



April 12, 2021

Attn: Dean McClure
NM Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of Lease Commingle (CTB)

Dear Mr. McClure,

COG Operating LLC respectfully requests approval for lease commingling for the following wells:

Tenderloin Federal Com 501H
API# 30-025-48263
Grama Ridge; Bone Spring, West
Ut. B, Sec. 1-T22S-R33E
Lea County, NM

Tenderloin Federal Com 502H
API# 30-025-48264
Grama Ridge; Bone Spring, West
Ut. B, Sec. 1-T22S-R33E
Lea County, NM

Tenderloin Federal Com 503H
API # 30-025-48265
Grama Ridge; Bone Spring, West
Ut. B, Sec. 1-T22S-R33E
Lea County, NM

Oil Production:

The oil production from all wells will be measured separately by allocation meter prior to being commingled at the Central Tank Battery located in Ut. B, Sec. 1-T22S-R33E. In the event the CTB is over capacity or in the case of battery or pipeline repairs the oil production from these wells may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County. In this case, the oil will remain segregated and will be measured by lact meter when offloading at said stations.

Gas Production:

The gas production from all wells will be measured separately by allocation meter prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. B, Sec. 1-T22S-R33E.

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 Main Street | Artesia, New Mexico 88210
P 575.748.6940 | F 575.746.2096



All owners of interest have been notified by certified mail that should they have an objection to this surface commingling, they must file a formal protest with the NMOCD within 20 days of the date of this application. Proof of owner notification.

Please see the enclosed Administrative Application Checklist, C-107B Application for Surface Commingling, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations and communization agreement application.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Jeanette Barron".

Jeanette Barron
Regulatory Technician II

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 Main Street | Artesia, New Mexico 88210
P 575.748.6940 | F 575.746.2096

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COG Operating LLC

OPERATOR ADDRESS: 2208 W Main Street, Artesia, New Mexico 88210

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☐ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attach sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jeanette Barron

TITLE: Regulatory Technician II

DATE: 4/12/21

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jbarron@concho.com

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: COG Operating, LLC **OGRID Number:** 229137
Well Name: Tenderloin Federal Com 501H, 502H & 503H **API:** 30-025-48263
Pool: Grama Ridge; Bone Springs, West **Pool Code:** 28432

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
A. Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
B. Check one only for [I] or [II]
[I] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
B. ☒ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☒ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☐ No notice required

FOR OCD ONLY

<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jeanette Barron

Print or Type Name

Signature

4/12/21
Date

575-746-6974

Phone Number

jbarron@concho.com

e-mail Address

Released to Imaging: 7/17/2021 12:30:26 PM

DISTRICT I

1825 N. FRENCH DR., HOBBS, NM 88240
Phone: (505) 593-6181 Fax: (505) 593-0720

DISTRICT II

811 S. FIRST ST., ARTESIA, NM 88210
Phone: (505) 740-1283 Fax: (505) 740-0720

DISTRICT III

1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-3480 Fax: (505) 478-3482

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-48264	Pool Code 28432	Pool Name Grama Ridge; Bone Springs, West
Property Code 318328	Property Name TENDERLOIN FEDERAL COM	Well Number 502H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3591.5'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	1	22-S	33-E		325	NORTH	1355	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	12	22-S	33-E		50	SOUTH	1645	EAST	LEA

Dedicated Acres 640.01	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>FTP 100' FNL & 1645' FEL Y=520285.7 N X=791402.2 E LAT.=32.427724° N LONG.=103.522869° W GRID AZ. TO FTP 307°26'35"</p> <p>POINT LEGEND</p> <table border="1"> <tr><td>1</td><td>Y=520395.0 N X=793048.4 E</td></tr> <tr><td>2</td><td>Y=517753.6 N X=793086.2 E</td></tr> <tr><td>3</td><td>Y=515114.8 N X=793086.9 E</td></tr> <tr><td>4</td><td>Y=509834.1 N X=793129.0 E</td></tr> <tr><td>5</td><td>Y=509815.0 N X=790486.7 E</td></tr> <tr><td>6</td><td>Y=515099.5 N X=790446.7 E</td></tr> <tr><td>7</td><td>Y=520380.1 N X=790408.1 E</td></tr> </table> <p>LTP 100' FSL & 1645' FEL Y=509922.2 N X=791483.2 E LAT.=32.399238° N LONG.=103.522861° W</p>	1	Y=520395.0 N X=793048.4 E	2	Y=517753.6 N X=793086.2 E	3	Y=515114.8 N X=793086.9 E	4	Y=509834.1 N X=793129.0 E	5	Y=509815.0 N X=790486.7 E	6	Y=515099.5 N X=790446.7 E	7	Y=520380.1 N X=790408.1 E	<p>LOT 4 40.04 Ac</p> <p>LOT 3 40.05 Ac</p> <p>LOT 2 40.01 Ac</p> <p>LOT 1 40.00 Ac</p> <p>GRID AZ. - 179°33'08" HORZ. DIST. - 104'13.9"</p> <p>SECTION 1 SECTION 12</p> <p>LAT.=32.413485° N LONG.=103.522865° W</p> <p>LEASE X-ING LAT.=32.406228° N LONG.=103.522863° W</p> <p>B.H. 50' 1645'</p>	<p>NAD 83 NME SURFACE LOCATION Y=520062.4 N X=791693.9 E LAT.=32.427104° N LONG.=103.521929° W</p> <p>NAD 83 NME PROPOSED BOTTOM HOLE LOCATION Y=509872.2 N X=791483.6 E LAT.=32.399101° N LONG.=103.522861° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jeanette Barron</i> 4/12/21 Signature Date Jeanette Barron</p> <p>Printed Name jbarron@concho.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 24, 2020 Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Chad L. Harcrow</i> 10/22/20 Certificate No. CHAD HARCROW 17777 W.O. # 20-1278 DRAWN BY: DS</p>
1	Y=520395.0 N X=793048.4 E																
2	Y=517753.6 N X=793086.2 E																
3	Y=515114.8 N X=793086.9 E																
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7	Y=520380.1 N X=790408.1 E																

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DISTRICT III

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DISTRICT IV

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State of New Mexico
Energy, Minerals & Natural Resources Department
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1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

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Property Code 318328	Property Name TENDERLOIN FEDERAL COM	Well Number 503H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3590.4'

