



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

November 16, 2023

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

Re: Application for Administrative Approval of Lease Commingle

Dear Mr. McClure,

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

Azores Federal Com 701H  
API# 30-025-49136  
WC025G08S243217P; UPR Wolfcamp  
Ut. P, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 702H  
API# 30-025-49137  
WC025G08S243217P; UPR Wolfcamp  
Ut. P, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 703H  
API# 30-025-49138  
WC025G08S243217P; UPR Wolfcamp  
Ut. O, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 704H  
API# 30-025-49139  
WC025G08S243217P; UPR Wolfcamp  
Ut. M, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 705H  
API# 30-025-49140  
WC025G08S243217P; UPR Wolfcamp  
Ut. M, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 706H  
API# 30-025-49197  
WC025G08S243217P; UPR Wolfcamp  
Ut. M, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 707H  
API# 30-025-51392  
WC025G08S243217P; UPR Wolfcamp  
Ut. P, Sec. 29-T24S-R32E  
Lea County, NM

Azores Federal Com 708H  
API# 30-025-51393  
WC025G08S243217P; UPR Wolfcamp  
Ut. M, Sec. 29-T24S-R32E  
Lea County, NM

**Oil Production:**

The oil production from all wells will be measured separately by test meters prior to being commingled at the Central Tank Battery located in Ut. N, Sec. 20-T24S-R32E. 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 prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. N, Sec. 20-T24S-R32E.

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

All owners of interest have been notified by certified mail that should they have an objection to this surface commingling, they must file a formal protest with the NMOCD within 20 days of the date of this application. Proof of owner notification.

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

Thank you for your attention to this matter.

Sincerely,

*Jeanette Barron*

Jeanette Barron  
Regulatory Coordinator

Revised March 23, 2017

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: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

**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**

- ☐ Notice Complete  
☐ 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.**

11.16.23

Date

Print or Type Name

Phone Number

*Jeanette Barron*

Signature

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 IV1220 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 LLCOPERATOR 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    ☒ FederalIs 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.

(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: Jeanette Barron TITLE: Regulatory Coordinator DATE: 11.16.23TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974E-MAIL ADDRESS: jeanette.barron@conocophillips.com

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  
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DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49136</b>	Pool Code <b>98248</b>	Pool Name <b>WC025G08S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>701H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3507.2'</b>

**Surface Location**

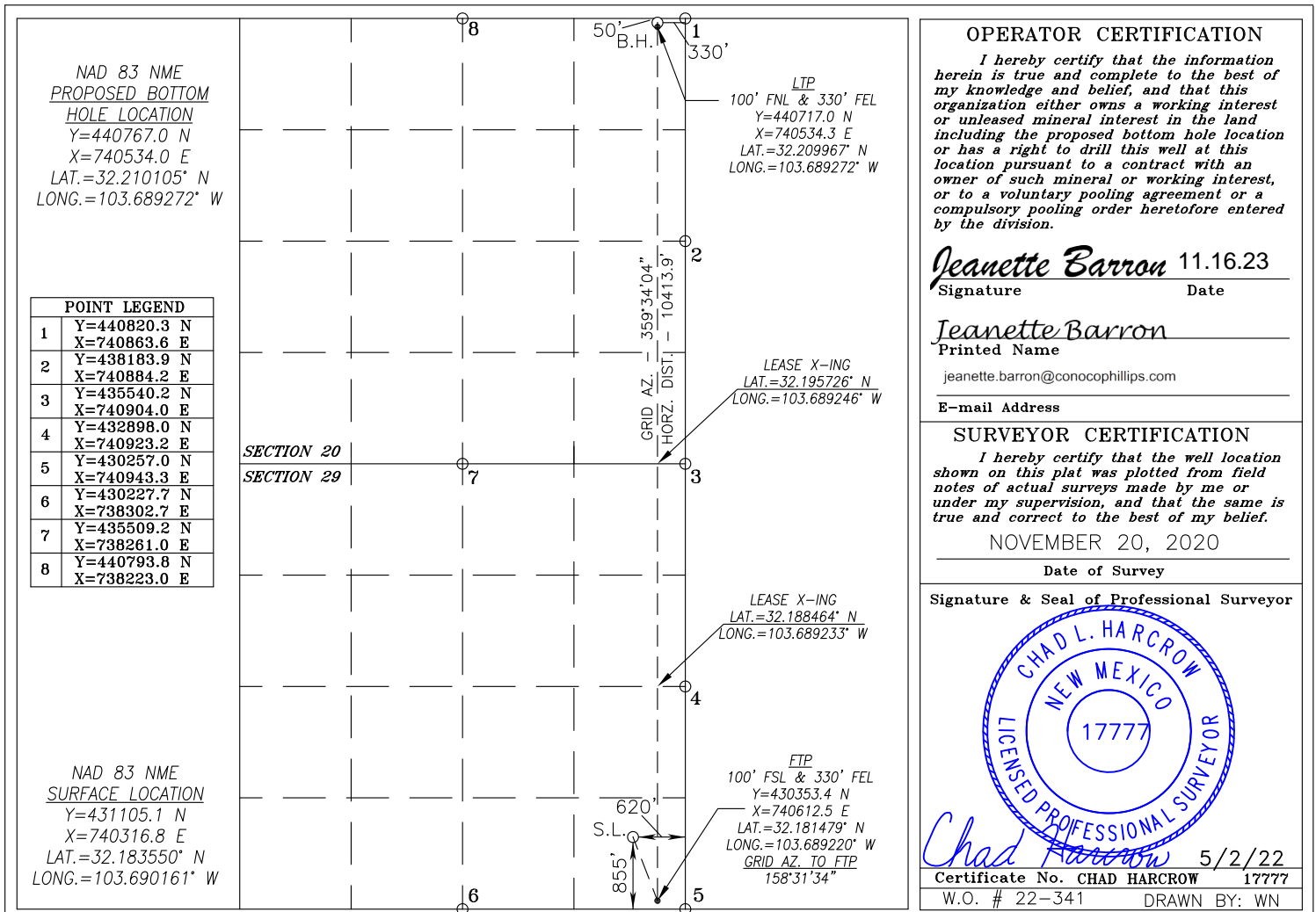
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	29	24-S	32-E		855	SOUTH	620	EAST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	20	24-S	32-E		50	NORTH	330	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>320</b>			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49137</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>702H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3507.0'</b>

