



ConocoPhillips
2208 West Main Street
Artesia, New Mexico 88210
www.conocophillips.com

July 29, 2021

Attn: Dean McClure
NM Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of Surface Commingle

Dear Mr. McClure,

COG Operating LLC respectfully requests approval for surface commingling for the following wells:

State VB Com 1
API# 30-025-24045
Vacuum; Abo, North
Ut. P, Sec. 19-T17S-R35E
Lea County, NM

State K 2
API# 30-025-24028
Vacuum; Abo, North
Ut. P, Sec. 19-T17S-R35E
Lea County, NM

State K 3
API# 30-025-24051
Vacuum; Abo, North
Ut. P, Sec. 19-T17S-R35E
Lea County, NM

Oil Production:

The oil production from all wells will be measured separately by test meter prior to being commingled at the Central Tank Battery located in Ut. J, Sec. 19-T17S-R35E. In the event the CTB is over capacity or in the case of battery or pipeline repairs the oil production from these wells may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County. In this case, the oil will remain segregated and will be measured by lact meter when offloading at said stations.

Gas Production:

The gas production from all wells will be measured separately by test meter prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. J, Sec. 19-T17S-R35E.

Well testing will be by separating and measuring the oil and gas production from the well for a minimum of twenty-four consecutive hours.

No owner notification is necessary. A letter from a certified Landman stating COG Operating is the only working interest owner is enclosed.

Please see the enclosed Administrative Application Checklist, C-107B Application for Surface Commingling, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations, and communization agreement application.

Sincerely,

A handwritten signature in black ink that reads "Jeanette Barron". The signature is written in a cursive style with a large initial "J".

Jeanette Barron
Regulatory Technician II

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: COG Operating, LLC **OGRID Number:** 229137
Well Name: State VB Com 1, State K 2, State K 3 **API:** 30-025-24045/30-025-24028/30-025-24051
Pool: Vacuum; Abo, North **Pool Code:** 61760

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
 NSL NSP (PROJECT AREA) NSP (PRORATION UNIT) SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
 DHC CTB PLC PC OLS OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. Offset operators or lease holders
 B. Royalty, overriding royalty owners, revenue owners
 C. Application requires published notice
 D. Notification and/or concurrent approval by SLO
 E. Notification and/or concurrent approval by BLM
 F. Surface owner
 G. For all of the above, proof of notification or publication is attached, and/or,
 H. No notice required

FOR OCD ONLY	
<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

7/29/21
Date

575-746-6974

Phone Number

jeanette.barron@conocophillips.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised August 1, 2011

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COG Operating LLC
OPERATOR ADDRESS: 2208 W Main Street, Artesia, New Mexico 88210
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)
LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code. 61760 Vacuum; Abo, North
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: _____ TITLE: Regulatory Technician II DATE: 7/29/21

