]

Sent:

June 07, 2010 3:32 PM

To:

Robert Ready

Subject:

RE: Taylor JÓA

Got it.

**From:** Robert Ready [mailto:rready@conchoresources.com]

Sent: Monday, June 07, 2010 3:15 PM

**To:** Stubbs, Kevin C **Subject:** RE: Taylor JOA

Kevin,

Attached is the executed operating agreement covering the Taylor D and other lands. In the case of Chevron and the Taylor D lease, the operating agreement would cover only the 160 acres comprising the Taylor D lease, being S/2 NE/4 and N/2 SE/4 of Section 9-T17S-R32E, Lea County, New Mexico, including Chevron's 3.125% interest therein.

As discussed, COG will work with Chevron before and after the hearing to complete an operating agreement between our companies. Pooling orders expressly state that should the parties to a pooling order reach voluntary agreement subsequent to entry of the order, the order shall thereafter be on no further effect.

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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**From:** Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: June 07, 2010 2:47

To: Robert Ready Subject: Taylor JOA

Robert,

Can you please send me an executed copy of the JOA between COG and the other 2 working interest owners? Also, please send me the contact information for your in-house counsel that I can forward to Chevron legal. Thanks.

Kevin

Regards,

From:

Robert Ready

Sent:

June 08, 2010 7:20 PM

To:

'Stubbs, Kevin C'

Subject:

2005 COPAS for Taylor D OA-Section 9-T17S-R32E, Lea Co., NM

Kevin,

We can use the 2005 COPAS, and will prepare it to conform to Exhibit "C" of the Taylor D operating agreement already in place, with consideration given to the Chevron preferred version you submitted. I will be out of the office 6/9 & 10 and 6/14 – 16, and aim to submit our proposed 2005 COPAS to you 6/17 or 18.

Best regards,

J. Robert Ready, Senior Landman COG OPERATING LLC 550 W. Texas Avenue, Suite 100 Midland, Texas 79701 Direct (432) 685-4345 Fax (432) 686-3000

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**From:** Stubbs, Kevin C [mailto:KevinStubbs@chevron.com]

Sent: June 04, 2010 1:18

To: Robert Ready

Subject: RE: OA & Well Proposals-Taylor D 2,3,4,5-Chevron-Section 9-T17S-R32E, Lea Co., NM

Robert,

Chevron really prefers to use the 2005 COPAS. In our opinion the 2005 form addresses several situations not handled by the 1985 form. I'm not sure I can get a JOA approved by the finance folks on a 1985 form. Please let me know if COG is willing to make this concession.

Thanks for your courtesy,

Kevin