**Surface Location**

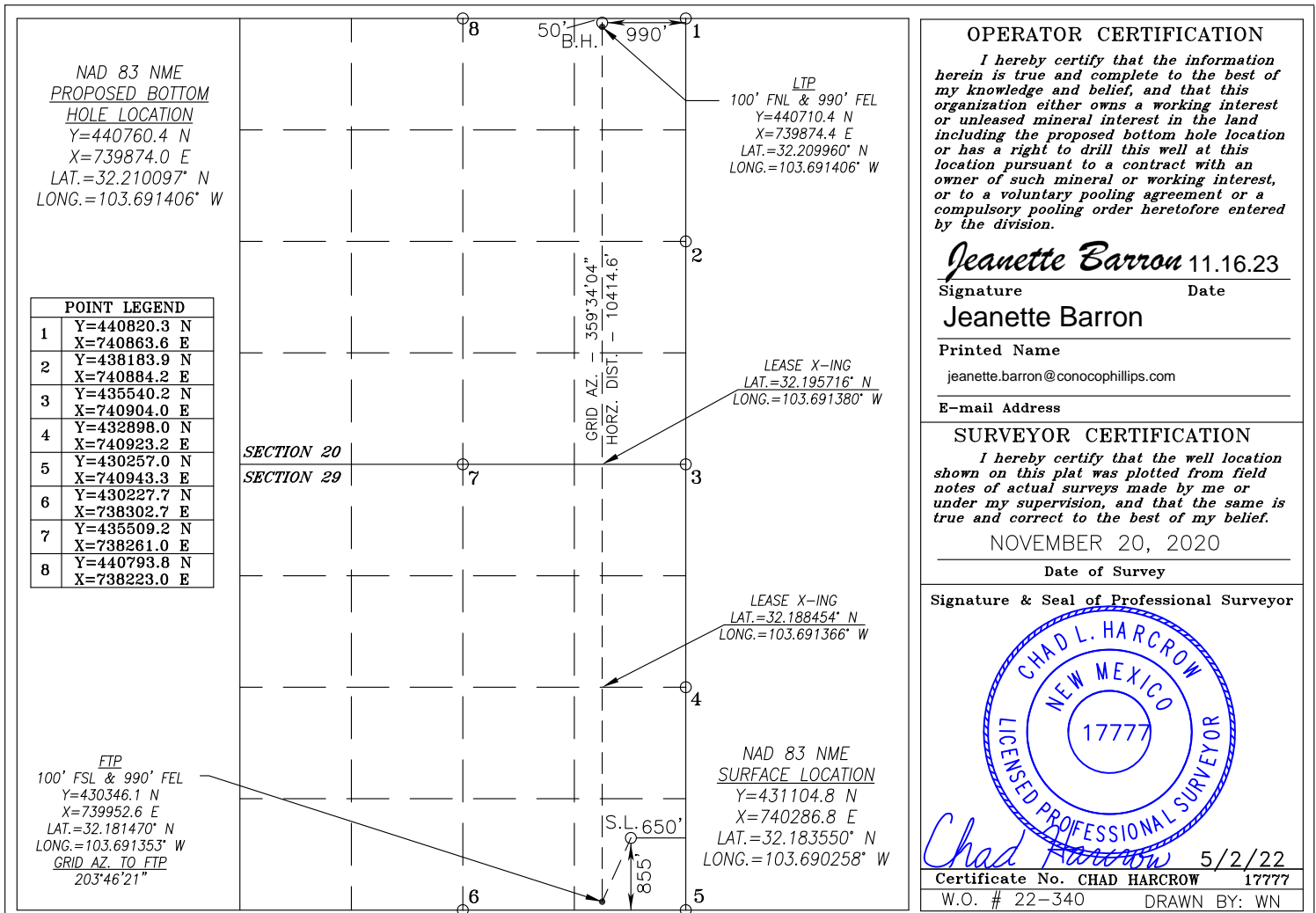
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	29	24-S	32-E		855	SOUTH	650	EAST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	20	24-S	32-E		50	NORTH	990	EAST	LEA

