



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:
NM135798
3105.2 (P0220)

Reference:
Communitization Agreement
Resolver Fed Com 2H
T. 23 S., R. 32 E.,
Section 12: W2
Lea County, NM

04/20/2016

COG Operating, LLC
One Concho Center
600 West Illinois Avenue
Mid Land, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135798 involving 160 acres of Federal land in lease NMNM114982, and 160 acres of Federal land in lease NMNM0536344, Lea County, New Mexico, which comprises a 320 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 12, W2, T. 23 S., R. 32 E., NMPM, and is effective 09/01/2015.

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 Edward G Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

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

Sincerely,

for *Juanette A. Martinez*

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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

NMOCD

NM (9200)

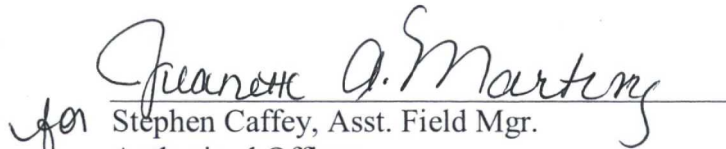
NM (P0220-CFO, File Room)

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 Sec. 12: W2, T. 23 S., R. 32 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.
- 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:


for Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 09/01/2015

Contract No.: Com. Agr. NM135798



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In Reply Refer to
NM135798
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135798

Date of Completion:	03/07/2016
Date of First Production:	03/26/2016
Field:	Diamondtail
Operator, Well Name & No, API Number:	COG Operating; Resolver Fed Com 2H; 30-025-42170
Surface Location:	Sec. 12, NENW, T. 23 S., R. 32 E.
Bottom Location:	Sec. 12, SESW, T. 23 S., R. 32 E.
Total Depth:	14,096 MD; 9,788 TVD
Surface Elevation:	3,754 GL
Producing Formation:	Bone Spring (9,870 – 13,990)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 220 BBL; Gas 300 MCF; Water 2712 BBL
Current Status:	Producing Oil Well

Remarks: CA NM135798, effective 09/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec. 12, W2, T. 23 S., R. 32 E., NMPM, and comprises 160 acres of Federal land in lease NM114982, and 160 acres of Federal land in lease NM0536344 for a 320-acre well spacing unit whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ **Deborah Ham**
04/20/2016

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