



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Carlsbad Field Office

620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



IN REPLY REFER TO:
NMNM138288
3105.2 (P0220)

11 37015-4724

06/27/2018

Reference:
Communitization Agreement
Craig Fed Com 2H & 12H
Section 25: W2W2
Section 36: W2W2
T. 25 S., R. 26 E., N.M.P.M.
Eddy County, NM

COG Operating LLC
One Concho Center
600 W. Illinois Ave.
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM138288 involving 120 acres of Federal land in lease NMNM112907, 160 acres of State land, and 40 acres of Fee land, Eddy County, New Mexico, which comprise a 320 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the W2W2, Sec. 25 and Sec. 36, T. 25 S., R. 26 E., NMPM, Eddy County, NM, and is effective July 15, 2017. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Chris Walls, Petroleum Engineer at (575) 234-2234, Deborah Ham at (575) 234-5965 or Margie Dupre at (505) 954-2142.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Cody R. Layton".

Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NM State Land Comm.

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

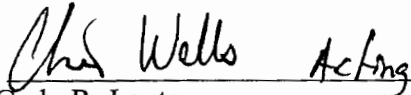
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

- B. Approve the attached Communitization Agreement covering the W2W2 of Sec. 25 and Sec. 36, T. 25 S., R. 26 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: 06/27/2018


Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: July 15, 2017

Contract No.: Com. Agr. NMNM138288



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www.nm.blm.gov



In Reply Refer to
NM138288
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM138288

Date of Completion:	11/06/2017
Date of First Production:	11/07/2017
Field:	WC-015 G—03 S 252636M
Operator, Well Name & No, API Number:	COG Operating; Craig Fed Com 2H; 30-015-44209
Surface Location:	Sec. 1, NWNW, T. 26 S., R. 26 E.
Bottom Location:	Sec. 25, NWNW, T. 25 S., R. 26 E.
Total Depth:	18,446 MD; 7,437 TVD
Surface Elevation:	3,369 GL
Producing Formation:	Bone Spring (8,447 – 18,315)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 32 BBL; Gas 123 MCF; Water 2141 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM138288, effective 07/15/2017, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec. 25, W2W2 and Sec. 36, W2W2, T. 25 S., R. 26 E., NMPM, and comprises 40 acres of Fee land, 120 acres of Federal land in lease NMNM112907 and 160 acres of State land 320 acre well spacing unit whose leases are held by actual production. Per penetration for production, surface location of well not within agreement boundary.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ **Deborah Ham**

06/27/2018

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)