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49138</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>703H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3500.2'</b>

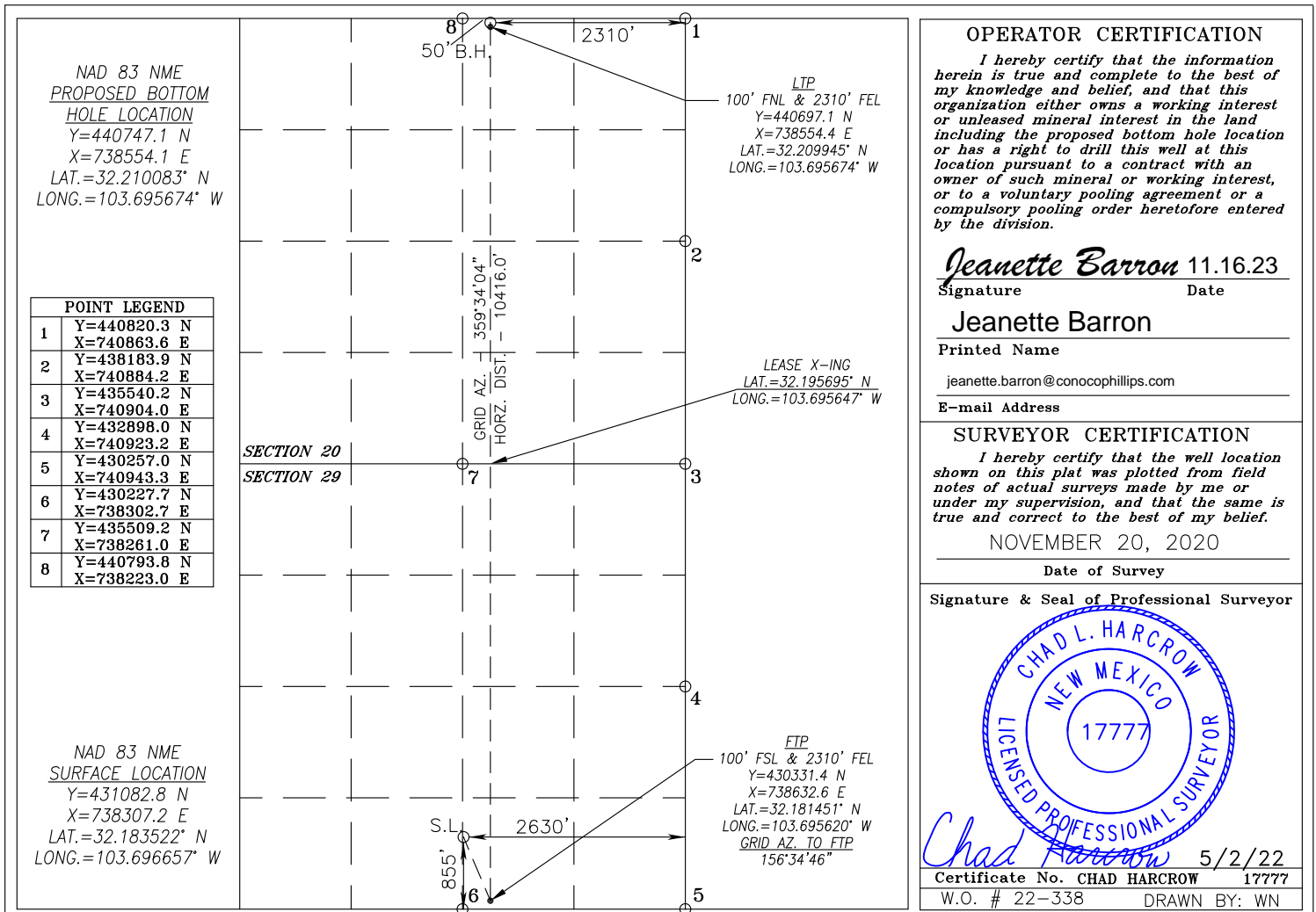
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	29	24-S	32-E		855	SOUTH	2630	EAST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	24-S	32-E		50	NORTH	2310	EAST	LEA
Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49139</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>704H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3500.8'</b>