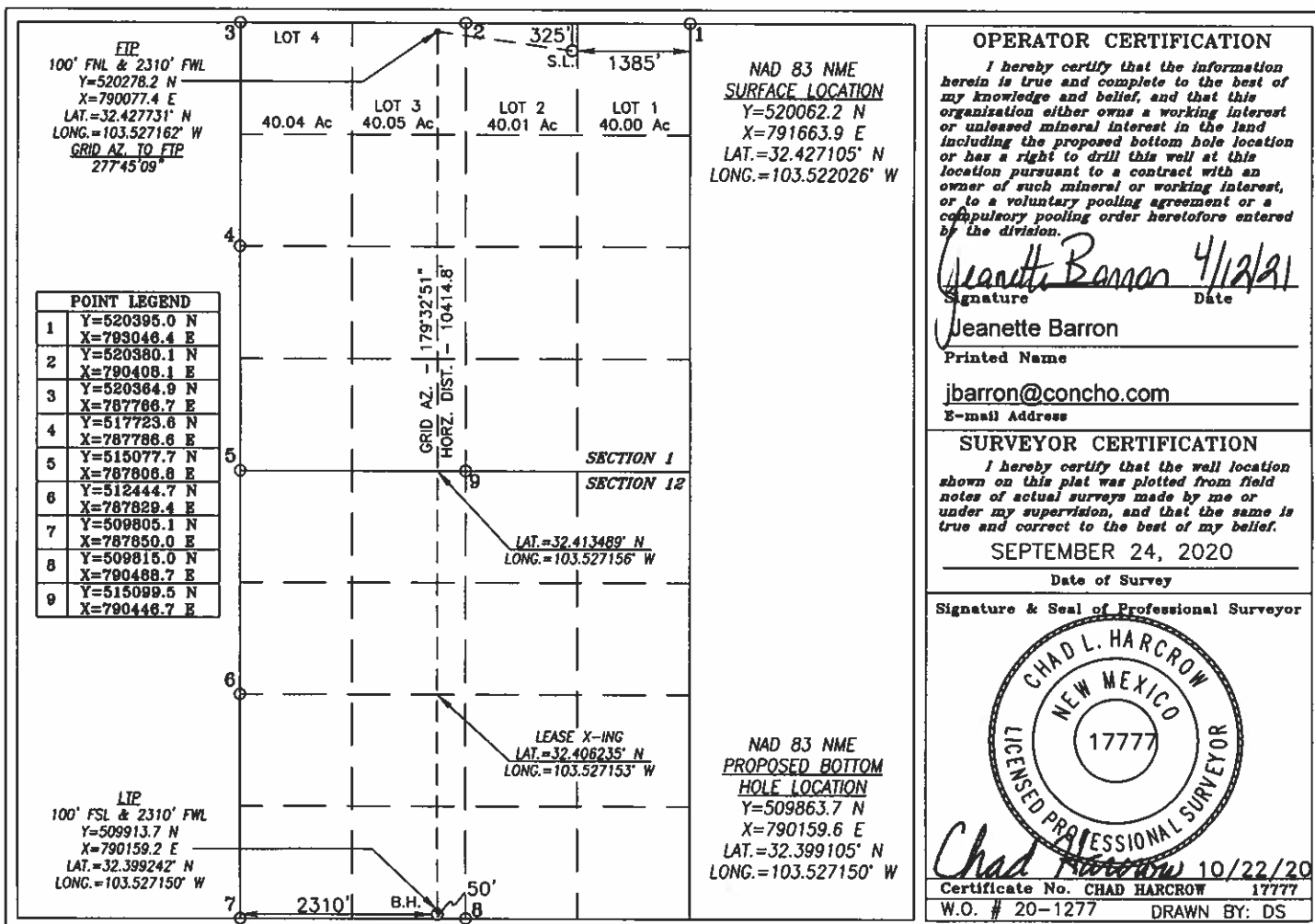
Surface Location

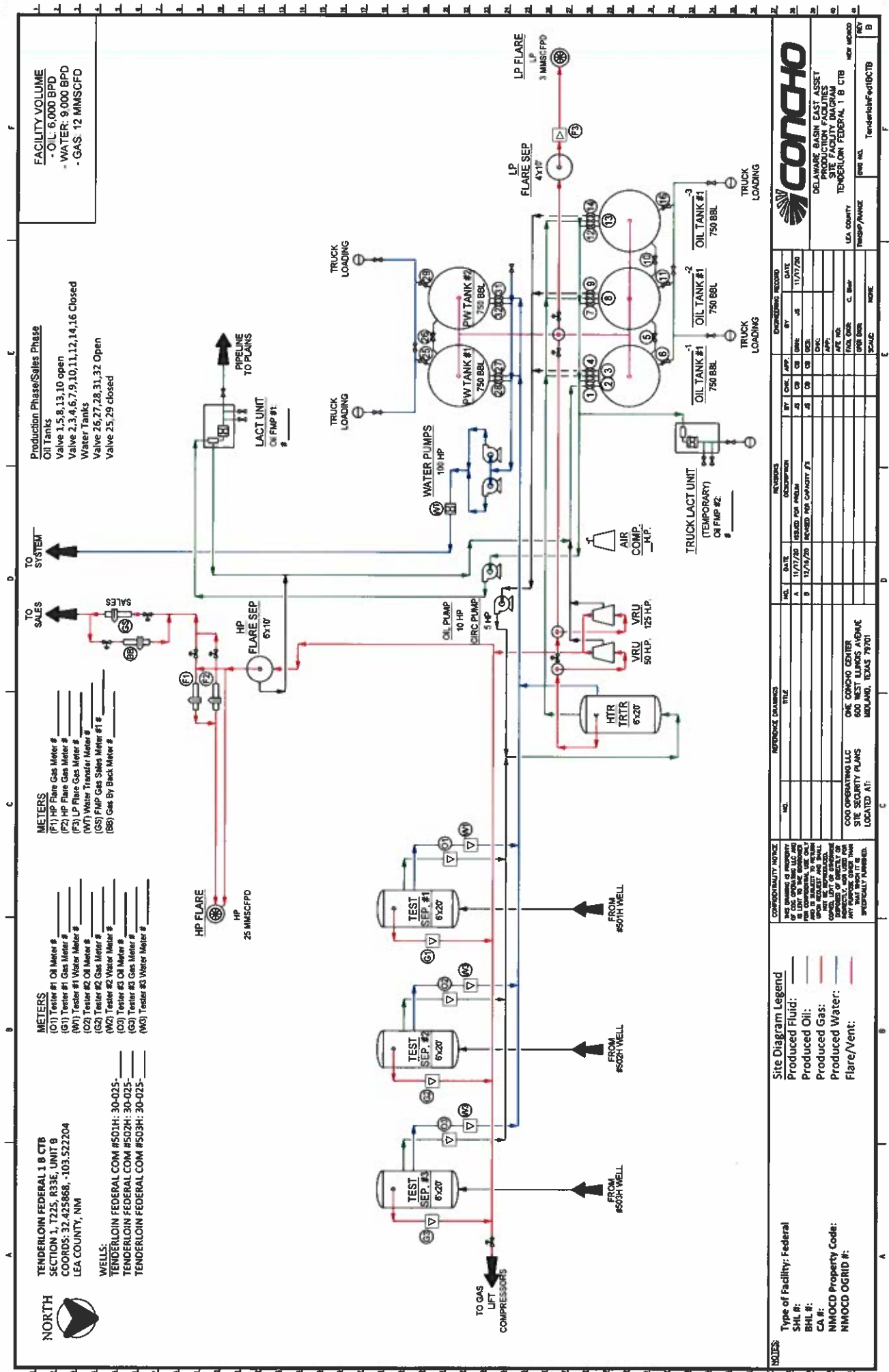
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	1	22-S	33-E		325	NORTH	1385	EAST	LEA