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

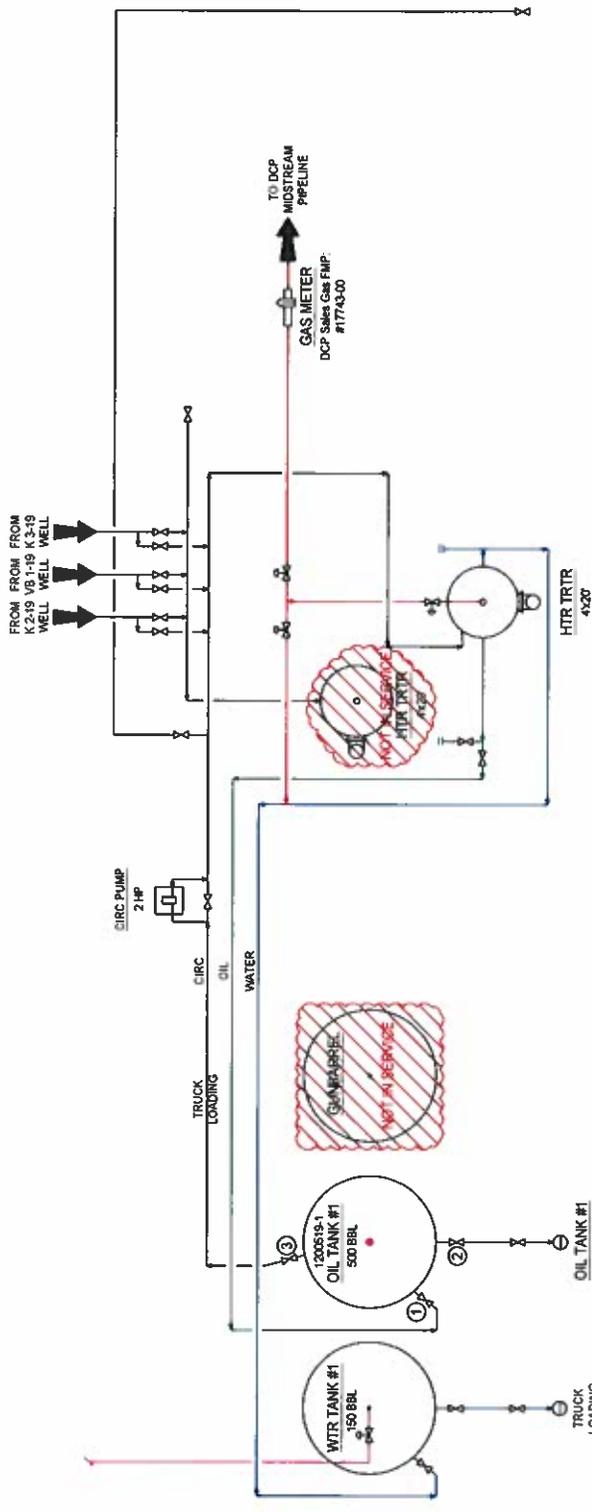
E-MAIL ADDRESS: jeanette.barron@conocophillips.com

NORTH
 STATE V8 & K CENTRAL BATTERY
 SECTION 15, T17S, R35E, UNIT J
 COORDS: 32.818213, -103.495203
 LEA COUNTY, NM

WELLS:
 STATE V8 COM #001: 30-025-24045
 STATE K #002: 30-025-24028
 STATE K #003: 30-025-24051

Production Phase - Oil Tank #1
 - Valve 1 open
 - Valve 2 closed
 - Valves 3 open

Sales Phase - Oil Tank #1
 - Valve 1 closed
 - Valve 2 open
 - Valves 3 closed



Site Diagram Legend
 Produced Fluid: —
 Produced Oil: —
 Produced Gas: —
 Produced Water: —
 Flare/Vent: —

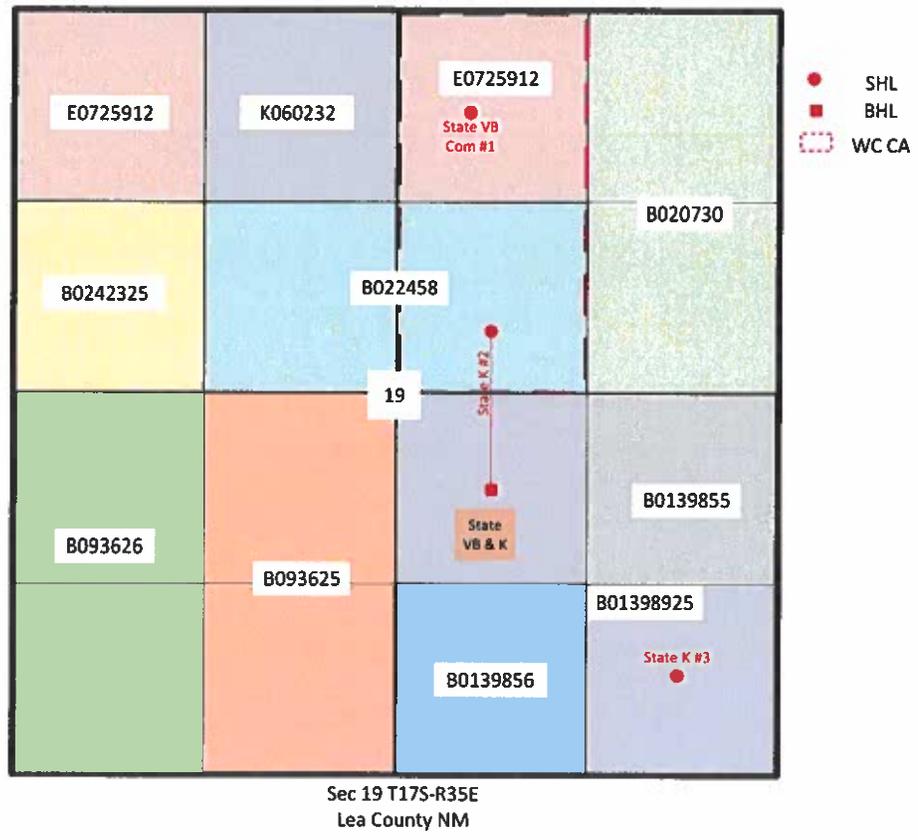
NOTES:
 Type of Lease: STATE
 Lease #: E0725912
 CA/Agreement #: N/A
 Property Code: 310317/310271
 OGRID #: 229137

