



ConocoPhillips
2208 West Main Street
Artesia, New Mexico 88210
www.conocophillips.com

June 7, 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:

Mercury State Com 701H
API# 30-015-47520
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 702H
API# 30-015-47521
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 703H
API# 30-015-47522
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 704H
API# 30-015-47523
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 705H
API# 30-015-47524
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 706H
API# 30-015-47525
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy 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. N, Sec. 18-T26S-R28E. 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. N, Sec. 18-T26S-R28E.

Page 2 of 56

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 and copy of Public Notice is enclosed.

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,



Jeanette Barron
Regulatory Technician II

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

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: Mercury State Com 701H and 5 more wells

API: 30-015-47520

Pool: Purple Sage; Wolfcamp (Gas)

Pool Code: 98220

**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☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☒ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐ Notice Complete☐ 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

Jeanette Barron

Signature

Date

575-746-6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

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 attached 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: 6/7/21

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jeanette.barron@conocophillips.com

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-47520	2 Pool Code 98220	3 Pool Name Purple Sage; Wolfcamp (Gas)
4 Property Code 329730	5 Property Name MERCURY STATE COM	6 Well Number 701H
7 OGRID No. 229137	8 Operator Name COG OPERATING LLC	9 Elevation 3070'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	18	26-S	28-E		220'	SOUTH	1400'	EAST	EDDY

" 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
A	7	26-S	28-E		50'	NORTH	550'	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
640			

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>16</p> <p>CORNER DATA NEW MEXICO EAST - NAD 83</p> <p>A - CALCULATED CORNER N:387186.83' E:602707.00' B - CALCULATED CORNER N:387183.42' E:605337.33' C - CALCULATED CORNER N:387180.00' E:607971.61' D - CALCULATED CORNER N:384545.37' E:607990.79' E - FOUND 60D NAIL IN MOUND OF STONE N:381910.75' E:608009.97' F - CALCULATED CORNER N:381890.81' E:605361.30' G - FOUND IRON PIPE W/ BRASS CAP N:381870.55' E:602723.22' H - FOUND BENT IRON PIPE N:384527.64' E:602715.14' I - FOUND 1/2" IRON ROD W/ BLUE CAP N:379222.87' E:608018.50' J - CALCULATED CORNER N:376615.08' E:608038.32' K - CALCULATED CORNER N:376583.10' E:605382.33' L - FOUND IRON PIPE W/ BRASS CAP N:376551.24' E:602738.95' M - FOUND BENT IRON PIPE NO CAP N:379211.06' E:602731.16'</p> <p>LAST TAKE POINT (LTP) & BOTTOM HOLE LOCATION (BHL) NEW MEXICO EAST - NAD 83 X=607421.95 Y=387130.71 LAT = 32.08412259° N LONG. = 104.12000108° W 50' FNL, 550' FEL SECTION 7</p> <p>SURFACE HOLE LOCATION (SHL) NEW MEXICO EAST - NAD 83 X=606834.99 Y=376818.30 LAT. = 32.03577841° N LONG. = 104.12280850° W 220' FSL, 1400' FEL SECTION 18</p> <p>FIRST TAKE POINT (FTP) NEW MEXICO EAST - NAD 83 X=607486.28 Y=376618.45 LAT = 32.03522443° N LONG. = 104.11986052° W 10' FSL, 550' FEL SECTION 18</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Jeanette Barron</u> 4/7/21 Signature Date</p> <p>Jeanette Barron Printed Name</p> <p>jeanette.barron@conocophillips.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION 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>Date of Survey Signature and Seal of Professional Surveyor</p> <p>GARRETT J. SMELKER NEW MEXICO 25036 09/15/2020 PROFESSIONAL SURVEYOR</p> <p>Certificate Number</p>
--	---

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-47521		2 Pool Code 98220		3 Pool Name Purple Sage; Wolfcamp (Gas)	
4 Property Code 329730		5 Property Name MERCURY STATE COM			6 Well Number 702H
7 OGRID No. 229137		8 Operator Name COG OPERATING LLC			9 Elevation 3068'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	18	26-S	28-E		220'	SOUTH	1430'	EAST	EDDY

" 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
B	7	26-S	28-E		50'	NORTH	1430'	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
640			

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>16</p> <p>CORNER DATA NEW MEXICO EAST - NAD 83</p> <p>A - CALCULATED CORNER N:387186.83' E:602707.00'</p> <p>B - CALCULATED CORNER N:387183.42' E:605337.33'</p> <p>C - CALCULATED CORNER N:387180.00' E:607971.61'</p> <p>D - CALCULATED CORNER N:384545.37' E:607990.79'</p> <p>E - FOUND 60D NAIL IN MOUND OF STONE N:381910.75' E:608009.97'</p> <p>F - CALCULATED CORNER N:381890.61' E:605361.30'</p> <p>G - FOUND IRON PIPE W/ BRASS CAP N:381870.55' E:602723.22'</p> <p>H - FOUND BENT IRON PIPE N:384527.64' E:602715.14'</p> <p>I - FOUND 1/2" IRON ROD W/ BLUE CAP N:379222.87' E:608018.50'</p> <p>J - CALCULATED CORNER N:376615.08' E:608038.32'</p> <p>K - CALCULATED CORNER N:376583.10' E:605382.33'</p> <p>L - FOUND IRON PIPE W/ BRASS CAP N:376551.24' E:602738.95'</p> <p>M - FOUND BENT IRON PIPE NO CAP N:379211.06' E:602731.18'</p> <p>LAST TAKE POINT (LTP) & BOTTOM HOLE LOCATION (BHL) NEW MEXICO EAST - NAD 83 X=608541.92 Y=387131.85 LAT. = 32.08413048° N LONG. = 104.12284195° W 50' FSL, 1430' FEL SECTION 7</p> <p>SURFACE HOLE LOCATION (SHL) NEW MEXICO EAST - NAD 83 X=606804.85 Y=378817.55 LAT. = 32.03577648° N LONG. = 104.12270376° W 220' FSL, 1430' FEL SECTION 18</p> <p>FIRST TAKE POINT (FTP) NEW MEXICO EAST - NAD 83 X=606606.33 Y=376807.85 LAT. = 32.03520002° N LONG. = 104.12270031° W 10' FSL, 1430' FEL SECTION 18</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Jeanette Barron</u> <u>6/7/21</u> Signature Date</p> <p>Jeanette Barron Printed Name</p> <p>jeanette.barron@conocophillips.com E-mail Address</p> <p>18 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>Date of Survey Signature and Seal of Professional Surveyor</p> <p> Garrett J. Smelker Professional Surveyor 25036 09/15/2020</p> <p>Certificate Number</p>
--	---

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-47522	2 Pool Code 98220	3 Pool Name Purple Sage; Wolfcamp (Gas)
4 Property Code 329730	5 Property Name MERCURY STATE COM	6 Well Number 703H
7 OGRID No. 229137	8 Operator Name COG OPERATING LLC	9 Elevation 3067'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	18	26-S	28-E		220'	SOUTH	1460'	EAST	EDDY

" 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
B	7	26-S	28-E		50'	NORTH	2310'	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
640			