Bottom Hole Location If Different From Surface

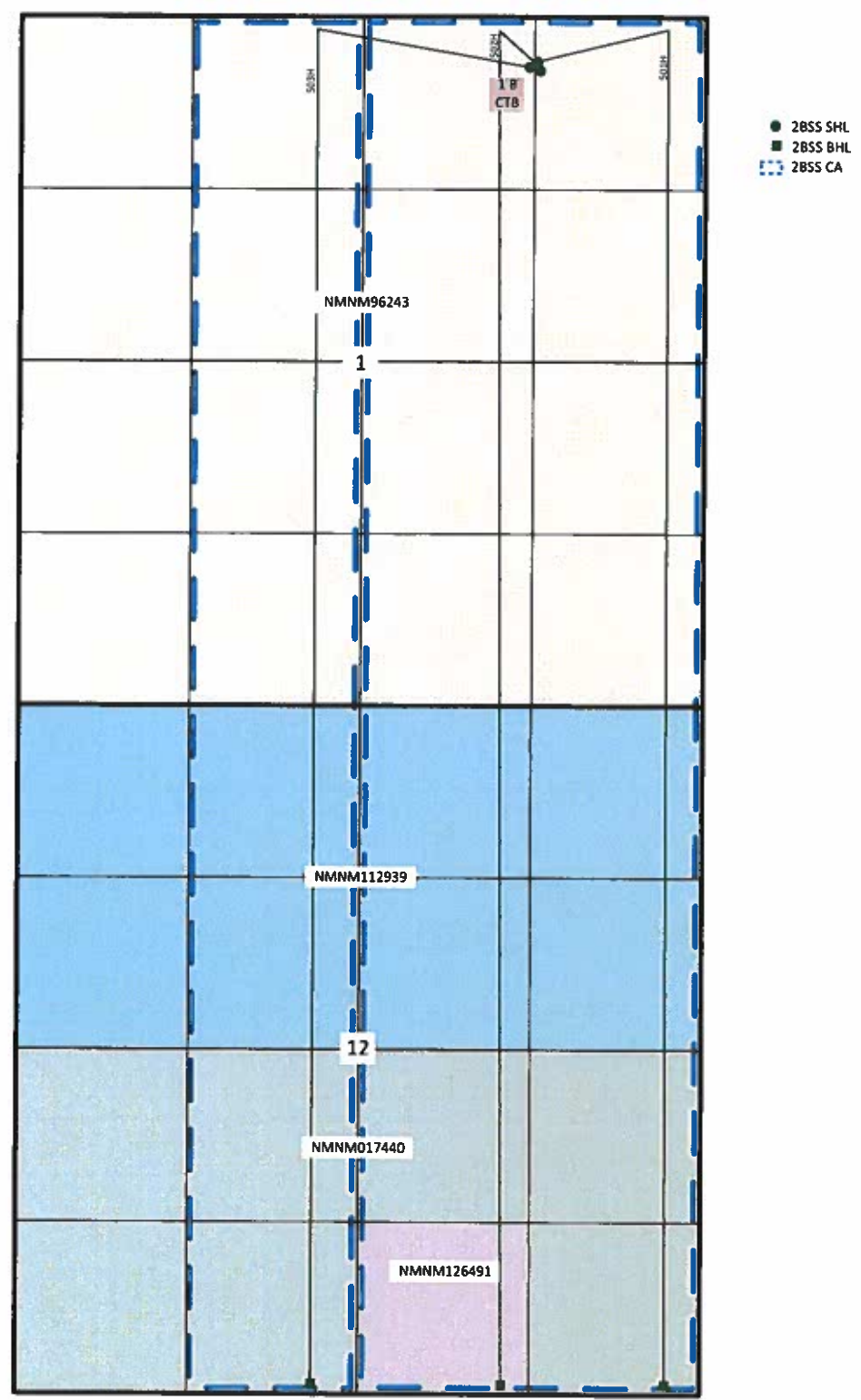
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	12	22-S	33-E		50	SOUTH	2310	WEST	LEA
Dedicated Acres 640.03	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





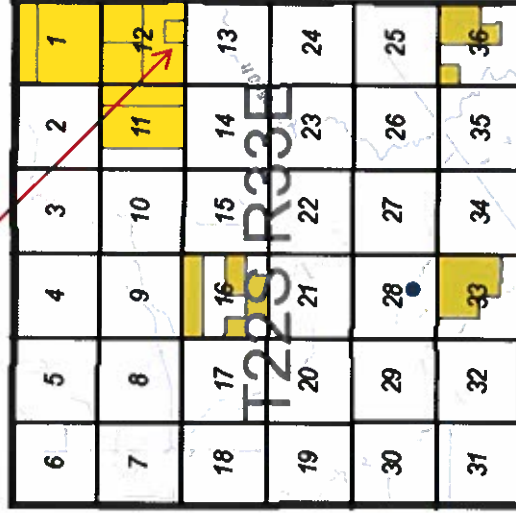
Tenderloin Federal Com Wells



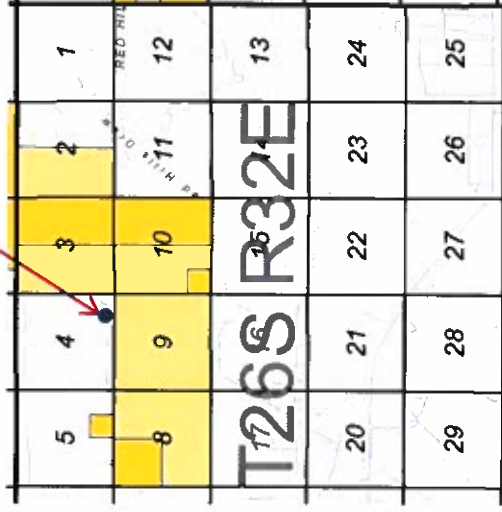
Sec. 1, 12, 13-T22S-R33E
Lea County, NM

Tenderloin Fed Com 501H-503H & Red Hills and Jal Offload Station Map

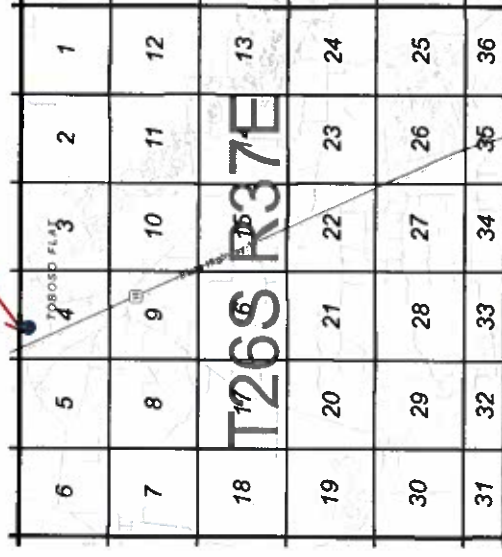
Tenderloin Fed Com 501H-503H
Eddy County, NM