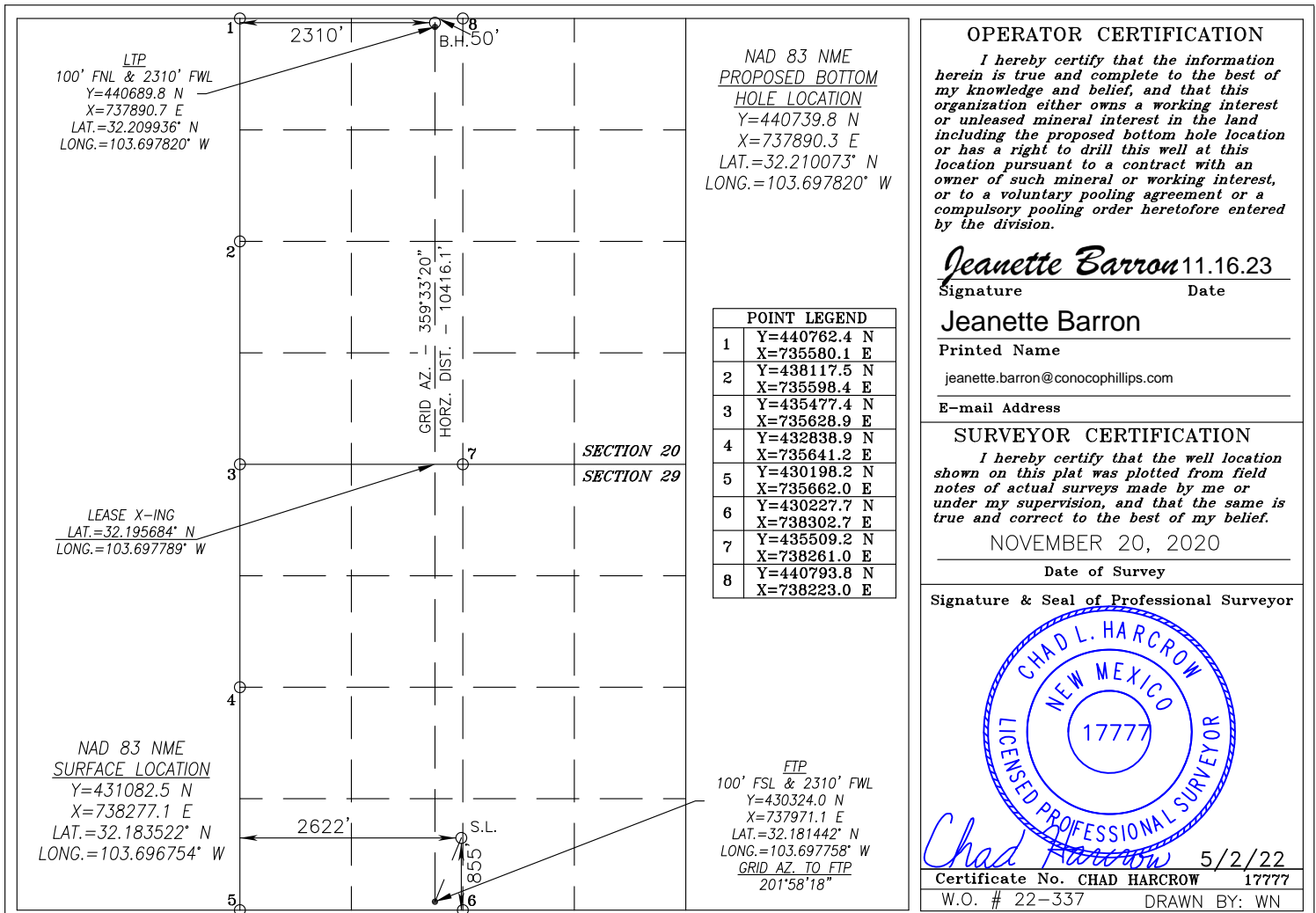
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	24-S	32-E		855	SOUTH	2622	WEST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	24-S	32-E		50	NORTH	2310	WEST	LEA
Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

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Energy, Minerals & Natural Resources Department  
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Santa Fe, New Mexico 87505

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49140</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>705H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3503.2'</b>

