



Mike Wallace
Senior Landman

Via FedEx Overnight

February 12, 2016

Susan D. Richardson
7268 Carizzo Dr.
Ja Jolla, CA 92037

RE: Communitization Agreement
Picasso Federal Com 1H (API #30-025-41514)
Township 24 South, Range 34 East, N.M.P.M.
Section 9: E2E2
Lea County, New Mexico

Mrs. Richardson:

You have recently been in contact with Brent Sawyer here in our Midland office, who assists with title curative. As you know, the Bureau of Land Management (the "BLM") requires all record title owners on a Federal oil and gas lease to execute a communitization agreement before said agreement can be approved. Joe C. Richardson is still listed as a record title owner to Federal lease no. NMNM 13642 covering the E2NE4 and NE4SE4 of the captioned section. As I understand, he has passed and you are the successor to his interest as the trustee of a trust he established.

I have enclosed the communitization agreement for your signature in the event that you can effectively execute it. The BLM rules also allow for force pooling of the record title interest, which would effectively allow us to communitize the referenced acreage without having to obtain the needed signature. Alternatively, you can assign all your record title to us, as the operator. Therefore, if we do not receive either an executed Communitization Agreement or an approved BLM assignment of record title from you within thirty (30) days from your receipt of this letter, we will proceed with the force pooling hearing.

I would be happy to discuss this with you in more detail, if you would like. Please contact me at (432) 221-0465 or mwallace@concho.com. Your prompt attention to this request is greatly appreciated.

Very truly yours,
COG Operating LLC

A handwritten signature in black ink, appearing to be "MW", written over a horizontal line.

Mike Wallace
Senior Landman

Encl.

BEFORE THE OIL CONSERVATION
DIVISION
Santa Fe, New Mexico
Exhibit No. 3
Submitted by: COG OPERATING LLC
Hearing Date: March 31, 2016