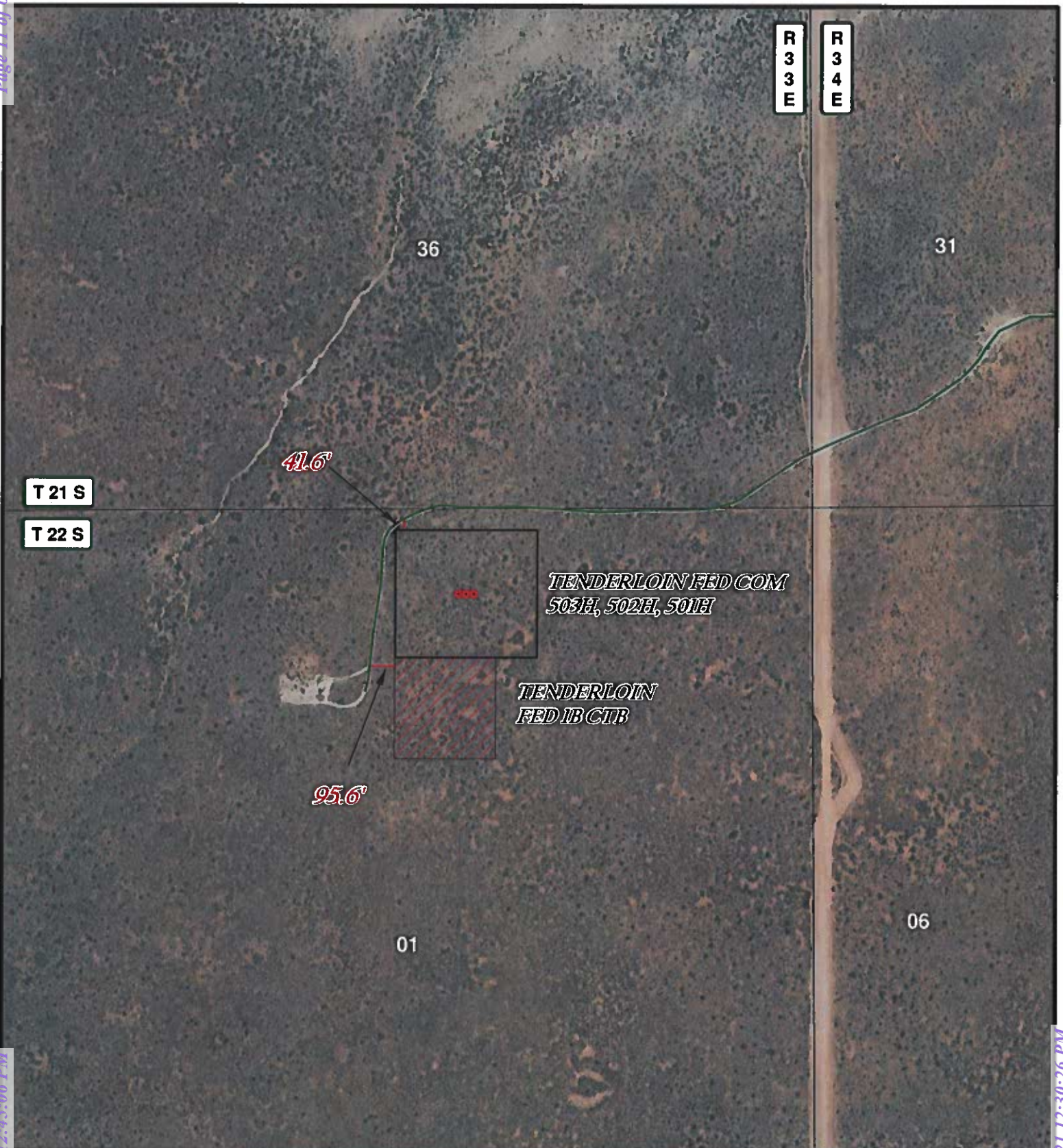


Red Hills Offload Station
Lea County, NM



Jal Offload Station
Lea County, NM





LEGEND

- WELL
- WELLPAD
- EXISTING ROAD
- PROPOSED ROAD

TENDERLOIN FEDERAL COM (OVERALL MAP)

SECTION: 1		TOWNSHIP: 22 S.	RANGE: 33 E.
STATE: NEW MEXICO		COUNTY: LEA	SURVEY: N.M.P.M.
W.O. # 20-1277		LEASE: TENDERLOIN	
<div><div><div></div><div>0</div><div>0.03250.065</div><div>0.13 Miles</div></div><div><div></div><div>1,000 FEET</div></div></div> <div>1 IN = 500 FT</div>			
LOCATION MAP		IMAGERY	9/29/2020 W.N.



COG OPERATING, LLC



HARCROW SURVEYING, LLC.
2316 W. MAIN ST, ARTESIA, NM 88210
PH: (575) 746-2158
c.harcrow@harcrowsurveying.com

Tenderloin Fed Com 501H-503H CTB

Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered
04.12.21	JB	ADVANCE ENERGY PARTNERS, LLC	11450 Westheimer Road, Suite 950	Houston	TX	77077	7017 3040 0000 1205 1050	
04.12.21	JB	BEVERLY JEAN RENFRO NARR, AS TRUSTEE OF THE FAMILY TRUST	8027 Chalk Knoll Drive	Austin	TX	78735	7017 3040 0000 1205 1135	
04.12.21	JB	BULLHEAD ENERGY, LLC	P.O. Box 470158	Fort Worth	TX	76147	7017 3040 0000 1205 1067	
04.12.21	JB	Charis Royalty F, LP	P.O. Box 470158	Fort Worth	TX	76147	7017 3040 0000 1205 1074	
04.12.21	JB	CHI ENERGY, INC.	P.O. Box 1799	Midland	TX	79702	7017 3040 0000 1205 1142	
04.12.21	JB	CM RESOURCES, LLC	306 West Wall Street, Suite 500	Midland	TX	79701	7017 3040 0000 1205 1081	
04.12.21	JB	CM ROYALTIES, LP	306 West Wall Street, Suite 500	Midland	TX	79701	7017 3040 0000 1205 1098	
04.12.21	JB	CUTHBERT RESOURCES, LLC	P.O. Box 50573	Midland	TX	79710	7017 3040 0000 1205 1159	
04.12.21	JB	CYNTHIA MAE WILSON, AS TRUSTEE OF THE BYPASS TRUST	4601 Mirador Drive	Austin	TX	78735	7017 3040 0000 1205 1166	
04.12.21	JB	DANIEL ENERGY, INC.	1521 Oliver Street	Midland	TX	79701	7017 3040 0000 1205 1173	
04.12.21	JB	DEVON ENERGY PRODUCTION COMPANY, LP	333 Sheridan Avenue	Oklahoma City	OK	73102	7017 3040 0000 1205 1104	
04.12.21	JB	GGM EXPLORATION, INC.	P.O. Box 123610	Fort Worth	TX	76121	7017 3040 0000 1205 1180	
04.12.21	JB	MARSHALL & WINSTON, INC.	P.O. Box 50880	Midland	TX	79710	7017 3040 0000 1205 1111	
04.12.21	JB	MUSTANG OIL AND GAS, LLC	P.O. Box 412	Roswell	NM	88202	7017 3040 0000 1205 1197	
04.12.21	JB	OXY Y-1 COMPANY	P.O. Box 4294	Houston	TX	77210	7017 3040 0000 1205 1128	
04.12.21	JB	PATTERSON-LUTI ENERGY, INC.	10713 West Sam Houston Parkway North, Suite 800	Houston	TX	77064	7017 3040 0000 1205 1203	
04.12.21	JB	PEGASUS RESOURCES, LLC	P.O. Box 123610	Fort Worth	TX	76121	7017 3040 0000 1205 1210	
04.12.21	JB	PENASCO PETROLEUM LLC	P.O. Box 2992	Roswell	NM	88202	7017 3040 0000 1205 1227	
04.12.21	JB	POCHAHONTAS OIL CO.	P.O. Box 60476	Midland	TX	79711	7017 3040 0000 1205 1234	
04.12.21	JB	ROLLA R. HINKLE III	P.O. Box 2292	Roswell	NM	88202	7017 3040 0000 1205 1241	
04.12.21	JB	TILDEN CAPITAL MINERALS, LLC	P.O. Box 470857	Fort Worth	TX	76147	7017 3040 0000 1205 1258	
04.12.21	JB	TODD M. WILSON	3608 S. County Road 1184	Midland	TX	79706	7017 3040 0000 1205 1265	
04.12.21	JB	TODD M. WILSON and CAROL I. WILSON	3608 S. County Road 1184	Midland	TX	79706	7017 3040 0000 1205 1272	
04.12.21	JB	WILLIAM R. BERGMAN	P.O. Box 1799	Midland	TX	79702	7017 3040 0000 1205 1289	
04.12.21	JB	WOLF CAMP TITLE, LLC	P.O. Box 2423	Roswell	NM	88202	7017 3040 0000 1205 1296	
04.12.21	JB	BLM	414 West Taylor	Hobbs	NM	88240	7017 3040 0000 1205 1302	