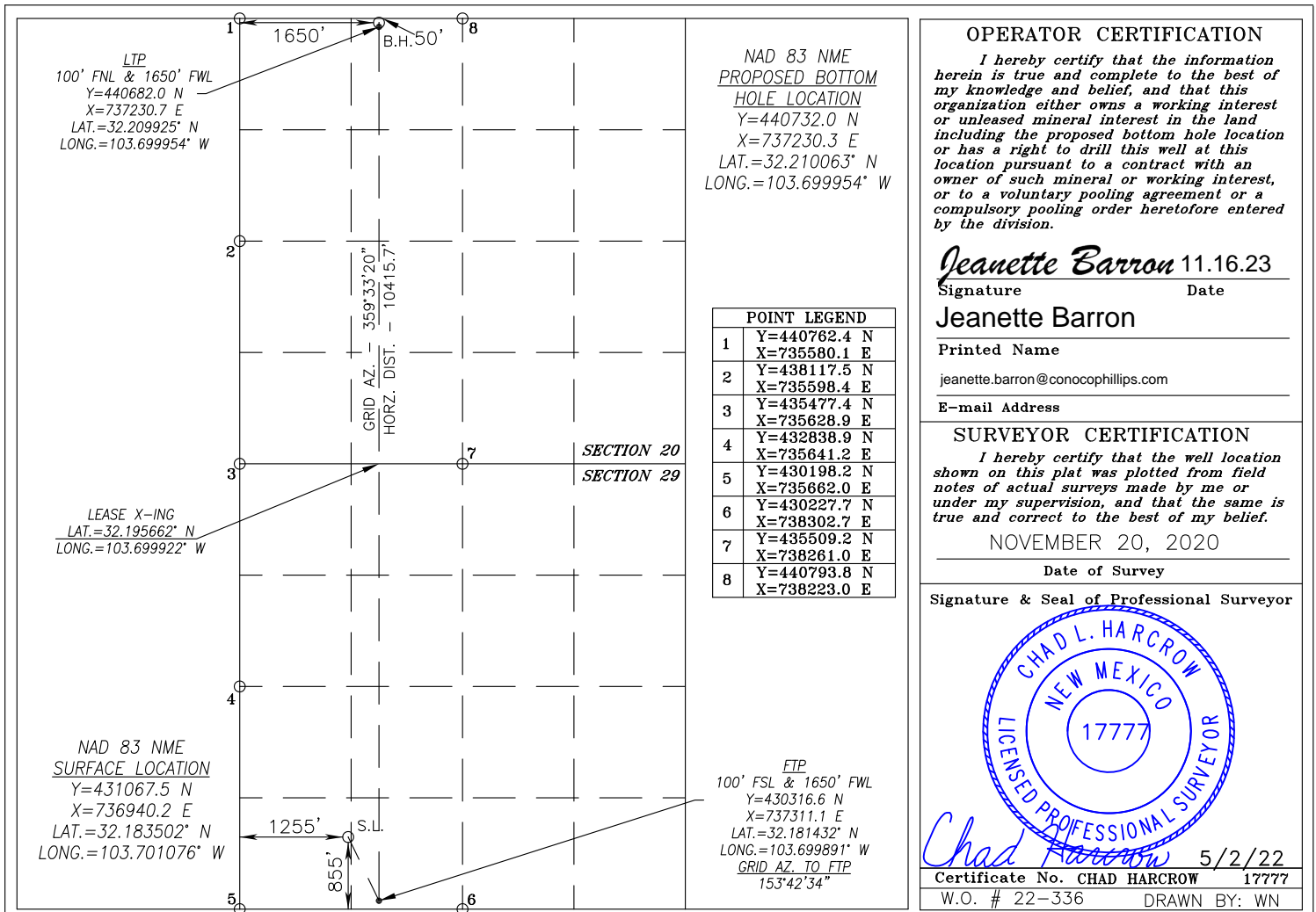
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	24-S	32-E		855	SOUTH	1285	WEST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	24-S	32-E		50	NORTH	1650	WEST	LEA
Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-49197</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>706H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3503.6'</b>