COMPANYSHIP NOTICE		RESPONSE DRAINAGE		RECORDS		OPERATING RECORD	
NO.	TITLE	NO.	DATE	BY	DATE	BY	DATE
1	ONE CONCHO CENTER 600 WEST LINDAS AVENUE MCKINNEY, TEXAS 75069	1	07/27/21	DCP	07/27/21	DCP	07/27/21
2	DCO OPERATING LLC SITE SECURITY PLANS LOCATED AT:	2	07/27/21	DCP	07/27/21	DCP	07/27/21



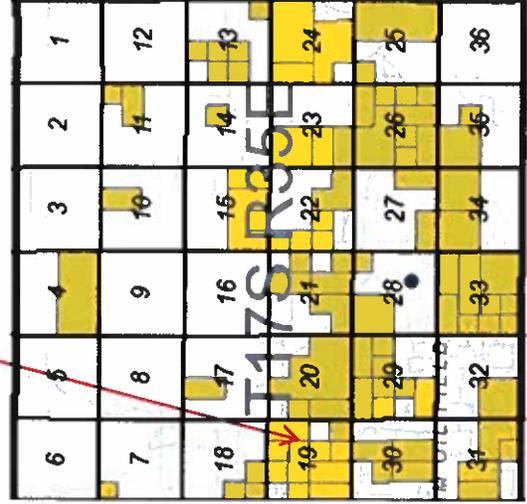
CONCHO
 DELAWARE BASIN EAST ASSET
 PRODUCTION FACILITIES
 SITE FACILITY DIAGRAM
 LEA COUNTY STATE V8 & K CENTRAL BATTERY NEW MOOSE
 TRUCK/PANORAMA DWS NO. StateV8/Battery