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of April, 2020 by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 22 South, Range 33 East, N.M.P.M.

Section 1: E½

Section 12: E½

Lea County, New Mexico

Containing 640.01 acres, and this agreement shall include only the **Bone Spring formation** underlying said lands and the crude oil and associated natural gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

TENDERLOIN FEDERAL COM (E½ BONE SPRING)

3. The Operator of the communitized area shall be **COG Operating LLC, 600 W. Illinois Ave., Midland, TX, 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same pool as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.

9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **April 1, 2020**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

15. **Nondiscrimination.** In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

OPERATOR:

**WORKING INTEREST OWNERS AND/OR
LESSEES OF RECORD:**

COG OPERATING LLC

Date: 11/12/2020

By: _____

Sean Johnson
Attorney-In-Fact JNL

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 12th day of November, 2020, by Sean Johnson, Attorney-In-Fact of COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.



Laura R Reyna
Notary Public in and for the State of Texas
My Commission expires: 2-14-2023

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

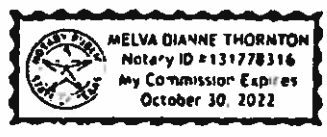
Date: 4-22-2020

By: David A. Scott
Name: DAVID A. Scott
Title: Vice-President

Advance Energy Partners Hat Mesa, LLC

STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on 22ND April, 2020, by DAVID A. Scott, as Vice-President of Advance Energy Partners Hat Mesa, LLC, a Delaware, on behalf of same.



Melva Thornton
Notary Public in and for the State of TEXAS
My Commission Expires: 10/30/2020

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

CM Resources, LLC

Date: 5/18/20

By: [Signature]

Name: Brandon Gaynor

Title: Senior Vice President

STATE OF Texas §
COUNTY OF Midland §

This instrument was acknowledged before me on MAY 18, 2020, by Brandon Gaynor, as Senior Vice President of CM Resources, LLC, a Delaware limited liability company, on behalf of same.



Kathryn Hanson
Notary Public in and for the State of Texas
My Commission expires: 8/18/21

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Marshall & Winston, Inc.

Date: April 29, 2020

By: *Tom M. Brandt*

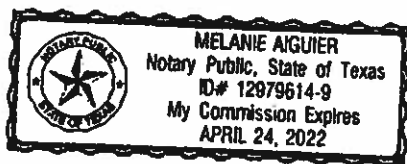
Name: Tom M. Brandt

Title: President

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me on April 29, 2020 by
Tom M. Brandt, as President of
Marshall & Winston, Inc., a Nevada corporation, on behalf of same.



Melanie Aiguier

Notary Public in and for the State of Texas

My Commission Expires: 4/24/22

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

*Wells Fargo Bank, N.A., as Trustee of the
John H. Burton and Mary Burton dated July
30, 1980*

Date: 1/30/2020

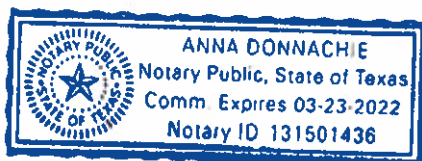
By: [Signature]

Name: Bryan Frazier

Title: Vice President

STATE OF Texas §
COUNTY OF Tarrant §

This instrument was acknowledged before me on April 30th, 2020 by
Bryan Frazier, as vice-president
of Wells Fargo Bank, N.A. as Trustee of the John H. Burton and Mary C. Burton dated July 30, 1980, a
corporation, on behalf of same.



[Signature]
Notary Public in and for the State of Texas
My Commission Expires: 3-23-22

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Oxy Y-1 Company

Date: _____

By: Subject to Compulsory Pooling Order R-21452

Name: _____

Title: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__, by _____
_____, as _____ of **Oxy Y-1**
Company, a _____, on behalf of same.

Notary Public in and for the State of _____
My Commission Expires: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Bullhead Energy, LLC

Date: _____

By: Subject to Compulsory Pooling Order R-21452

Name: _____

Title: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20__, by
_____, as _____ of
Bullhead Energy, LLC a _____, on behalf of same.

Notary Public in and for the State of _____
My Commission Expires: _____

EXHIBIT "A"

**Plat of communitized area covering 640.01 acres in the E½ of Sections 1 & 12, T22S – R33E, N.M.P.M.,
Lea County, New Mexico**