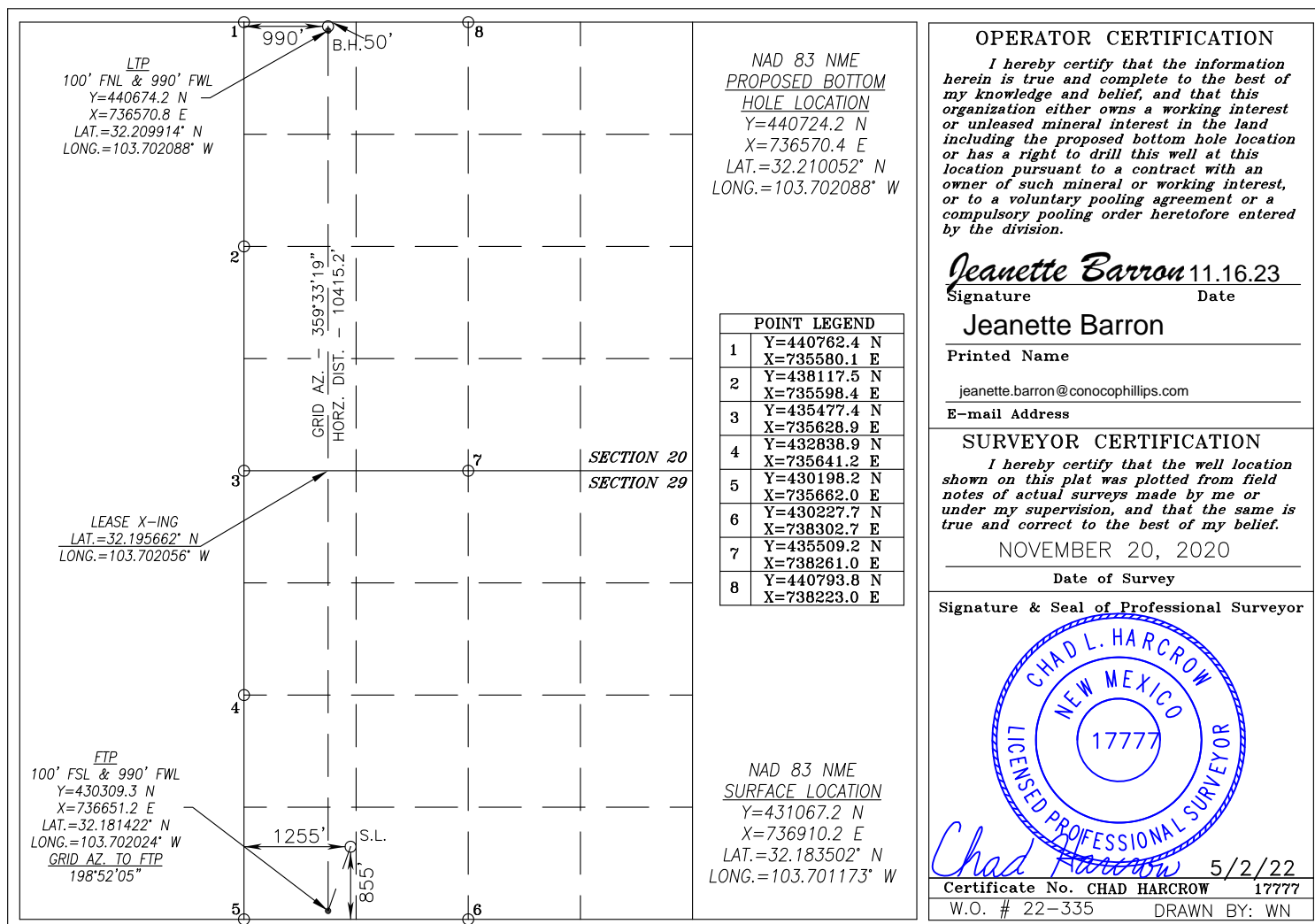
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	24-S	32-E		855	SOUTH	1255	WEST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	24-S	32-E		50	NORTH	990	WEST	LEA
Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-51392</b>	Pool Code <b>98248</b>	Pool Name <b>WC-025 G-08 S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>707H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3506.7'</b>

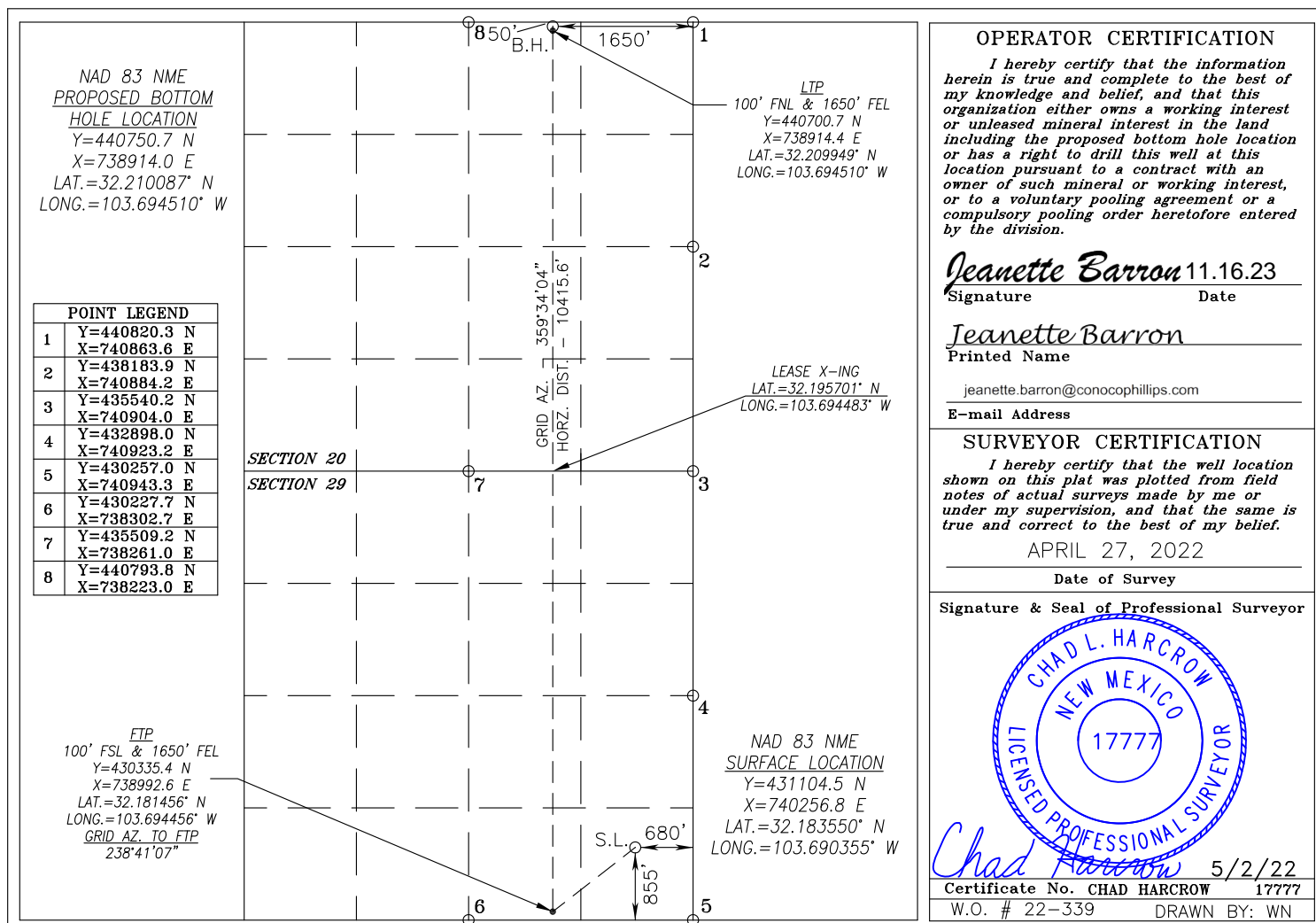
**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	29	24-S	32-E		855	SOUTH	680	EAST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	24-S	32-E		50	NORTH	1650	EAST	LEA
Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.						