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>16</p> <p>CORNER DATA NEW MEXICO EAST - NAD 83</p> <p>A - CALCULATED CORNER N:387186.83' E:602707.00'</p> <p>B - CALCULATED CORNER N:387183.42' E:605337.33'</p> <p>C - CALCULATED CORNER N:387180.00' E:607971.61'</p> <p>D - CALCULATED CORNER N:384545.37' E:607990.79'</p> <p>E - FOUND 60D NAIL IN MOUND OF STONE N:381910.75' E:608009.97'</p> <p>F - CALCULATED CORNER N:381890.61' E:605361.30'</p> <p>G - FOUND IRON PIPE W/ BRASS CAP N:381870.55' E:602723.22'</p> <p>H - FOUND BENT IRON PIPE N:384527.64' E:602715.14'</p> <p>I - FOUND 1/2" IRON ROD W/ BLUE CAP N:379222.87' E:608018.50'</p> <p>J - CALCULATED CORNER N:376815.08' E:608038.32'</p> <p>K - CALCULATED CORNER N:376583.10' E:605382.33'</p> <p>L - FOUND IRON PIPE W/ BRASS CAP N:376551.24' E:602738.95'</p> <p>M - FOUND BENT IRON PIPE NO CAP N:379211.06' E:602731.18'</p> <p>LAST TAKE POINT (LTP) & BOTTOM HOLE LOCATION (BHL) NEW MEXICO EAST - NAD 83 X=605681.89 Y=387133.00 LAT.= 32.08413831° N LONG.= 104.12568283° W 50' FNL, 2310' FEL SECTION 7</p> <p>SURFACE HOLE LOCATION (SHL) NEW MEXICO EAST - NAD 83 X=606874.88 Y=376817.48 LAT.= 32.03577647° N LONG.= 104.12280047° W 220' FSL, 1460' FEL SECTION 18</p> <p>FIRST TAKE POINT (FTP) NEW MEXICO EAST - NAD 83 X=605726.38 Y=378597.24 LAT.= 32.03517558° N LONG.= 104.12554009° W 10' FSL, 2310' FEL SECTION 18</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a 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> 6/7/21 Signature Date</p> <p>Jeanette Barron Printed Name</p> <p>jeanette.barron@conocophillips.com E-mail Address</p> <p>18 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>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Garrett J Smelker NEW MEXICO 25038 09/15/2020 PROFESSIONAL SURVEYOR</p> <p>Certificate Number</p>
--	---

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-47523		2 Pool Code 98220		3 Pool Name Purple Sage; Wolfcamp (Gas)	
4 Property Code 329730		5 Property Name MERCURY STATE COM			6 Well Number 704H
7 OGRID No. 229137		8 Operator Name COG OPERATING LLC			9 Elevation 3051'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	26-S	28-E		220'	SOUTH	1455'	WEST	EDDY

" 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
C	6	26-S	28-E		50'	NORTH	2090'	WEST	EDDY

12 Dedicated Acres 958.16	13 Joint or Infill	14 Consolidation Code	15 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.

	<p>CORNER DATA NEW MEXICO EAST - NAD 83</p> <p>A - FOUND IRON PIPE W/ BRASS CAP N:392505.79' E:602690.57'</p> <p>B - FOUND IRON PIPE W/ BRASS CAP N:392516.22' E:605361.54'</p> <p>C - FOUND IRON PIPE W/ BRASS CAP N:392514.19' E:608025.07'</p> <p>D - FOUND IRON PIPE W/ ALUMINUM CAP N:389814.82' E:608020.24'</p> <p>E - CALCULATED CORNER N:387160.00' E:607971.61'</p> <p>F - CALCULATED CORNER N:387183.42' E:605337.33'</p> <p>G - CALCULATED CORNER N:387166.83' E:602707.00'</p> <p>H - FOUND IRON PIPE W/ BRASS CAP N:389846.03' E:602698.85'</p> <p>I - CALCULATED CORNER N:384545.37' E:607990.79'</p> <p>J - FOUND 60D NAIL IN MOUND OF STONE N:381910.75' E:608009.97'</p> <p>K - CALCULATED CORNER N:381890.61' E:605361.30'</p> <p>L - FOUND IRON PIPE W/ BRASS CAP N:381870.55' E:602723.22'</p> <p>M - FOUND BENT IRON PIPE N:384527.64' E:602715.14'</p> <p>N - FOUND 1/2" IRON ROD W/ BLUE CAP N:379222.87' E:608018.50'</p> <p>O - CALCULATED CORNER N:376615.08' E:608036.32'</p> <p>P - CALCULATED CORNER N:376583.10' E:605382.33'</p> <p>Q - FOUND IRON PIPE W/ BRASS CAP N:376551.24' E:602738.95'</p> <p>R - FOUND BENT IRON PIPE NO CAP N:379211.06' E:602731.18'</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Jeanette Barron</u> <u>6/7/21</u> Signature Date</p> <p>Jeanette Barron Printed Name</p> <p>jeanette.barron@conocophillips.com E-mail Address</p>
	<p>LAST TAKE POINT (LTP) & BOTTOM HOLE LOCATION (BHL) NEW MEXICO EAST - NAD 83 X=604780.71 Y=392463.95 LAT. = 32.07879750° N LONG. = 104.12849477° W 50' FNL, 2090' FWL SECTION 6</p> <p>SURFACE HOLE LOCATION (SHL) NEW MEXICO EAST - NAD 83 X=604193.35 Y=376788.72 LAT. = 32.03570992° N LONG. = 104.13048624° W 220' FSL, 1455' FWL SECTION 18</p> <p>FIRST TAKE POINT (FTP) NEW MEXICO EAST - NAD 83 X=604828.85 Y=376586.43 LAT. = 32.03515053° N LONG. = 104.12843661° W 10' FSL, 2090' FWL SECTION 18</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>Date of Survey Signature and Seal of Professional Surveyor</p> <p>GARRETT J. SMELKER NEW MEXICO 25036 09/15/2020 PROFESSIONAL SURVEYOR</p> <p>Certificate Number</p>

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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-47524		2 Pool Code 98220		3 Pool Name Purple Sage; Wolfcamp (Gas)	
4 Property Code 329730		5 Property Name MERCURY STATE COM			6 Well Number 705H
7 OGRID No. 229137		8 Operator Name COG OPERATING LLC			9 Elevation 3051'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	26-S	28-E		220'	SOUTH	1425'	WEST	EDDY

" 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
L1	6	26-S	28-E		50'	NORTH	1210'	WEST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
958.16			

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>CORNER DATA NEW MEXICO EAST - NAD 83</p> <p>A - FOUND IRON PIPE W/ BRASS CAP N:392505.79' E:602690.57'</p> <p>B - FOUND IRON PIPE W/ BRASS CAP N:392516.22' E:605381.54'</p> <p>C - FOUND IRON PIPE W/ BRASS CAP N:392514.19' E:608025.07'</p> <p>D - FOUND IRON PIPE W/ ALUMINUM CAP N:389814.82' E:608020.24'</p> <p>E - CALCULATED CORNER N:387180.00' E:607971.61'</p> <p>F - CALCULATED CORNER N:387183.42' E:605337.33'</p> <p>G - CALCULATED CORNER N:387186.83' E:602707.00'</p> <p>H - FOUND IRON PIPE W/ BRASS CAP N:389846.03' E:602696.85'</p> <p>I - CALCULATED CORNER N:384545.37' E:607990.78'</p> <p>J - FOUND 60D NAIL IN MOUND OF STONE N:381910.75' E:608009.97'</p> <p>K - CALCULATED CORNER N:381890.61' E:605381.30'</p> <p>L - FOUND IRON PIPE W/ BRASS CAP N:381870.55' E:602723.22'</p> <p>M - FOUND BENT IRON PIPE N:384527.84' E:602715.14'</p> <p>N - FOUND 1/2" IRON ROD W/ BLUE CAP N:379222.87' E:608018.50'</p> <p>O - CALCULATED CORNER N:376815.08' E:608036.32'</p> <p>P - CALCULATED CORNER N:376583.10' E:605382.33'</p> <p>Q - FOUND IRON PIPE W/ BRASS CAP N:376551.24' E:602738.95'</p> <p>R - FOUND BENT IRON PIPE NO CAP N:379211.06' E:602731.18'</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained 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 a 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> 4/7/21 Signature Date</p> <p>Jeanette Barron Printed Name</p> <p>jeanette.barron@conocophillips.com E-mail Address</p>
	<p>LAST TAKE POINT (LTP) & BOTTOM HOLE LOCATION (BHL) NEW MEXICO EAST - NAD 83 X=603900.71 Y=392480.52 LAT = 32.07879261° N LONG = 104.13133800° W 50' FSL, 1210' FWL SECTION 6</p>	<p>18 SURVEYOR CERTIFICATION 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>Date of Survey Signature and Seal of Professional Surveyor</p> <p> Garrett J. Smelker Professional Surveyor</p>

