



State of New Mexico
Commissioner of Public Lands

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Aubrey Dunn
COMMISSIONER

May 11, 2015

Certified Mail
Return Receipt Requested

COG Operating LLC
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

ATTN: Ms. Mona D. Ables, CPL

NM OIL CONSERVATION
ARTESIA DISTRICT
MAY 15 2015
RECEIVED

RE: Oil and Gas Leases on NM State Trust Lands

Dear Ms. Ables:

COG has invoked Paragraph 14 of Lease No. V0-8726-0 for the Warbler State #1H well. After further consideration, we have found that:

1. Paragraph 14 requires that the lessee conduct "bona fide drilling or reworking operations" on the wellbore.
2. Such operations must be "diligently prosecuted".
3. Use of a "spudder" rig and the intermittent rate of it's associated drilling, does not constitute diligent progress.

Therefore, absent any additional information showing an indication of lease operations which are required by Paragraph 14 of the leases, the following lease will be terminated on November 11, 2015:

V0-8726-0 Warbler State #1H

If you have any questions, please do not hesitate to contact Ed Martin at 505-827-5746 or emartin@slo.state.nm.us

NEW MEXICO STATE LAND OFFICE

30-025-41107

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

AD/TGW/EM/ah

cc: Aaron Myers, COG Operating LLC
Gary Young, COG Operating LLC
Bureau of Land Management, ATTN: Ed Fernandez, Carlsbad District
New Mexico Oil Conservation Division, Hobbs and Artesia Districts