## A.A.P.L. FORM 610 - 1989

# MODEL FORM OPERATING AGREEMENT

### OPERATING AGREEMENT

### DATED

,	
OPERATOR COG Operating LLC	
CONTRACT AREA	
COUNTY OR PARISH OF Lea County	, STATE OF New Mexico

COPYRIGHT 1989 - ALL RIGHTS RESERVED AMERICAN ASSOCIATION OF PETROLEUM LANDMEN, 4100 FOSSIL CREEK BLVD. FORT WORTH, TEXAS, 76137, APPROVED FORM.

A.A.P.L. NO. 610 – 1989

COG Operating LLC Cases 14490, 14491, 14492 and 14493

Ex. \_\_\_\_\_

## TABLE OF CONTENTS

I.	<u>DEFINITIONS</u>	1
II.	EXHIBITS.	
III.	INTERESTS OF PARTIES	
111.	A. OIL AND GAS INTERESTS:	
	B. INTERESTS OF PARTIES IN COSTS AND PRODUCTION:	
	C. SUBSEQUENTLY CREATED INTERESTS:	
IV.		
	A. TITLE EXAMINATION:	
	B. LOSS OR FAILURE OF TITLE:	3
	1. Failure of Title	3
	2. Loss by Non-Payment or Erroneous Payment of Amount Due	3
	3. Other Losses	
	4. Curing Title	3
$\mathbf{v}$ .	<u>OPERATOR</u>	
٠.	A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:	
	B. RESIGNATION OR REMOVAL OF OPERATOR AND SELECTION OF SUCCESSOR:	
	1. Resignation or Removal of Operator	
	2. Selection of Successor Operator	
	3. Effect of Bankruptcy	4
	C. EMPLOYEES AND CONTRACTORS:	
	D. RIGHTS AND DUTIES OF OPERATOR:	
	1. Competitive Rates and Use of Affiliates	
	2. Discharge of Joint Account Obligations	
	3. Protection from Liens	4
	4. Custody of Funds	
	5. Access to Contract Area and Records	
•	6. Filing and Furnishing Governmental Reports	
	7. Drilling and Testing Operations.	
	8. Cost Estimates	
<b>X</b> 7 Y	9. Insurance	
VI.		
	A. INITIAL WELL:	
	B. SUBSEQUENT OPERATIONS:	
	1. Proposed Operations	ɔ
	2. Operations by Less Than All Parties	
	3. Stand-By Costs	
	4. Deepening	
	5. Sidetracking	
	6. Order of Preference of Operations	
	7. Conformity to Spacing Pattern	9
	8. Paying Wells	9
	C. COMPLETION OF WELLS; REWORKING AND PLUGGING BACK:	
	1. Completion	
	2. Rework, Recomplete or Plug Back	
	D. OTHER OPERATIONS:	. 9
	E. ABANDONMENT OF WELLS:	
	1. Abandonment of Dry Holes	
	2. Abandonment of Wells That Have Produced.	ر ۱۸
	Abandonment of Wells That Have Froduced.      Abandonment of Non-Consent Operations	
	F. TERMINATION OF OPERATIONS:	
	G. TAKING PRODUCTION IN KIND:	
	(Option 1) Gas Balancing Agreement	
	(Option 2) No Gas Balancing Agreement	
VII.		
	A TIADITITY OF DADITIES.	11
	A. LIABILITY OF PARTIES:	
	B. LIENS AND SECURITY INTERESTS:	12
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:	12 12
	B. LIENS AND SECURITY INTERESTS: C. ADVANCES: D. DEFAULTS AND REMEDIES:	12 12 12
	B. LIENS AND SECURITY INTERESTS: C. ADVANCES: D. DEFAULTS AND REMEDIES: 1. Suspension of Rights	12 12 12
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights  2. Suit for Damages	12 12 12 13
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights  2. Suit for Damages.  3. Deemed Non-Consent	12 12 13 13
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights  2. Suit for Damages	12 12 13 13
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights  2. Suit for Damages  3. Deemed Non-Consent  4. Advance Payment	12 12 13 13 13
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights.  2. Suit for Damages.  3. Deemed Non-Consent.  4. Advance Payment.  5. Costs and Attorneys' Fees.	12 12 13 13 13
	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights.  2. Suit for Damages.  3. Deemed Non-Consent.  4. Advance Payment.  5. Costs and Attorneys' Fees.  E. RENTALS, SHUT-IN WELL PAYMENTS AND MINIMUM ROYALTIES:	12 12 13 13 13 13
VIII.	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights.  2. Suit for Damages.  3. Deemed Non-Consent.  4. Advance Payment.  5. Costs and Attorneys' Fees.  E. RENTALS, SHUT-IN WELL PAYMENTS AND MINIMUM ROYALTIES:  F. TAXES:	12 12 13 13 13 13
VIII.	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights.  2. Suit for Damages.  3. Deemed Non-Consent.  4. Advance Payment.  5. Costs and Attorneys' Fees  E. RENTALS, SHUT-IN WELL PAYMENTS AND MINIMUM ROYALTIES:  F. TAXES:  ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST	12 12 13 13 13 13 13
VIII.	B. LIENS AND SECURITY INTERESTS:  C. ADVANCES:  D. DEFAULTS AND REMEDIES:  1. Suspension of Rights.  2. Suit for Damages.  3. Deemed Non-Consent.  4. Advance Payment.  5. Costs and Attorneys' Fees.  E. RENTALS, SHUT-IN WELL PAYMENTS AND MINIMUM ROYALTIES:  F. TAXES:	12 12 13 13 13 13 13

#### TABLE OF CONTENTS

	D. ASSIGNMENT; MAINTENANCE OF UNIFORM INTEREST:	15
	E. WAIVER OF RIGHTS TO PARTITION:	<b>15</b> .
	F. PREFERENTIAL RIGHT TO PURCHASE:	<del>15</del>
IX.	INTERNAL REVENUE CODE ELECTION	15
X.	CLAIMS AND LAWSUITS	15
XI.	FORCE MAJEURE	16
XII.	NOTICES	
XIII.	TERM OF AGREEMENT	
XIV.	COMPLIANCE WITH LAWS AND REGULATIONS	16
	A. LAWS, REGULATIONS AND ORDERS:	16
	B. GOVERNING LAW:	
	C. REGULATORY AGENCIES:	16
XV.	MISCELLANEOUS	17
	A. EXECUTION:	
	B. SUCCESSORS AND ASSIGNS:	
	C. COUNTERPARTS:	
	D. SEVERABILITY	
XVI.		
	A. CONFLICTS	
	B. PRIORITY OF PROPOSALS AND OPERATIONS	
	C. COMMENCEMENT OF OPERATIONS	
	D. OPERATOR'S AUTHORITY TO PERFORM CERTAIN MINISTERIAL ACTS	
	E. AMENDMENT OF OPERATING AGREEMENT	
	F. ADVANCE PAYMENTS	
	G. SEPARATE MEASUREMENT FACILITIES	
	H. BANKRUPTCY	
	I. SECURITY	
	J. E-MAIL AS FORM OF NOTICE	
	K. INTERPRETATION	17B
	L. COVENANTS RUNNING WITH LAND/EFFECT OF TRANSFER	
	M. INDEMNITY	
	N. WELL ACCESS	
	O. RELATIONSHIP OF PARTIES	
	P. FORECLOSURE OF OPERATOR'S LIEN	
	Q. SEVERABILITY	
	R. CHOICE OF LAW	
	S. GOVERNING AGREEMENT [If applicable]	17C
	5. GO VERGING AGREEMENT [1] apparence	