SURFACE HOLE LOCATION (SHL)
NEW MEXICO EAST - NAD 83
X=604163.34
Y=376788.37
LAT = 32.03570912° N
LONG = 104.13058309° W
220' FSL, 1425' FWL
SECTION 18

FIRST TAKE POINT (FTP)
NEW MEXICO EAST - NAD 83
X=603948.88
Y=376575.82
LAT = 32.03512594° N
LONG = 104.13127847° W
10' FSL, 1210' FWL
SECTION 18

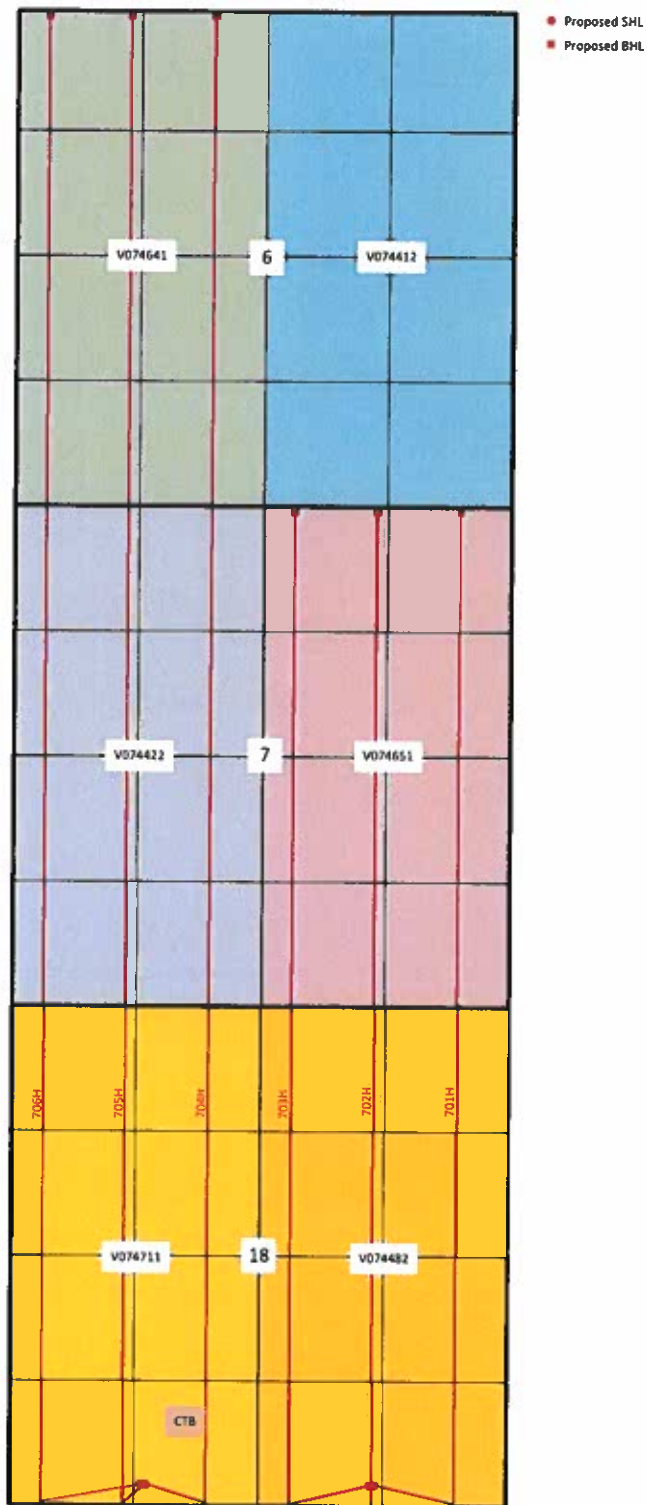
Certificate Number

Certificate Number