Communitized depths are hereby limited to the Bone Spring formation

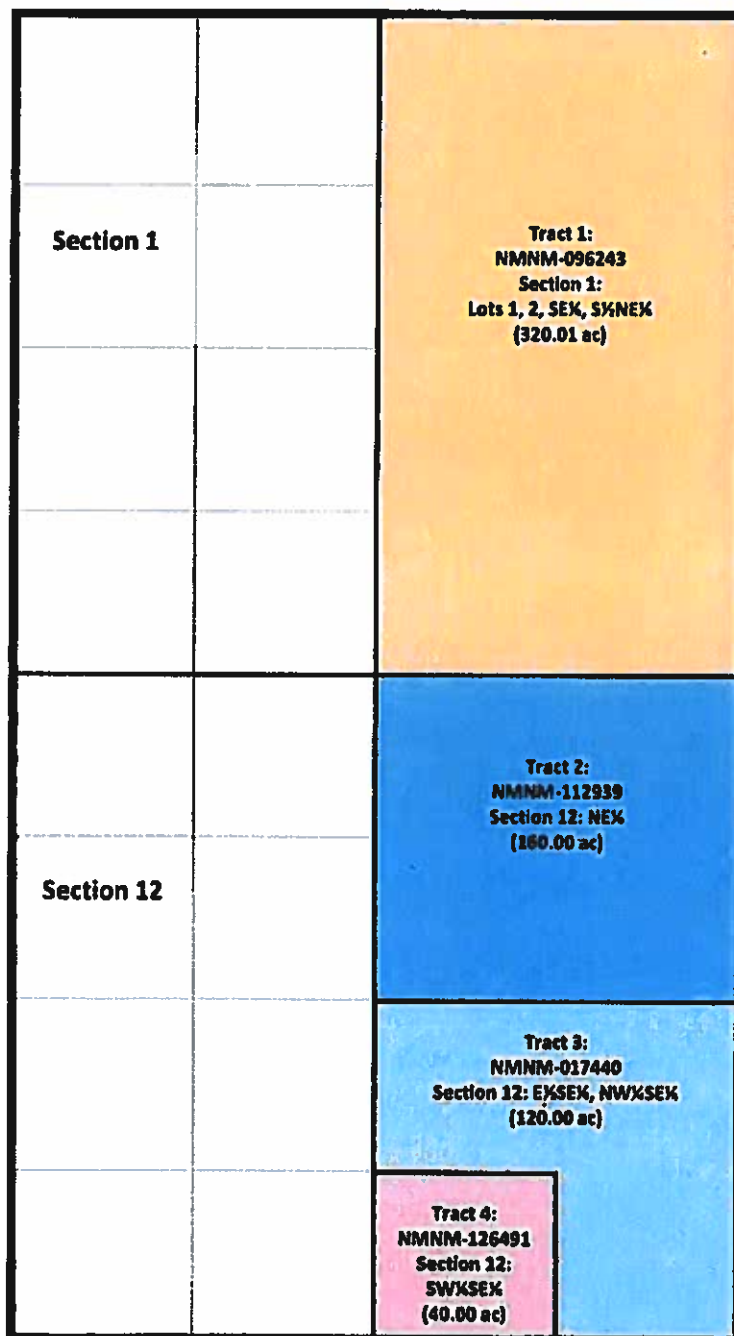


EXHIBIT "B"

To Communitization Agreement dated April 1, 2020 embracing the following described land in the E½ of Sections 1 & 12, T22S – R33E, N.M.P.M., Lea County, New Mexico

Operator of Communitized Area: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED

TRACT No. 1

Lease Date:	March 1, 1996
Lessor:	United States of America
Serial No. of Lease:	NMNM - 096243
Current Lessee:	COG Operating LLC
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 22 South, Range 33 East</u> Section 1: Lots 1, 2, SE¼, S¼NE¼ Lea County, New Mexico
Number of Acres:	320.01
Royalty Rate:	12 ½%
WI Owner Names and Interests:	COG Operating LLC 61.7498400% CM Resources, LLC 15.0000780% Advance Energy Partners Hat Mesa, LLC 11.4000590% Marshall & Winston, Inc. 9.3750490% OXY Y-1 Company 1.8749710% Bullhead Energy, LLC 0.6000030%
ORRI Owners:	Pegasus Resources, LLC Tilden Capital Minerals, LLC GGM Exploration, Inc. Cynthia Mae Wilson, as Trustee of the Bypass Trust Beverly Jean Renfro Barr, as Trustee of the Family Trust Todd M. Wilson Chi Energy, Inc. William R. Bergman

TRACT No. 2

Lease Date: January 1, 2005
 Lessor: United States of America
 Serial No. of Lease: NMNM - 112939
 Current Lessee: COG Operating LLC
 Description of Land Committed: Insofar only as said lease covers:
Township 22 South, Range 33 East
 Section 12: NE¼
 Lea County, New Mexico
 Number of Acres: 160.00
 Royalty Rate: 12 ½%
 WI Owner Names and Interests: COG Operating LLC 61.7498400%
 CM Resources, LLC 15.0000780%
 Advance Energy Partners Hat Mesa, LLC 11.4000590%
 Marshall & Winston, Inc. 9.3750490%
 OXY Y-1 Company 1.8749710%
 Bullhead Energy, LLC 0.6000030%
 ORRI Owners: Cynthia Mae Wilson, as Trustee of the Bypass Trust
 Beverly Jean Renfro Barr, as Trustee of the Family Trust
 Todd M. Wilson and Carol I. Wilson, husband and wife
 Chi Energy, Inc.
 Cuthbert Resources, LLC
 Pocahontas Oil Co. Inc.
 Daniel Energy, Inc.
 CM Royalties, LP.

TRACT No. 3

Lease Date: January 1, 1973
 Lessor: United States of America
 Serial No. of Lease: NMNM - 017440
 Current Lessee: Wells Fargo Bank, N.A. as Trustee of the John H. Burton and
 Mary C. Burton dated July 30, 1980
 Description of Land Committed: Insofar only as said lease covers:
Township 22 South, Range 33 East
 Section 12: E½SE¼, NW¼SE¼
 Lea County, New Mexico
 Number of Acres: 120.00
 Royalty Rate: 12 ½%
 WI Owner Names and Interests: COG Operating LLC 61.7498400%
 CM Resources, LLC 15.0000780%
 Advance Energy Partners Hat Mesa, LLC 11.4000590%
 Marshall & Winston, Inc. 9.3750490%
 OXY Y-1 Company 1.8749710%
 Bullhead Energy, LLC 0.6000030%
 ORRI Owners: Cynthia Mae Wilson, as Trustee of the Bypass Trust
 Beverly Jean Renfro Barr, as Trustee of the Family Trust
 Patterson-UTI Energy, Inc.
 Devon Energy Production Company, L.P.
 Wolfcamp Title, LLC
 Mustang Oil & Gas, LLC
 Madison M. Hinkle
 Rolla R. Hinkle III

TRACT No. 4

Lease Date: June 1, 2011
 Lessor: United States of America
 Serial No. of Lease: NMNM - 126491
 Current Lessee: COG Operating LLC
 Description of Land Committed: Insofar only as said lease covers:
Township 22 South, Range 33 East
Section 12: SW¼SE¼
 Lea County, New Mexico
 Number of Acres: 40.00
 Royalty Rate: 12 ½%
 WI Owner Names and Interests:

COG Operating LLC	61.7498400%
CM Resources, LLC	15.0000780%
Advance Energy Partners Hat Mesa, LLC	11.4000590%
Marshall & Winston, Inc.	9.3750490%
OXY Y-1 Company	1.8749710%
Bullhead Energy, LLC	0.6000030%

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	320.01	50.00%
2	160.00	25.00%
3	120.00	18.75%
4	40.00	6.25%
Total	640.01	100.00%

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING, LLC**

**CASE NO. 21337
ORDER NO. R-21452**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on August 20, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

CASE NO. 21337
ORDER NO. R-21452

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well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 9/03/2020

CASE NO. 21337
ORDER NO. R-21452

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21337	APPLICANT'S RESPONSE
Date: July 7, 2020	
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	229137
Applicant's Counsel:	Holland & Hart
Case Title:	APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Tenderloin wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Grama Ridge; Bone Spring West Pool (Pool Code 28432)
Well Location Setback Rules:	Standard
Spacing Unit Size:	640-acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	South North
Description: TRS/County	E/2 of Sections 1 and 12, T22S, R33E, Lea County
Standard Horizontal Well Spacing Unit (Y/N), if No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	Yes, E/2 E/2 of Sections 1 and 12
Proximity Defining Well: If yes, description	Tenderloin Federal Com 502H
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

CASE NO. 21337
ORDER NO. R-21452

Page 5 of 7

Well #1	<u>Tenderloin Federal Com 501H (API pending)</u> SHL: 230 FNL and 975 FEL (Unit A) of Section 13 BHL: 50 FNL and 330 FEL (Lot 1) of Section 1 Township 22 South, Range 33 East Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be: Standard
Well #2	<u>Tenderloin Federal Com 502H (API pending)</u> SHL: 230 FNL and 1005 FEL (Unit A) of Section 13 BHL: 50 FNL and 1645 FEL (Lot 2) of Section 1 Township 22 South, Range 33 East Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit D
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4

Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (Including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit A-2 and B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit A-2 and B-1
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (Including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-2 and B-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (Including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	7-Jul-20

Federal Communitization Agreement

Contract No. _____

THIS AGREEMENT entered into as of the 1st day of April, 2020, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 22 South, Range 33 East, N.M.P.M.

