



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
www.blm.gov/new-mexico



IN REPLY REFER TO:

NMNM138715
3105.2 (P0220)

FEB 09 2019

Reference:
Communitization Agreement
Shovel Head Federal Com #18H
Section 3: S2SW
Section 4: S2S2
T. 17 S., R. 32 E., N.M.P.M.
Eddy County, NM

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

To Whom It May Concern:

Enclosed is an approved copy of Communitization Agreement NMNM138715 involving 80 acres of Federal land in lease NMNM315712, 40 acres of Federal land in lease NMNM009015, 80 acres of Federal land in lease NMLC059576 and 40 acres of Fee land, Eddy County, New Mexico, which comprise a 240-acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Yeso formation beneath the S2SW, Sec. 3 and S2S2 Sec. 4, T. 17 S., R. 32 E., NMPM, Eddy County, NM, and is effective January 01, 2018. 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.

It is recognized that modifications to the Federal communitization agreement form to include

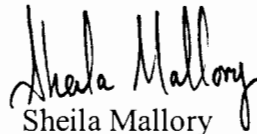
State of New Mexico Lands and references to the Land Commissioner in the language of this agreement have been submitted voluntarily by **COG OPERATING LLC** and that such language shall not adversely affect Federal lands or limit or alter the jurisdiction and responsibilities of the BLM Authorized Officer established by the Mineral Leasing Act of 1920, as amended, and regulations promulgated at 43 CFR 3100, 43 CFR 3160, or 43 CFR 3170.

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 James Glover, Geologist at (505) 954-2139 or Idu Opral C. Ijeoma (505) 954-2152.

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

Sincerely,



Sheila Mallory
Deputy State Director
Division of Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

NMSO (NM925, File)

NM State Land Comm.

Determination - Approval - Certification

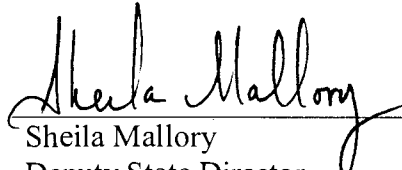
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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 S2SW, Sec. 3 and S2S2 Sec. 4, T. 17 S., R. 32 E., NMPM, as to all producible hydrocarbons from the Yeso 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:



Sheila Mallory
Deputy State Director
Division of Minerals

Effective: January 01, 2018

Contract No.: Com. Agr. NMNM138715