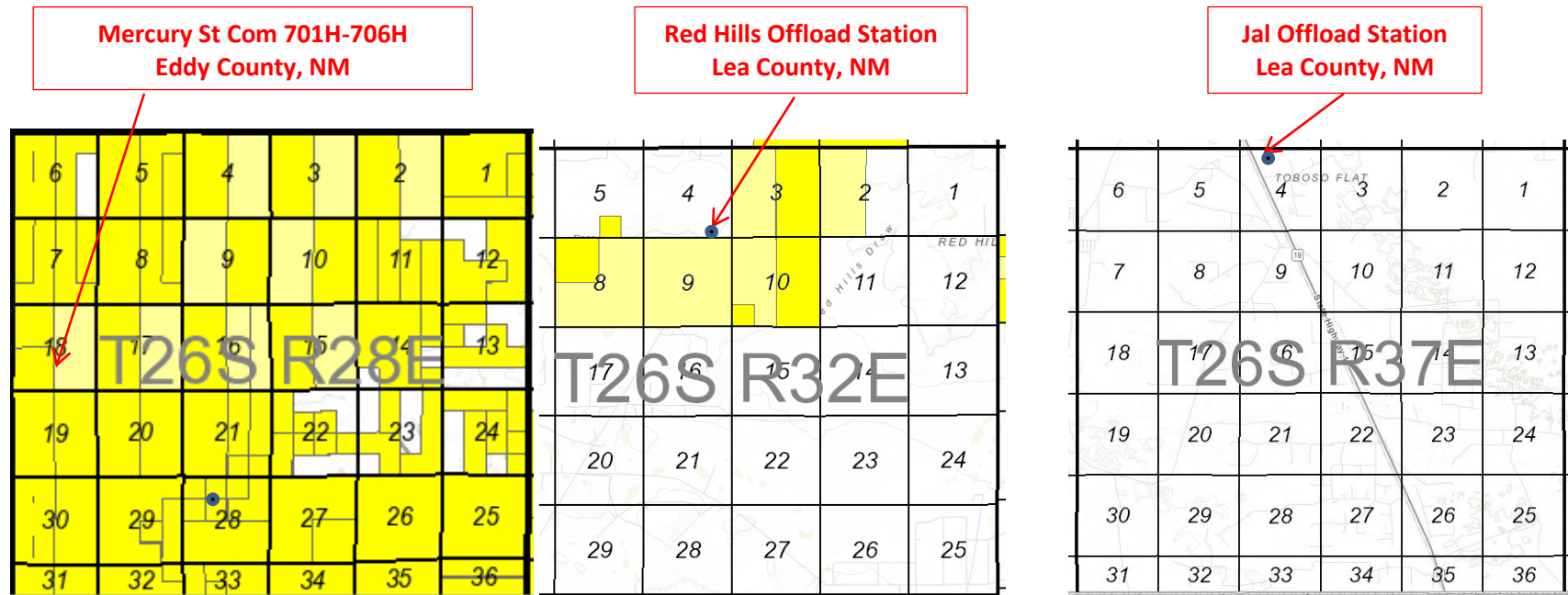


Mercury State Com 701H-706H Lease Map

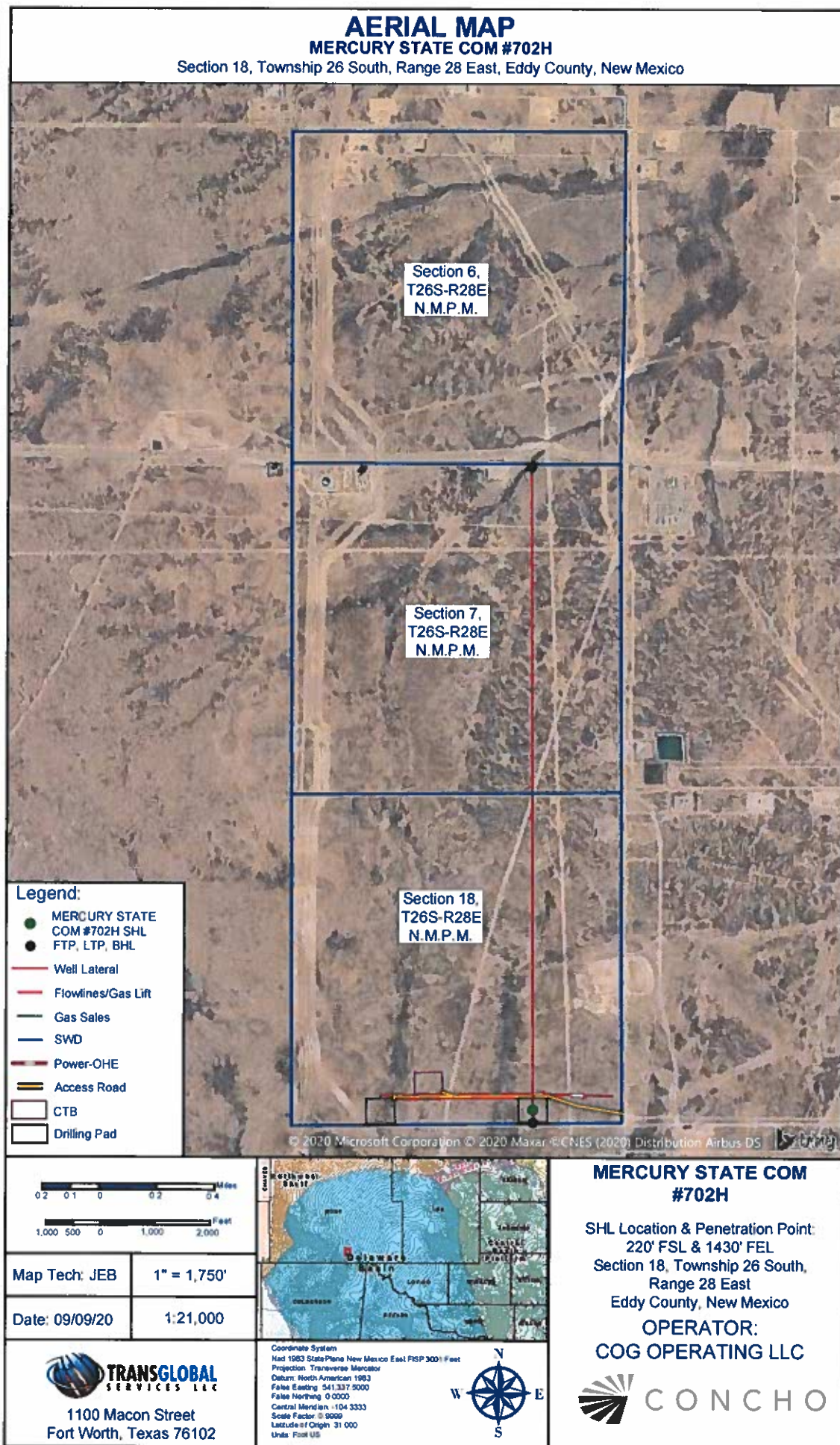
Sections 18 & 7, T26S R28E

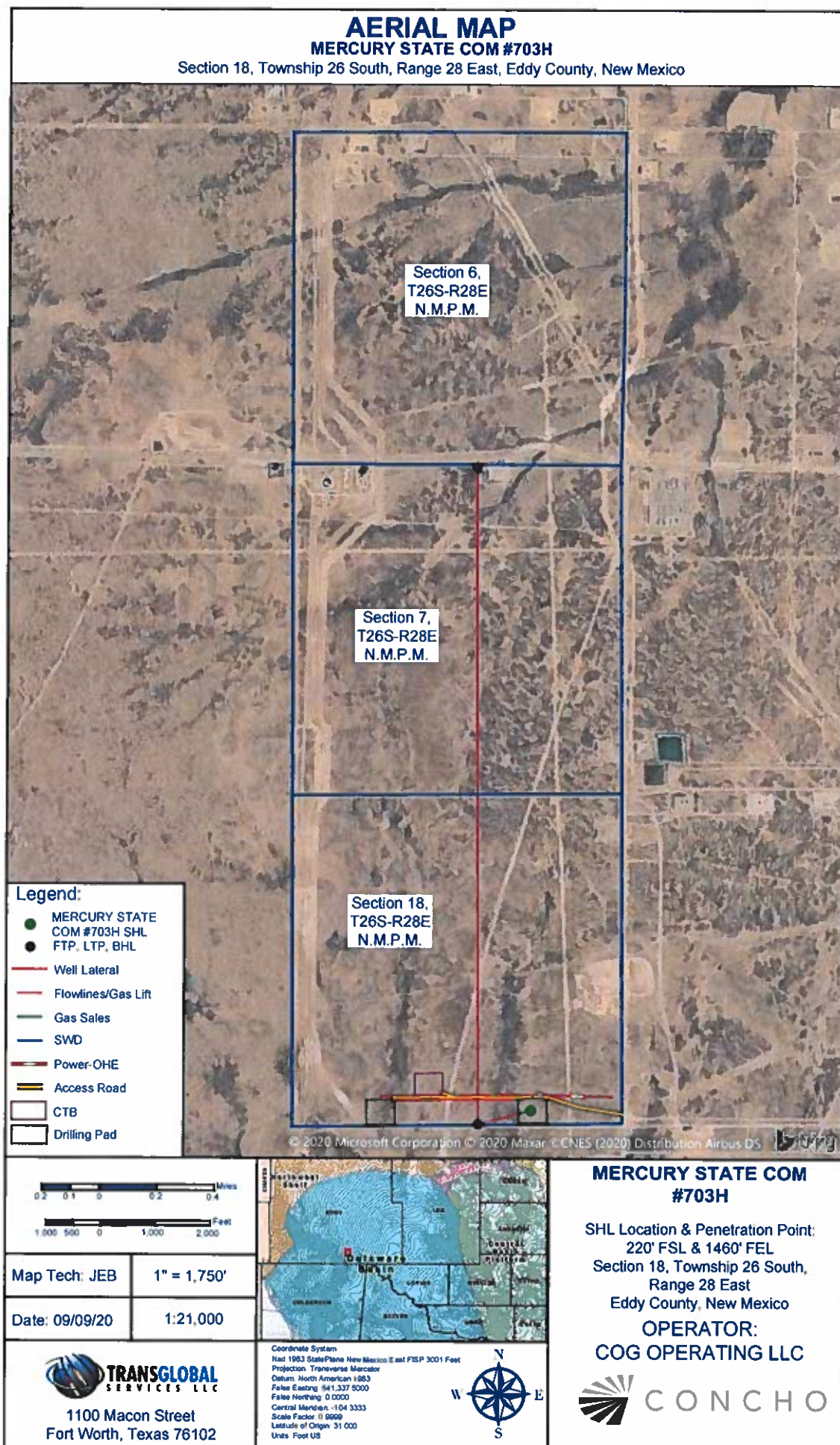


Mercury St Com 701H-706H & Red Hills and Jal Offload Station Map

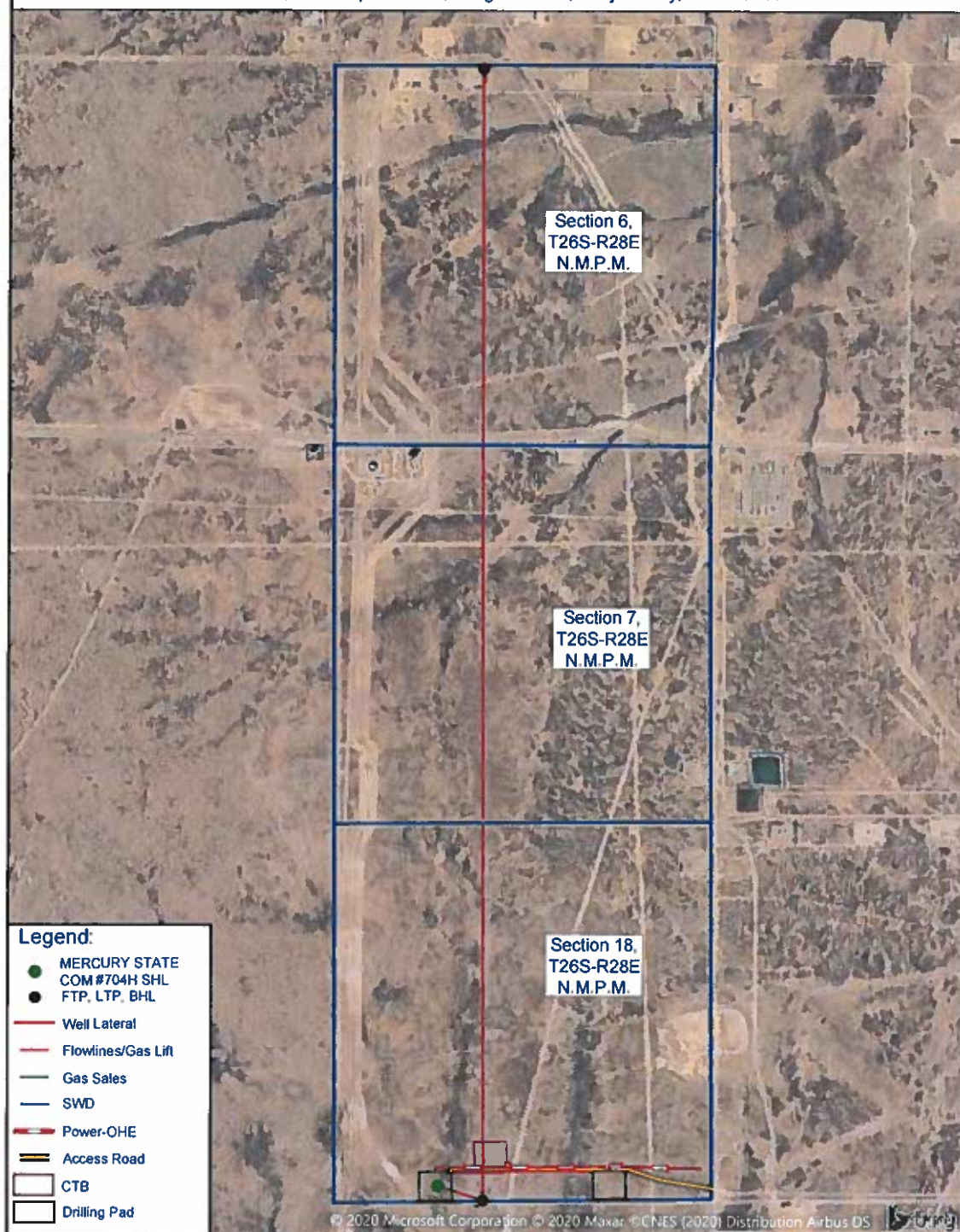








Section 18, Township 26 South, Range 28 East, Eddy County, New Mexico



Map Tech: JEB

 $1^{\text{st}} = 1.750^{\text{st}}$

Date: 09/09/20

1:21,000



1100 Macon Street
Fort Worth, Texas 76102



Coordinate System
Nad 1983 StatePlane New Mexico FIPS 3001 Feet
Projection: Transverse Mercator
Datum: North American 1983
False Easting: 541,337.5000
False Northing: 0.0000
Central Meridian: -104.3333
Scale Factor: 0.9999
Latitude of Origin: 31.000
Units: Foot