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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025-51393</b>	Pool Code <b>98248</b>	Pool Name <b>WC025G08S243217P; UPR WOLFCAMP</b>
Property Code <b>317670</b>	Property Name <b>AZORES FEDERAL COM</b>	Well Number <b>708H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG OPERATING, LLC</b>	Elevation <b>3503.8'</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	24-S	32-E		855	SOUTH	1225	WEST	LEA

**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	24-S	32-E		50	NORTH	330	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>320</b>			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>NAD 83 NME <u>PROPOSED BOTTOM HOLE LOCATION</u> Y=440716.4 N X=735910.4 E LAT.=32.210041° N LONG.=103.704222° W</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2">POINT LEGEND</th> </tr> </thead> <tbody> <tr><td>1</td><td>Y=440762.4 N X=735580.1 E</td></tr> <tr><td>2</td><td>Y=438117.5 N X=735598.4 E</td></tr> <tr><td>3</td><td>Y=435477.4 N X=735628.9 E</td></tr> <tr><td>4</td><td>Y=432838.9 N X=735641.2 E</td></tr> <tr><td>5</td><td>Y=430198.2 N X=735662.0 E</td></tr> <tr><td>6</td><td>Y=430227.7 N X=738302.7 E</td></tr> <tr><td>7</td><td>Y=435509.2 N X=738261.0 E</td></tr> <tr><td>8</td><td>Y=440793.8 N X=738223.0 E</td></tr> </tbody> </table> <p>NAD 83 NME <u>SURFACE LOCATION</u> Y=431066.9 N X=736880.2 E LAT.=32.183501° N LONG.=103.701270° W</p>	POINT LEGEND		1	Y=440762.4 N X=735580.1 E	2	Y=438117.5 N X=735598.4 E	3	Y=435477.4 N X=735628.9 E	4	Y=432838.9 N X=735641.2 E	5	Y=430198.2 N X=735662.0 E	6	Y=430227.7 N X=738302.7 E	7	Y=435509.2 N X=738261.0 E	8	Y=440793.8 N X=738223.0 E	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Jeanette Barron</i> 11.16.23 Signature Date</p> <p><i>Jeanette Barron</i> Printed Name jeanette.barron@conocophillips.com E-mail Address</p> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p style="text-align: center;">APRIL 27, 2022 Date of Survey</p> <p>Signature &amp; Seal of Professional Surveyor</p> <div style="text-align: center;"> </div> <p><i>Chad Harcrow</i> 5/2/22 Certificate No. CHAD HARCROW 17777 W.O. # 22-334 DRAWN BY: WN</p>
POINT LEGEND																				
1	Y=440762.4 N X=735580.1 E																			
2	Y=438117.5 N X=735598.4 E																			
3	Y=435477.4 N X=735628.9 E																			
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7	Y=435509.2 N X=738261.0 E																			
8	Y=440793.8 N X=738223.0 E																			





**AZORES FEDERAL 29 N CTB**  
SECTION 29, T24S, R32E, UNIT 2  
COORDS: 32.183432, -103.698225  
LEA COUNTY, NM

WELLS:  
AZORES FEDERAL COM #701H: 30-025-49136  
AZORES FEDERAL COM #702H: 30-025-49137  
AZORES FEDERAL COM #703H: 30-025-49138  
AZORES FEDERAL COM #704H: 30-025-49139  
AZORES FEDERAL COM #705H: 30-025-49140  
AZORES FEDERAL COM #706H: 30-025-49197  
AZORES FEDERAL COM #707H: IN PROGRESS  
AZORES FEDERAL COM #708H: IN PROGRESS