State VB & K CTB

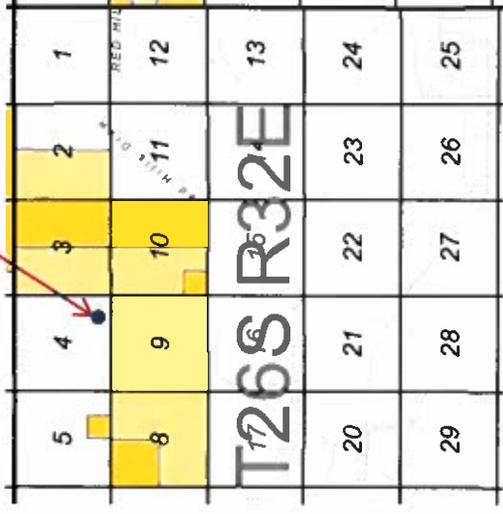


State VB Com 1, State K 2 & State K 3 & Red Hills and Jal Offload Station Map

State VB Com 1, State K 2 State K 3
Lea County, NM



Red Hills Offload Station
Lea County, NM



Jal Offload Station
Lea County, NM



State VB Com 1, State K 2 & State K 3 Wells



CTB located Sec 19, T17S, R35E Unit J LAT; 32.818213, LONG; -103.495203



ConocoPhillips
600 W. Illinois Ave.
Midland, TX 79701
www.conocophillips.com

July 8, 2021

RE: STATE K #002 WELL
STATE K #003 WELL
STATE VB COM #001 WELL
LEA COUNTY, NEW MEXICO

To Whom It Concerns,

My name is Gianni Esparza, and I am a Senior Land Negotiator at ConocoPhillips. My area of responsibility includes the above captioned wells.

I certify that title records indicate that COG Operating LLC is the only working interest owner in the spacing unit dedicated to this well.

Regards,

A handwritten signature in blue ink that reads "Gianni Esparza". The signature is fluid and cursive.

Gianni Esparza
Senior Land Negotiator
(281) 206-5480
gianni.esparza@conocophillips.com

Production Summary Report											
API: 30-025-24045											
STATE VB COM #001											
Printed On: Thursday, July 29 2021											
		Production					Injection				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I	Water(BBL)	Co2(MCF)	Gas(MCF)	Other	Pressure
2020	[61760] VACUUM;ABO, NORTH	Dec	108	152	16	22	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Jan	161	187	11	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Feb	126	152	6	28	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Mar	132	153	11	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Apr	126	155	7	30	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	May	122	147	10	31	0	0	0	0	0

Production Summary Report											
API: 30-025-24028											
STATE K #002											
Printed On: Thursday, July 29 2021											
		Production					Injection				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I	Water(BBL)	Co2(MCF)	Gas(MCF)	Other	Pressure
2020	[61760] VACUUM;ABO, NORTH	Dec	162	646	1	22	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Jan	242	795	0	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Feb	189	647	0	28	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Mar	197	649	0	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Apr	176	658	0	30	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	May	168	626	0	31	0	0	0	0	0

Production Summary Report											
API: 30-025-24051											
STATE K #003											
Printed On: Thursday, July 29 2021											
		Production					Injection				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I	Water(BBL)	Co2(MCF)	Gas(MCF)	Other	Pressure
2020	[61760] VACUUM;ABO, NORTH	Dec	81	114	15	22	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Jan	121	140	11	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Feb	95	114	6	28	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Mar	99	114	10	31	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	Apr	95	116	7	30	0	0	0	0	0
2021	[61760] VACUUM;ABO, NORTH	May	91	111	10	31	0	0	0	0	0

State VB Com 1, State K 2 & State K 3									
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered	
7.29.21	JB	SLO	PO Box 1148	Santa Fe	NM	87504-1148	7017 3040 0000 1205 2026		

STATE/STATE
OR
STATE/FEE
REV. 2/92

COMMUNITIZATION AGREEMENT

STATE OF NEW MEXICO) KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LEA)

THAT THIS AGREEMENT* is entered into as of the November 16 1994, 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 Abo formation (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.

*This agreement not to be used for helium or carbon dioxide

Com 700-0007

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:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 17S Range 35E N. M. P. M.

Section 19 - N/2 SE/4

Lea County, New Mexico,

containing 80.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit "A" showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for

in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

- 4. *The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.*
- 5. *There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.*
- 6. *The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.*
- 7. *The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.*
- 8. *Cross Timbers Operating Company shall be the Operator of said communitized area and all matters of operation shall be determined and performed by Cross Timbers Operating Company.*

- 9. ***This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.***

- 10. ***Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.***

- 11. ***It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in***

Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

- 12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.
- 13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

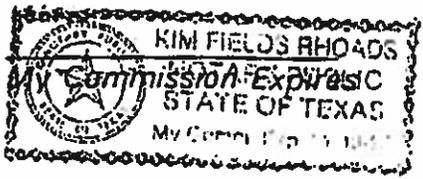
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR: Cross Timbers Operating Company
 BY: Vaughn O. Vernerberg ^{ESR}