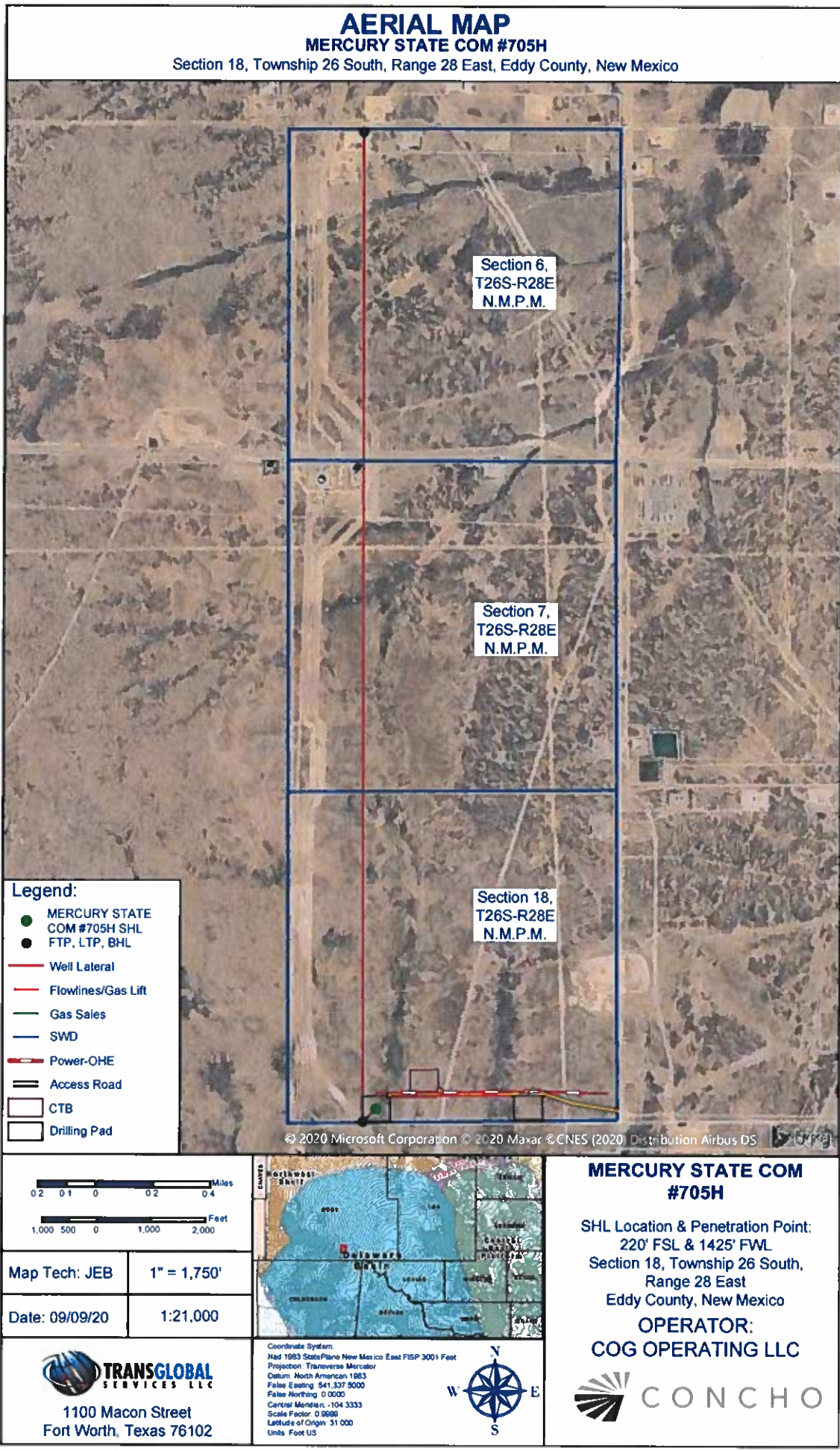


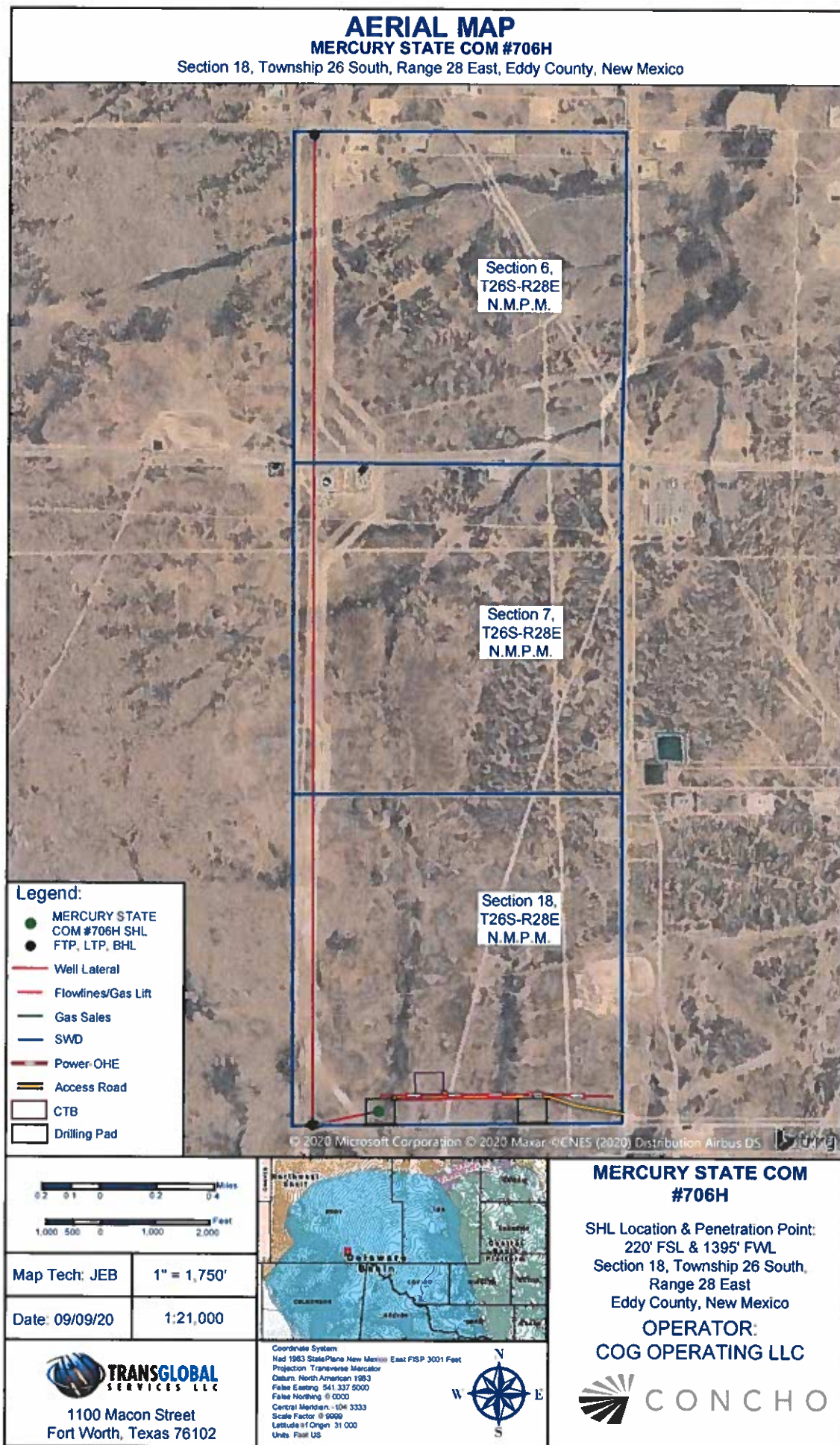
MERCURY STATE COM
#704H

SHL Location & Penetration Point:
220' FSL & 1455' FWL
Section 18, Township 26 South,
Range 28 East
Eddy County, New Mexico

OPERATOR:
COG OPERATING LLC







Mercury State Com 701H-706H CTB									
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered	
06.07.21	JB	EOG Resources Inc.	5509 Champions Blvd.	Midland,	TX	79706	7017 3040 0000 1205 1753		
06.07.21	JB	Chevron USA Inc.	6301 Deauville Blvd.	Midland,	TX	79706	7017 3040 0000 1205 1777		
06.07.21	JB	OXY Y-1 Company	5 Greenway Plaza, Suite 110	Houston,	TX	77046	7017 3040 0000 1205 1739		
06.07.21	JB	Nestegg Energy Corporation	2308 Sierra Vista Road	Artesia,	NM	88210	7017 3040 0000 1205 1746		
06.07.21	JB	Commissioner of Public Lands	PO Box 2308	Santa Fe	NM	87501	7017 3040 0000 1205 1760		

NM State Land Office
Oil, Gas, & Minerals Division

STATE/STATE OR
STATE/FEE
Revised March 2017

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

Well Name:

Mercury State

STATE OF NEW MEXICO)
SS)

API #: 30 - -

COUNTY OF **Eddy**)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **April 1**, 20 **21**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Wolfcamp** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE version
March, 2017

State/State
State/Fee

1

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 undersigned as follows:

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

Subdivisions

E/2

Of Sect(s) **7 & 18** Twnshp **26S** Rng **28E** NMPM **Eddy** County, NM

containing **640** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **COG Operating LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **COG Operating LLC**.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

PARTIES TO E/2 COMMUNITIZATION AGREEMENT
(701H, 702H, 703H – Wolfcamp)

<u>TRACT 1</u>	<u>VO-7465-01</u>	<u>SEC. 7: E/2</u>	<u>320.00 ACRES</u>
Lessee of Record:	EOG Resources, Inc.		

