

NM OIL CONSERVATION  
ARTESIA DISTRICT

APR 28 2016

30-015-40652

RECEIVED

WELL BORE ASSIGNMENT

STATE OF NEW MEXICO

COUNTY OF EDDY

This Well Bore Assignment ("Assignment") is made to be effective as of the 7th day of October, 2012 ("Effective Date") by and between Khody Land & Minerals Company, whose address is 210 Park Avenue, Suite 700, Oklahoma City, Oklahoma ("Assignor") and COG Operating LLC, whose address is 600 West Illinois Avenue, Midland, Texas 79701 ("Assignee").

Definitions.

The "Well" shall mean the Reposado Federal 3H well (formerly known as the Reposado 2 State Com #3H well), API No. 30-015-40652, with a surface location in Section 2, Township 26 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and being a dual-lateral completion into the Avalon Formation and the 2<sup>nd</sup> Bone Spring Sand Formation, with the bottom hole locations of both laterals in Section 35, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The Well shall include all surface and production casing in the above-described well, and all equipment, pipe, personal property, fixtures and materials located thereon or used in connection therewith.

The "Lease" shall mean the existing oil and gas lease on the lands on which the Well is located, being Federal Lease No. USA 54290 NM, dated February 1, 1983, from the United States of America, as Lessor, to Esther R. Smith, as Lessee, covering lands located in Section 35, T25S-R29E, NMPM, Eddy County, New Mexico.

The "Wellbore Interest" shall mean all rights in and to (i) the Well, (ii) the Lease, to the extent, and only to the extent, ownership in such Lease is necessary to allow the owner of the Well to produce and own all production from, and bear all costs and expenses associated with, the Well, and (iii) to the extent necessary for the full use and enjoyment of the Wellbore Interest, as described herein, all rights of ingress, egress, and surface use associated with the lands covered by the Lease. The Wellbore Interest shall include, without limitation, the right to produce, operate, maintain, and repair the Well, along with the right to own all oil, gas, and other hydrocarbons produced from the Well, subject to any existing burdens on said production. The Wellbore Interest shall not include the right to deepen, sidetrack, or otherwise drill out of the wellbore as it exists on June 19, 2015 (the "Existing Wellbore"). Operations for fracturing, stimulating, or treating any zone currently open to production in the Existing Wellbore shall not be considered operations for deepening, sidetracking, or otherwise drilling out of the Existing Wellbore. Assignee

ATTN: M. DIMIT (100-833)  
COG OPERATING LLC  
600 W ILLINOIS AVE  
MIDLAND TX 79701-9808

shall provide reasonable notice to Assignor prior to fracturing, stimulating, or treating any zone currently open to production in the Existing Wellbore in order that Seller may take such action as may be prudent or necessary to protect or manage its interest(s) in the Lease or wells thereon in anticipation of the planned fracturing, stimulating, or treating operation by Buyer. Such notice shall include the date(s), plans and procedures for the fracturing, stimulating or treating operation. Nothing in this Assignment shall be construed to restrict any rights that Assignee may otherwise have regarding those portions of the Existing Wellbore located outside of Section 35, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico.

Other capitalized terms shall have the meanings ascribed thereto elsewhere in this Assignment.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby assigns, sells and conveys to Assignee all of Assignor's right, title and interest in and to the Wellbore Interest.

This Assignment is made expressly subject to, and Assignee's rights are governed by, the Lease.

Assignee agrees, by accepting this Assignment, to assume all liabilities, responsibilities and obligations for the Well and/or arising from the Wellbore Interest, including, but not limited to, all of the risk, cost, and expense of past and future operations, including reporting and distribution of proceeds attributable to the Wellbore Interest, payment of rentals, royalties and taxes associated with the Wellbore Interest, and reclaiming, plugging and abandoning the Well and surface associated with the lands covered by the Lease in accordance with applicable laws, rules and regulations.

ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE, AND ASSIGNOR HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY COVENANT, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE CONDITION OF THE WELL, CASING, EQUIPMENT, MACHINERY, FIXTURES AND PERSONAL/MOVABLE PROPERTY BEING ASSIGNED HEREUNDER (COLLECTIVELY, THE "TANGIBLE PROPERTY"), INCLUDING (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT, (e) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM HIDDEN DEFECTS OR OTHER DEFECTS, WHETHER KNOWN OR UNKNOWN, AND (f) ANY AND ALL IMPLIED WARRANTIES EXISTING UNDER APPLICABLE LAW, IT BEING THE EXPRESS INTENTION OF ASSIGNOR AND ASSIGNEE THAT THE WELL AND ALL TANGIBLE PROPERTY ASSOCIATED THEREWITH SHALL BE CONVEYED TO ASSIGNEE "AS IS" AND IN ITS PRESENT CONDITION AND STATE OF REPAIR.

The terms, covenants and conditions of this Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee, and their respective successors and assigns. Assignor does hereby bind itself, its successors and assigns, to warrant and forever defend the title to the Wellbore Interest unto Assignee, its successors and assigns, against any person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Assignor, but not otherwise. Assignee hereby assumes and agrees to perform, proportionate to the interest assigned herein, the terms, covenants and conditions of the Lease.

In addition to filing this Assignment of record in Eddy County, New Mexico, the parties shall execute and file with the United States Bureau of Land Management all forms or instruments required by applicable law or regulation to effectuate the conveyance contemplated hereby. Said instruments shall be deemed to contain all of the rights, titles and privileges set forth herein as fully as though the same were set forth in each such instrument. The interests conveyed by such separate assignments are the same, and not in addition to, the interests conveyed herein.

This Assignment is made subject to the terms and provisions of: i) that certain unrecorded Purchase and Sale Agreement executed June 19, 2015, by and between Assignor and Assignee; and ii) that certain Term Assignment dated effective as of the 5<sup>th</sup> day of January, 2010, by and between Exxon Mobil Corporation, as Assignor, and Khody Land & Minerals Company, as Assignee, recorded in Book 806, Page 0665 of the Records of Eddy County, New Mexico, (the "Exxon Term Assignment") covering, in part, the lands described above, reference to both of which is hereby made for all purposes. Assignee hereby assumes and agrees to perform, proportionate to the interest assigned herein, the terms, covenants and conditions of the Exxon Term Assignment.

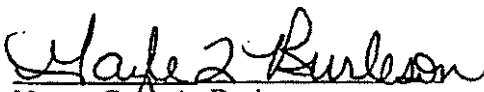
*[signature page follows]*

This Assignment is executed by Assignor and Assignee as of the dates of their respective acknowledgments below, but shall be effective for all purposes as of the Effective Date.

**KHODY LAND & MINERALS COMPANY**

  
Name: David S. Frank  
Title: Attorney-in-Fact

**COG OPERATING LLC**

  
Name: Gayle L. Burleson  
Title: Vice President of New Mexico

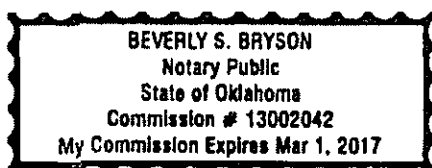
## ACKNOWLEDGMENTS

STATE OF OKLAHOMA §

§

COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this 28<sup>th</sup> day of July, 2015, by David S. Frank, Attorney-in-Fact of Khody Land & Minerals Company, an Oklahoma corporation, on behalf of said corporation.



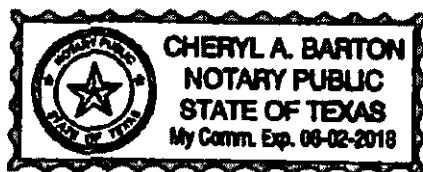
Beverly S. Bryson  
Notary Public - State of Oklahoma

STATE OF TEXAS §

§

COUNTY OF MIDLAND §

This instrument was acknowledged before me this 4<sup>th</sup> day of August 2015, by Gayle L. Burleson, Vice President of New Mexico of COG Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.



Cheryl A. Barton  
Notary Public - State of Texas

RECEPTION NO: 1509016 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 08/19/2015 8:02 AM  
BOOK 1035 PAGE 0197 Clark  
ROBIN VANNATTA, COUNTY CLERK