LESSEES OF RECORD: Turnco, Inc.
Wayne Christa
Cross Timbers Oil Company
Vaughn O. Vernerberg ^{ESR}

STATE OF TEXAS)
) ss
 COUNTY OF TARRANT)

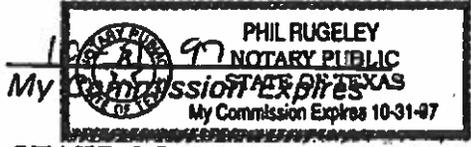
The foregoing instrument was acknowledged before me this 16th day of November 1994 by Vaughn O. Vernerberg, II as ~~xxxxxxx~~ in fact, on behalf of Cross Timbers Oil Company Company, Vice President - Land



Kim Fields Rhoads
 Notary Public

STATE OF TEXAS)
COUNTY OF YOUNG) ss

The foregoing instrument was acknowledged before me this 2nd day of Dec.,
1994 by Wayne Christian, as Attorney in Fact on behalf of
Turnco, Inc. Company. President



PHIL RUGELEY
Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____, as Attorney in Fact on behalf of
_____ Company.

My Commission Expires _____ Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____ as Attorney in Fact on behalf of
_____ Company.

My Commission Expires _____ Notary Public

STATE OF _____)
COUNTY OF _____) ss

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____ as Attorney in Fact on behalf of
_____ Company.

My Commission Expires _____ Notary Public

EXHIBIT "A"

Attached to and made a part of that Communitization Agreement dated _____ by and between Cross Timbers Operating Company, Turnco, Inc., Cross Timbers Oil Company, Company covering the N/2SE/4 Section 19 Township 17S Range 35E, County, New Mexico.

Operator of Communitized Area:

Company Cross Timbers Operating Company

Description of Leases Committed:

Tract No. 1

Lessor:

State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

*Turnco, Inc.

Serial No. of Lease:

B-1398

Date of Lease:

December 3, 1932

Description of Lands Committed:

NW/4 SE/4 Section 19-

T17S-R35E.

Lea County, New Mexico

No. of Acres:

40.00

Tract No. 2

Lessor:

State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record:

Cross Timbers Oil Company

Serial No. of Lease:

B-1398

Date of Lease:

December 3, 1932

**Description of Lands
Committed:**

NE/4 SE/4 Section 19-T17S-R35E

No. of Acres:

Lea County, New Mexico

40.00

Tract No. 3

Lessor:

**State of New Mexico acting by and through
its Commissioner of Public Lands**

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands

Committed:

No. of Acres:

Tract No. 4

Lessor:

**State of New Mexico acting by and through
its Commissioner of Public Lands**

Lessee of Record:

Serial No. of Lease:

Date of Lease:

Description of Lands

Committed:

No. of Acres:

* Turnco, Inc. owns record title to the captioned lease but owns no operating rights in said land as to the Abo formation. Cross Timbers Oil Company owns 100% of the operating rights as to the Abo formation in the State 'K' #2 well located in the NW/4 SE/4 Section 19-17S-35E, Lea County, New Mexico.

RECAPITULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
Lease No. 1	40.00	50%
Lease No. 2	40.00	50%
Lease No. 3		
Lease No. 4		



ConocoPhillips
600. W Illinois Ave.
Midland, TX 79705
www.conocophillips.com

February 10, 2022

RE: STATE K #002 WELL
STATE K #003 WELL
STATE VB COM #001 WELL
LEA COUNTY, NEW MEXICO

To Whom It Concerns,

My name is Mackayla Stone, and I am a Land Negotiator at ConocoPhillips. My area of responsibility includes the above captioned wells.

Regarding the State K #002, State K #003 and State VB Com #001 wells the following statements are true:

- 1) The revenue owners are identical as defined NMAC 19.15.12.7.B.
- 2) The leases or pools have the same working, royalty and overriding royalty owners in exactly the same percentages.

Regards,

A handwritten signature in black ink that reads "Mackayla Stone".