Section 1: E $\frac{1}{2}$ W $\frac{1}{2}$

Section 12: E $\frac{1}{2}$ W $\frac{1}{2}$

Lea County, New Mexico

Containing 320.01 acres, and this agreement shall include only the **Bone Spring formation** underlying said lands and the crude oil and associated natural gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

TENDERLOIN FEDERAL COM (BONE SPRING - E $\frac{1}{2}$ W $\frac{1}{2}$)

3. The Operator of the communitized area shall be **COG Operating LLC, 600 W. Illinois Ave., Midland, TX, 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
7. There shall be no obligation on the lessees to offset any well or wells completed in the same pool as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is April 1, 2020, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

OPERATOR:

**WORKING INTEREST OWNERS
AND/OR LESSEES OF RECORD:**

COG OPERATING LLC

Date: 11/12/2020

By: 

Sean Johnson *Acc*
Attorney-In-Fact *IN*

ACKNOWLEDGEMENT

STATE OF TEXAS

§
§
§

COUNTY OF MIDLAND

This instrument was acknowledged before me on the 12th day of November, 2020, by Sean Johnson, Attorney-In-Fact of COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.




Notary Public in and for the State of Texas
My Commission expires: 2-14-2023

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Date: 4-22-2020

Advance Energy Partners Hat Mesa, LLC

By: [Signature]

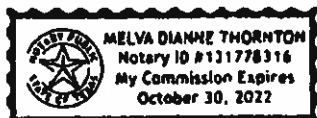
Name: DAVID A. Scott

Title: Vice President

STATE OF TEXAS §

COUNTY OF Harris §

This instrument was acknowledged before me on April 22 2020 by
DAVID A Scott, as Vice-President
of Advance Energy Partners Hat Mesa, LLC, a Delaware, on behalf
of same.



[Signature]
Notary Public in and for the State of TEXAS
My Commission Expires: 10/30/2022

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

CM Resources, LLC

Date: 5/18/20

By: [Signature]

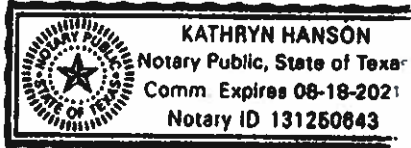
Name: Brandon Gaynor

Title: Senior Vice President

STATE OF Texas §

COUNTY OF Midland §

This instrument was acknowledged before me on May 18, 2020, by Brandon Gaynor, as Senior Vice President of CM Resources, LLC, a Delaware limited liability company, on behalf of same.



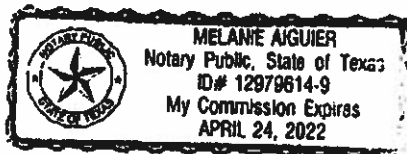
Kathryn Hanson
Notary Public in and for the State of Texas
My Commission expires: 8/18/21

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Marshall & Winston, Inc.

Date: April 29, 2020By: Tom M. BrandtName: Tom M. BrandtTitle: PresidentSTATE OF TEXAS §COUNTY OF MIDLAND §

This instrument was acknowledged before me on April 29, 2020 by
Tom M. Brandt, as President
of Marshall & Winston, Inc., a Nevada corporation, on behalf of same.



Melanie Aiguier
Notary Public in and for the State of Texas
My Commission Expires: 4/24/22

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Wells Fargo Bank, N.A., as Trustee of the
John H. Burton and Mary Burton dated July
30, 1980

Date: 4/30/2020

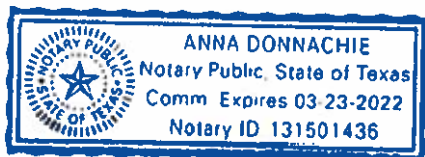
By: Bryan Frazier

Name: Bryan Frazier

Title: Vice President

STATE OF Texas §
COUNTY OF Tarrant §

This instrument was acknowledged before me on April 30th, 2020 by
Bryan Frazier, as vice-president of
Wells Fargo Bank, N.A. as Trustee of the John H. Burton and Mary C. Burton dated July 30, 1980, a
Corporation, on behalf of same.



Anna Donnachie
Notary Public in and for the State of Texas
My Commission Expires: 3-23-22

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

Bullhead Energy, LLC

Date: _____

By: Subject to Compulsory Pooling Order R-21453

Name: _____

Title: _____

STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 20____, by

_____, as _____

of Bullhead Energy, LLC a _____, on behalf of same.

Notary Public in and for the State of _____

My Commission Expires: _____

EXHIBIT "A"

Plat of communitized area covering 320.01 acres in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Sections 1 & 12,
T22S-R33E, N.M.P.M., Lea County, New Mexico

Communitized depths are hereby limited to the Bone Spring formation

Section 1	Tract 1: NMNM-096243 Section 1: Lots 3, SE $\frac{1}{2}$ NW $\frac{1}{2}$ E $\frac{1}{2}$ SW $\frac{1}{2}$ (160.01 ac)		
Section 12	Tract 2: NMNM-112939 Section 12: E $\frac{1}{2}$ NW $\frac{1}{2}$ (80.00 ac)		
	Tract 3: NMNM-017440 Section 12: E $\frac{1}{2}$ SW $\frac{1}{2}$, (80.00 ac)		

EXHIBIT "B"

**To Communitization Agreement dated April 1, 2020 embracing the following described land in the
E½W½ of Sections 1 & 12, T22S-R33E, N.M.P.M., Lea County, New Mexico**

Operator of Communitized Area: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED**TRACT No. 1**

Lease Date:	March 1, 1996	
Lessor:	United States of America	
Serial No. of Lease:	NMNM - 096243	
Current Lessee:	COG Operating LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 22 South, Range 33 East</u> Section 1: Lots 3, SE¼NW¼, E¼SW¼ Lea County, New Mexico	
Number of Acres:	160.01	
Royalty Rate:	12 ½%	
WI Owner Names and Interests:	COG Operating LLC	61.124699%
	CM Resources, LLC	15.000156%
	Advance Energy Partners Hat Mesa, LLC	11.400119%
	Marshall & Winston, Inc.	9.375098%
	OXY Y-1 Company	2.499922%
	Bullhead Energy, LLC	0.600006%
ORRI Owners:	Pegasus Resources, LLC	
	Tilden Capital Minerals, LLC	
	GGM Exploration, Inc.	
	Cynthia Mae Wilson, as Trustee of the Bypass Trust	
	Beverly Jean Renfro Barr, as Trustee of the Family Trust	
	Todd M. Wilson	
	Chi Energy, Inc.	
	William R. Bergman	

