



OCEAN MUNDS-DRY

December 30, 2015

Patrick Padilla  
Assistant Commissioner for Mineral Resources  
Oil, Gas & Minerals  
New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe NM 87501

RE Request for Determination filed by Nearburg Exploration Company, W/2 of Sections 17 and 20, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico

Dear Mr Padilla

COG Operating LLC ("COG") is in receipt of a Request For Determination filed by Nearburg Exploration Company, L L C ( NEX") on November 24, 2015 relating to the following Communitization Agreements covering the W/2 of Sections 17 and 20 Township 26 South, Range 28 East NMPM Eddy County New Mexico

- The Communitization Agreement covering the W/2 W/2 of Sections 17 and 20 currently dedicated to the drilled and completed SRO State Com Well No 043H (API No 30-015-41141) and

The Communitization Agreement covering the E/2 W/2 of Sections 17 and 20 currently dedicated to the drilled and completed SRO State Com Well No 044H (API No 30-015-41142)

As Exhibits 1 and 2 to the NEX's Request reflect the existing Communitization Agreements were approved by the Commissioner in July of 2015 and contain signatures by NEX, COG and Yates Petroleum Corporation However, as reflected in Exhibit 5 and paragraphs 13 through 15 of NEX's Request, when the agreements were executed they contained the following, **bolded** limitation in the third whereas clause on the first page

WHEREAS, said leases insofar as they cover the **2nd Bone Spring interval of the Bone Spring formation as defined in the SRO State Unit #3H well located in Section 18, T26S, R28E, API 3001537422 as being from 7,548' - 7,998' MD as evidenced in the Dual Laterolog run by Halliburton on January 19, 2010 (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,

BEFORE THE OIL CONVERSION  
COMMISSION  
Santa Fe New Mexico  
Exhibit No 28  
Submitted by COG OPERATING LLC  
Hearing Date February 28 2017

CORPORATE ADDRESS

SANTA FE OFFICE

BEFORE THE OIL CONVERSION  
DIVISION  
Santa Fe New Mexico  
Exhibit No 28  
Submitted by COG Operating LLC  
Hearing Date May 4 2016

Due to a clerical error, COG submitted the executed Communitization Agreements to the Commissioner with an original first page, rather than the subsequent first page agreed upon by the parties containing the limitation to the 2nd Bone Spring interval. Accordingly, the Certificates of Approval executed by the Commissioner do not reflect the intended limitation to the 2nd Bone Spring interval.

To address this clerical error, enclosed please find the correct first page for each of the Communitization Agreements that conforms with the document executed by the parties. COG requests that this page be substituted for the first page of the filed agreements and that the Commissioner issue amended Certificates of Approval reflecting the intent to limit these agreements to the 2nd Bone Spring Interval.

COG apologizes for this clerical oversight and believes that these corrected pages, along with corresponding amended Certificates of Approval from the Commissioner, address the concerns raised by NEX. If anything further is needed by your office, please feel free to contact me.

Sincerely,



William F. Carr  
Senior Counsel

OMD/WFC mho  
Enclosures

cc J. Scott Hall, attorney for Nearburg Exploration Company, L.L.C. (w/enclosures)  
Kathy H. Porter, Attorney in Fact for Yates Petroleum Corporation (w/enclosures)

ONLINE VERSION  
NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2007

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of July 1, 2014, 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 lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State 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 area on an acreage or other basis found by the Commissioner 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 2<sup>nd</sup> Bone Spring interval of the Bone Spring formation as defined in the SRO State Unit #3H well located in Section 18, T26S, R28E, API 3001537422 as being from 7,548' - 7,998' MD as evidenced in the Dual Laterolog run by Halliburton on January 19, 2010 (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.

ONLINE VERSION  
NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2007

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of October 1, 2014, 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 lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State 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 area on an acreage or other basis found by the Commissioner to be fair and equitable

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