<u>TRACT 2</u>	<u>VO-7448-02</u>	<u>SEC. 18: E/2</u>	<u>320.00 ACRES</u>
Lessee of Record:	Chevron U.S.A. Inc.		

E2 Mercury State Com Unit
State CA – E2 Secs 7 & 18, T26S-R28E, Wolfcamp

OPERATOR:

COG OPERATING LLC

Mark A. Carter, Attorney-in-Fact

Acknowledgment in a Representative Capacity

State of Texas)
)
County of Midland)

This instrument was acknowledged before me on _____, by Mark A. Carter,
as attorney-in-fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.

Notary Public, State of Texas

E2 Mercury State Com Unit
State CA – E2 Secs 7 & 18, T26S-R28E, Wolfcamp

EOG RESOURCES INC.

By: _____
Name: _____
Title: _____

Acknowledgment in a Representative Capacity

State of _____)
County of _____)

This instrument was acknowledged before me on _____, by _____, as _____ of EOGRESOURCES, INC., a _____ on behalf of same.

Notary Public, State of _____

CHEVRON U.S.A. INC.

By: _____
Name: _____
Title: _____

Acknowledgment in a Representative Capacity

State of _____)
County of _____)

This instrument was acknowledged before me on _____, by _____, as _____ of CHEVRON U.S.A. INC., a _____ on behalf of same.

Notary Public, State of _____

E2 Mercury State Com Unit
State CA – E2 Secs 7 & 18, T26S-R28E, Wolfcamp

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated April 1, 2021, covering the E/2 of Sections 7 & 18, T26S-R28E, Eddy County, New Mexico

Limited in depth as to the Wolfcamp formation
Operator of Communitized Area: COG OPERATING LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT 1	V0-7465-01	SEC. 7: E/2	320.00 ACRES
Date:	July 1, 2005		
Lessor:	State of New Mexico V0-7465-01		
Lessee of Record:	EOG Resources Inc.		
Recording:	1093 / 568		
Description of Lands:	<u>Township 26 South, Range 28 East, N.M.P.M.</u> Section 7: E/2 Eddy County, New Mexico		
TRACT 2	V0-7448-02	SEC. 18: E/2	320.00 ACRES
Date:	July 1, 2005		
Lessor:	State of New Mexico V0-7448-02		
Lessee of Record:	Chevron U.S.A. Inc.		
Description of Lands:	<u>Township 26 South, Range 28 East, N.M.P.M.</u> Section 18: E/2 Eddy County, New Mexico		

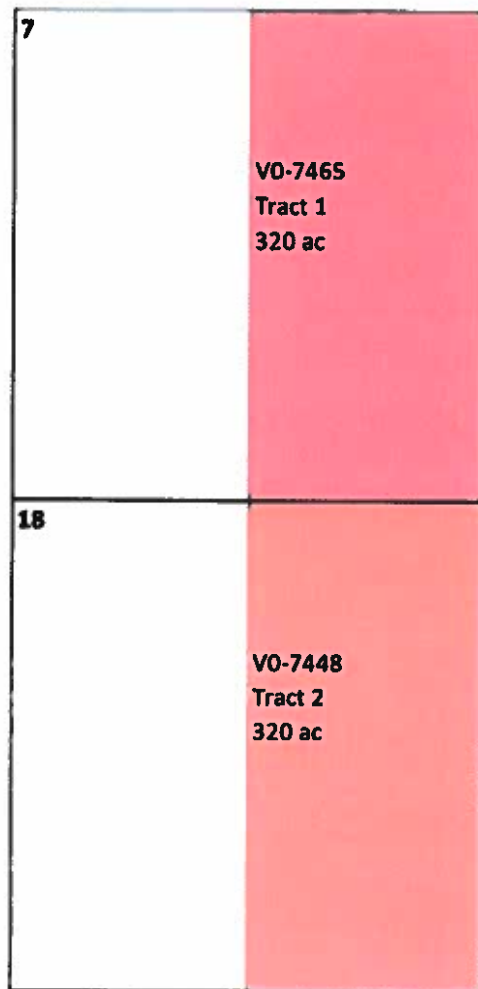
RECAPULATION

TRACT	NO. OF ACRES COMMITTED	% OF INTEREST IN COMMUNITIZED AREA
1	320.00	50.00%
2	320.00	50.00%
TOTAL	640.00	100.00%

E2 Mercury State Com Unit
State CA – E2 Secs 7 & 18, T26S-R28E, Wolfcamp

EXHIBIT B

Attached to and made a part of that Communitization Agreement dated April 1, 2021, covering the E/2 of Sections 7 & 18, T26S-R28E, Eddy County, New Mexico



E2 Mercury State Com Unit
State CA – E2 Secs 7 & 18, T26S-R28E, Wolfcamp

EXHIBIT B

Attached to and made a part of that Communitization Agreement dated April 1, 2021, covering the W/2 of Sections 6, 7 & 18, T26S-R28E, Eddy County, New Mexico

6 V0-7464 Tract 1 319.76 ac	
7 V0-7442 Tract 2 319.12 ac	
18 V0-7471 Tract 3 319.28 ac	

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp

NM State Land Office
Oil, Gas, & Minerals Division

STATE/STATE OR
STATE/FEE
Revised March 2017

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS: Well Name: **Mercury State**

STATE OF NEW MEXICO)
SS)

API #: 30 - -

COUNTY OF **Eddy**)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **April 1**, 20 **21**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Wolfcamp** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

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

Subdivisions Lots 1-4, E2W2 (W/2)

Of Sect(s) **6, 7 & 18** Twnshp **26S** Rng **28E** NMPM **Eddy** County, NM
containing ^{958.16} acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **COG Operating LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **COG Operating LLC**.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

PARTIES TO W/2 COMMUNITIZATION AGREEMENT
(704H, 705H, 706H – Wolfcamp)

TRACT 1	V0-7464-01	SEC. 6: LOTS 1-4, E2W2 (W2)	319.76 ACRES
Lessee of Record:	EOG Resources, Inc.		
TRACT 2	V0-7442-02	SEC. 7: LOTS 1-4, E2W2 (W2)	319.12 ACRES
Lessee of Record:	COG Operating LLC		
TRACT 3	V0-7471-01	SEC. 18: LOTS 1-4, E2W2 (W2)	319.28 ACRES
Lessee of Record:	EOG Resources, Inc.		

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp

OPERATOR:

COG OPERATING LLC

Mark A. Carter, Attorney-in-Fact

Acknowledgment in a Representative Capacity

State of Texas)

)

County of Midland)

This instrument was acknowledged before me on _____, by Mark A. Carter,
as attorney-in-fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.

Notary Public, State of Texas

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp

EOG RESOURCES INC.

By: _____
Name: _____
Title: _____

Acknowledgment in a Representative Capacity

State of _____)
County of _____)

This instrument was acknowledged before me on _____, by
_____, as _____ of EOG RESOURCES,
INC., a _____ on behalf of same.