TRACT No. 2

Lease Date: January 1, 2005
Lessor: United States of America
Serial No. of Lease: NMNM - 112939
Current Lessee: COG Operating LLC
Description of Land Committed: Insofar only as said lease covers:
Township 22 South, Range 33 East
Section 12: E½NW¼
 Lea County, New Mexico

Number of Acres: 80.00
Royalty Rate: 12 ½%
 COG Operating LLC 61.124699%
 CM Resources, LLC 15.000156%
 Advance Energy Partners Hat Mesa, LLC 11.400119%
 Marshall & Winston, Inc. 9.375098%
 OXY Y-I Company 2.499922%
 Bullhead Energy, LLC 0.600006%

ORRI Owners: Cynthia M. Wilson, as Trustee of the Bypass Trust
 Beverly Jean Renfro Barr, as Trustee of the Family Trust
 Todd M. Wilson and Carol I Wilson, husband and wife
 Chi Energy, Inc.
 Cuthbert Resources, LLC
 Pocahontas Oil Co. Inc.
 Daniel Energy, Inc.
 CM Royalties, LP

TRACT No. 3

Lease Date: January 1, 1973
Lessor: United States of America
Serial No. of Lease: NMNM - 017440
Current Lessee: Wells Fargo Bank, N.A., as Trustee of the John H. Burton and
 Marty Burton dated July 30, 1980
Description of Land Committed: Insofar only as said lease covers:
Township 22 South, Range 33 East
Section 12: E½SW¼
 Lea County, New Mexico

Number of Acres: 80.00
Royalty Rate: 12 ½%
 COG Operating LLC 61.124699%
 CM Resources, LLC 15.000156%
 Advance Energy Partners Hat Mesa, LLC 11.400119%
 Marshall & Winston, Inc. 9.375098%
 OXY Y-I Company 2.499922%
 Bullhead Energy, LLC 0.600006%

ORRI Owners: Of Record

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	160.01	50.00%
2	80.00	25.00%
3	80.00	25.00%
Total	320.01	100.00%

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING, LLC**

**CASE NO. 21338
ORDER NO. R-21453**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on August 20, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.

9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

CASE NO. 21338
ORDER NO. R-21453

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well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 9/03/2020

CASE NO. 21338
ORDER NO. R-21453

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Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21338	APPLICANT'S RESPONSE
Date: July 7, 2020	
Applicant	COG Operating LLC
Designated Operator & OGRID (affiliation if applicable)	229137
Applicant's Counsel:	Holland & Hart
Case Title:	APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	
Well Family	Tenderloin wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Gramma Ridge; Bone Spring West Pool (Pool Code 28432)
Well Location Setback Rules:	Standard
Spacing Unit Size	320-acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	South-North
Description: TRS/County	E/2 W/2 of Sections 1 and 12, T22S, R33E, Lea County
Standard Horizontal Well Spacing Unit (Y/N). If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: If yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-3
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

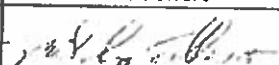
CASE NO. 21338
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Well #1	Tenderloin Federal Com 503H (API pending) SHL: 410 FNL and 2310 FWL (Unit C) of Section 13 BHL: 50 FNL and 2310 FWL (Lot 3) of Section 1 Township 22 South, Range 33 East Completion Target: Bone Spring formation Well Orientation: South to North Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$7,000
Production Supervision/Month \$	\$700
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit D
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-3
Tract List (Including lease numbers and owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit D
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (Including special considerations)	Exhibit B

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ORDER NO. R-21453

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Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-2 and B-1
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	7-Jul-20

CASE NO. 21338
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From: [Engineer, OCD, EMNRD](#)
To: [Barron, Jeanette](#)
Cc: [McClure, Dean, EMNRD](#); [Simmons, Kurt, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Glover, James](#); [Paradis, Kyle Q](#); [Walls, Christopher](#)
Subject: Approved Administrative Order CTB-995
Date: Saturday, July 17, 2021 12:20:52 PM
Attachments: [CTB995 Order.pdf](#)

NMOCD has issued Administrative Order CTB-995 which authorizes COG Operating, LLC (229137) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-025-48263	Tenderloin Federal Com #501H	E/2	1-22S-33E	28432
		E/2	12-22S-33E	
30-025-48264	Tenderloin Federal Com #502H	E/2	1-22S-33E	28432
		E/2	12-22S-33E	
30-025-48265	Tenderloin Federal Com #503H	E/2 W/2	1-22S-33E	28432
		E/2 W/2	12-22S-33E	

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY COG OPERATING, LLC**

ORDER NO. CTB-995

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12 NMAC, and 19.15.23 NMAC.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.

9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) and (6) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.

4. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
5. Applicant shall measure and market the commingled gas at a central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
10. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 7/16/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-995**

Operator: **COG Operating, LLC (229137)**

Central Tank Battery: **Tenderloin Federal 1 B Central Tank Battery**

Central Tank Battery Location: **Unit B, Section 1, Township 22 South, Range 33 East**

Central Tank Battery: **Red Hills Offload Station**

Central Tank Battery Location: **Unit O, Section 4, Township 26 South, Range 32 East**

Central Tank Battery: **Jal Offload Station**

Central Tank Battery Location: **Unit D, Section 4, Township 26 South, Range 37 East**

Gas Title Transfer Meter Location: **Unit B, Section 1, Township 22 South, Range 33 East**

Pools

Pool Name	Pool Code
GRAMA RIDGE; BONE SPRINGS, WEST	28432

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 096243	E/2, E/2 W/2	1-22S-33E
NMNM 112939	NE/4, E/2 SW/4	12-22S-33E
NMNM 017440	I J K N P	12-22S-33E
NMNM 126491	SW/4 SE/4	12-22S-33E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-025-48263	Tenderloin Federal Com #501H	E/2	1-22S-33E	28432
		E/2	12-22S-33E	
30-025-48264	Tenderloin Federal Com #502H	E/2	1-22S-33E	28432
		E/2	12-22S-33E	
30-025-48265	Tenderloin Federal Com #503H	E/2 W/2	1-22S-33E	28432
		E/2 W/2	12-22S-33E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-995**
Operator: **COG Operating, LLC (229137)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring BLM	E/2	1-22S-33E	640.01	A
	E/2	12-22S-33E		
CA Bone Spring BLM	E/2 W/2	1-22S-33E	320.01	B
	E/2 W/2	12-22S-33E		

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 096243	E/2	1-22S-33E	320.01	A
NMNM 112939	NE/4	12-22S-33E	160	A
NMNM 017440	I J P	12-22S-33E	120	A
NMNM 126491	SW/4 SE/4	12-22S-33E	40	A
NMNM 096243	E/2 W/2	1-22S-33E	160.01	B
NMNM 112939	E/2 NW/4	12-22S-33E	80	B
NMNM 017440	E/2 SW/4	12-22S-33E	80	B

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 23723

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 23723
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	7/17/2021