Mackayla Stone
Land Negotiator
(432)235-8695
mackayla.stone@conocophillips.com



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

August 9, 2021

ConocoPhillips
ATTN: Jeanette Barron
2208 West Main St.
Artesia, NM 88210

Re: Request to Surface Commingle and Off-Lease Storage
State VB Com #001, API No. 30-25-24045
State K #002, API No. 30-025-24028
State K #003, API No. 30-025-24051
POOL: [61760] Vacuum; Abo, North
Lea County, New Mexico

Dear Ms. Barron;

We have received your \$150 application fee and request for surface commingling for the above-captioned wells.

Since it appears that all the rules and regulations for the New Mexico Oil Conservation Division and the State Land Office have been compiled with and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved.

Our approval

- is subject to approval from all relevant agencies,
- does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

If you have any questions or if we may be of further assistance, please contact Commingling Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us.

Respectfully,

Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

cc: OCD – Mr. Leonard Lowe
OGMD and Units Reader Files

From: [Engineer, OCD, EMNRD](#)
To: [Barron, Jeanette](#)
Cc: [Kautz, Paul, EMNRD](#); [Hawkins, James, EMNRD](#); [Powell, Brandon, EMNRD](#); lisa@rwbyram.com; [Dawson, Scott](#)
Subject: Approved Administrative Order CTB-1005
Date: Monday, March 7, 2022 4:10:00 PM
Attachments: [CTB1005 Order.pdf](#)

Please see the correct order and subject line as the original email below had the incorrect order attached for the text in the body of the email.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

From: Engineer, OCD, EMNRD
Sent: Monday, March 7, 2022 4:08 PM
To: Barron, Jeanette <Jeanette.Barron@conocophillips.com>
Cc: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Hawkins, James, EMNRD <James.Hawkins@state.nm.us>; Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>; lisa@rwbyram.com; Dawson, Scott <sdawson@slo.state.nm.us>
Subject: Approved Administrative Order PLC-806

NMOCD has issued Administrative Order CTB-1005 which authorizes COG Operating, LLC (229137) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-025-24045	State VB com #1	W/2 NE/4	19-17S-35E	61760
30-025-24028	State K #2	N/2 SE/4	19-17S-35E	61760
30-025-24051	State K #3	S/2 SE/4	19-17S-35E	61760

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
 Petroleum Engineer, Oil Conservation Division
 New Mexico Energy, Minerals and Natural Resources Department
 (505) 469-8211

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY COG OPERATING, LLC**

ORDER NO. CTB-1005

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
9. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.

10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. The oil and gas production for each well identified in Exhibit A shall be allocated by conducting a minimum of one (1) well test per month.

Applicant shall conduct a well test by separating and measuring the oil and gas production from that well for a minimum of twenty-four (24) consecutive hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than thirty (30) days until the well commences production.

3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
4. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
6. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 3/07/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1005
Operator: COG Operating, LLC (229137)
Central Tank Battery: State VB & K Central Battery
Central Tank Battery Location: Unit J, Section 19, Township 17 South, Range 35 East
Central Tank Battery: Red Hills Offload Station
Central Tank Battery Location: Unit O, Section 4, Township 26 South, Range 32 East
Central Tank Battery: Jal Offload Station
Central Tank Battery Location: Unit D, Section 4, Township 26 South, Range 37 East
Gas Title Transfer Meter Location: Unit J, Section 19, Township 17 South, Range 35 East

Pools

Pool Name	Pool Code
VACUUM; ABO, NORTH	61760

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Abo NMSLO PUN 1159575	S/2 SE/4	19-17S-35E
CA Abo NMSLO PUN 1038031	N/2 SE/4	19-17S-35E
CA Abo NMSLO PUN 1038043	W/2 NE/4	19-17S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-24045	State VB com #1	W/2 NE/4	19-17S-35E	61760
30-025-24028	State K #2	N/2 SE/4	19-17S-35E	61760
30-025-24051	State K #3	S/2 SE/4	19-17S-35E	61760

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS
 Action 38834

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 38834
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	3/7/2022