Notary Public, State of _____

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp

EXHIBIT A

Attached to and made a part of that Communitization Agreement dated April 1, 2021, covering the W/2 of Sections 6, 7 & 18, T26S-R28E, Eddy County, New Mexico

Limited in depth as to the Wolfcamp formation

Operator of Communitized Area: COG OPERATING LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT 1	V0-7464-01	SEC. 6: LOTS 1-4, E2W2 (W2)	319.76 ACRES
Date:	July 1, 2005		
Lessor:	State of New Mexico V0-7464-01		
Lessee of Record:	EOG Resources Inc.		
Recording:	Unrecorded		
Description of Lands:	<u>Township 26 South, Range 28 East, N.M.P.M.</u> Section 6: Lots 1-4, E2W2 Eddy County, New Mexico		
TRACT 2	V0-7442-02	SEC. 7: LOTS 1-4, E2W2 (W2)	319.12 ACRES
Date:	July 1, 2005		
Lessor:	State of New Mexico V0-7442-02		
Lessee of Record:	COG Operating LLC		
Recording:	606 / 1202		
Description of Lands:	<u>Township 26 South, Range 28 East, N.M.P.M.</u> Section 7: Lots 1-4, E2W2 Eddy County, New Mexico		
TRACT 3	V0-7471-01	SEC. 18: LOTS 1-4, E2W2 (W2)	319.28 ACRES
Date:	July 1, 2005		
Lessor:	State of New Mexico V0-7464-01		
Lessee of Record:	EOG Resources Inc.		
Recording:	Unrecorded		
Description of Lands:	<u>Township 26 South, Range 28 East, N.M.P.M.</u> Section 18: Lots 1-4, E2W2 Eddy County, New Mexico		

RECAPULATION

TRACT	NO. OF ACRES COMMITTED	% OF INTEREST IN COMMUNITIZED AREA
1	319.76	33.37%
2	319.12	33.31%
3	319.28	33.32%
TOTAL	958.16	100.00%

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp

EXHIBIT B

Attached to and made a part of that Communitization Agreement dated April 1, 2021, covering the W/2 of Sections 6, 7 & 18, T26S-R28E, Eddy County, New Mexico

6 V0-7464 Tract 1 319.76 ac	
7 V0-7442 Tract 2 319.12 ac	
18 V0-7471 Tract 3 319.28 ac	

W2 Mercury State Com Unit
State CA – W2 Secs 6, 7 & 18, T26S-R28E, Wolfcamp



ConocoPhillips
2208 West Main Street
Artesia, New Mexico 88210
www.conocophillips.com

June 7, 2021

Certified Mail – Return Receipt Requested

Commissioner of Public Lands
NM State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

Re: Lease Commingle (CTB)

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

Mercury State Com 701H
API# 30-015-47520
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 702H
API# 30-015-47521
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 703H
API# 30-015-47522
Purple Sage; Wolfcamp (Gas)
Ut. O, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 704H
API# 30-015-47523
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 705H
API# 30-015-47524
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy County, NM

Mercury State Com 706H
API# 30-015-47525
Purple Sage; Wolfcamp (Gas)
Ut. N, Sec. 18-T26S-R28E
Eddy County, NM

Gentlemen:

Attached is a copy of COG Operating LLC's application for lease commingling and off-lease measurement of production from the Mercury State Com 701H-706H, wells. These wells are located in Sections 18-T26S-R28E, Eddy County, NM.

You are receiving this information per NMOCD's requirement to notify all parties owning an interest in the minerals affected by this application. Any objections to these proposals should be registered with the NMOCD within 20 days of the date of this letter.

If you have any questions regarding this application, please contact me at 575-748-6974 or by email at jeanette.barron@conocophillips.com

Sincerely,

A handwritten signature in black ink that reads "Jeanette Barron". The signature is written in a cursive style with a large initial "J".

Jeanette Barron
Regulatory Technician II
Enclosures

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 701H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47520

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron
 Print or Type Name

Jeanette Barron
 Signature

4/7/21
 Date

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 702H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47521

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

Date

4/7/21

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 703H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47522

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

Date

4/7/21

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
 505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 704H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47523

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron
 Print or Type Name

Jeanette Barron
 Signature

4/7/21
 Date

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
 505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 705H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47524

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

Date

4/7/21

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
 505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Mercury State Com 706H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-47525

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

4/7/21

Date

575.748.6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
Contact the Commingling Manager:
 505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

SENDER: COMPLETE THIS SECTION

COMPLETE THIS SECTION ON DELIVERY

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

CHEVRON U.S.A. INC.
6301 DEAUVILLE BLVD
MIDLAND, TX 79706



9590 9402 3634 7305 8178 14

2. Article Number (Transfer from service label)

2221 5021 0000 1205 1777

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

A. Signature Signature ☐ Agent ☐ Address

B. Received by (Printed Name) Signature C. Date of Delivery 01/11/01

dress different from item 1? ☐ Yes ☐ No

delivery address below: ☐ Yes ☐ No

3.	Service Type	
<input type="checkbox"/>	Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input type="checkbox"/>	Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/>	Certified Mail®	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/>	Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation¹
<input type="checkbox"/>	Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/>	Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/>	Restricted Delivery	

From: [Engineer, OCD, EMNRD](#)
To: [Barron, Jeanette](#)
Cc: [McClure, Dean, EMNRD](#); [Simmons, Kurt, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1003
Date: Wednesday, August 18, 2021 1:06:28 PM
Attachments: [CTB1003 Order.pdf](#)

NMOCD has issued Administrative Order CTB-1003 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
30-015-47520	Mercury State Com #701H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47521	Mercury State Com #702H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47522	Mercury State Com #703H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47523	Mercury State Com #704H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	
30-015-47524	Mercury State Com #705H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	
30-015-47525	Mercury State Com #706H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	

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

Notice

Order: **CTB-1003**
Operator: **COG Operating, LLC (229137)**
Publication Date:
Submittal Date: **6/7/2021**

Noticed Persons

Date	Person	Certified Tracking Number	Status
6/9/2021	EOG Resources Inc.	7017 3040 0000 1205 1753	Delivered
6/10/2021	Chevron USA Inc.	7017 3040 0000 1205 1777	Delivered
6/11/2021	OXYX-1 Company	7017 3040 0000 1205 1739	Delivered
6/9/2021	Nestegg Energy Corporation	7017 3040 0000 1205 1746	Delivered
6/10/2021	Commisioner of Public lands	7017 3040 0000 1205 1760	Delivered

**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-1003

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: 8/12/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **CTB-1003**
Operator: **COG Operating, LLC (229137)**
Central Tank Battery: **Mercury State Com Battery**
Central Tank Battery Location: **Unit N, Section 18, Township 26 South, Range 28 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 N, Section 18, Township 26 South, Range 28 East**

Pools

Pool Name	Pool Code
PURPLE SAGE; WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
VO 74650001	E/2	7-26S-28E
VO 74480002	E/2	18-26S-28E
VO 74640001	W/2	6-26S-28E
VO 74420002	W/2	7-26S-28E
VO 74710001	W/2	18-26S-28E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-47520	Mercury State Com #701H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47521	Mercury State Com #702H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47522	Mercury State Com #703H	E/2	7-26S-28E	98220
		E/2	18-26S-28E	
30-015-47523	Mercury State Com #704H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	
30-015-47524	Mercury State Com #705H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	
30-015-47525	Mercury State Com #706H	W/2	6-26S-28E	98220
		W/2	7-26S-28E	
		W/2	18-26S-28E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-1003**
Operator: **COG Operating, LLC (229137)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Wolfcamp SLO	E/2	7-26S-28E	640	A
	E/2	18-26S-28E		
CA Wolfcamp SLO	W/2	6-26S-28E	958.16	B
	W/2	7-26S-28E		
	W/2	18-26S-28E		

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
VO 74650001	E/2	7-26S-28E	320	A
VO 74480002	E/2	18-26S-28E	320	A
VO 74640001	W/2	6-26S-28E	319.76	B
VO 74420002	W/2	7-26S-28E	319.12	B
VO 74710001	W/2	18-26S-28E	319.28	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 30865

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 30865
	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.	8/18/2021