### Royalty Free Fuel Usage:

(2) Heater Treater

Estimated Total Usage: \_\_\_\_ mcf/day

\*\*\*Fuel Usage is based off of the  
COP L48 Fuel Calculated Fuel Use  
Formulas\*\*\*

## METERS

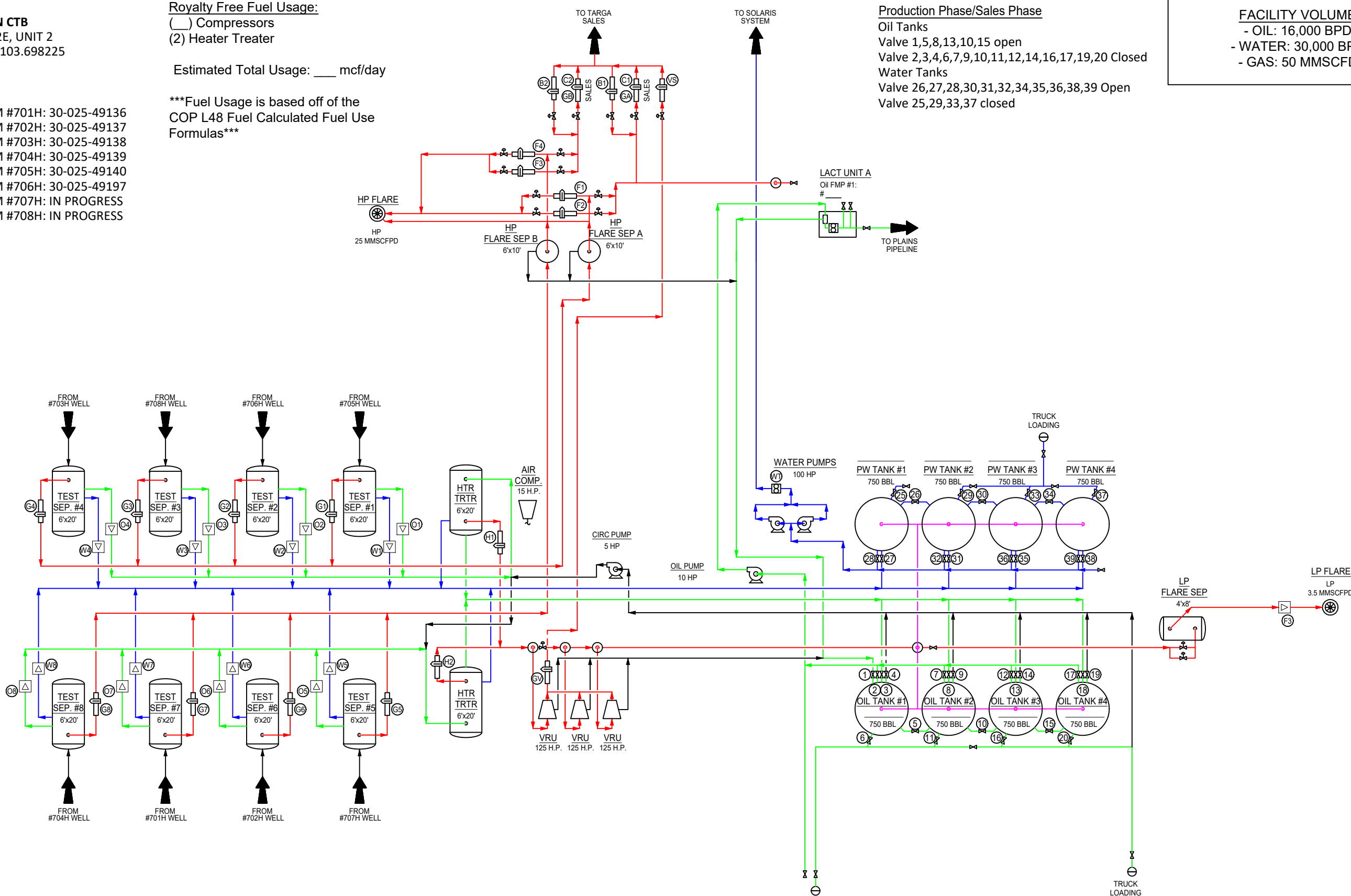
(O1) Tester #1 Oil Meter # \_\_\_\_\_  
 (G1) Tester #1 Gas Meter # \_\_\_\_\_  
 (W1) Tester #1 Water Meter # \_\_\_\_\_  
 (O2) Tester #2 Oil Meter # \_\_\_\_\_  
 (G2) Tester #2 Gas Meter # \_\_\_\_\_  
 (W2) Tester #2 Water Meter # \_\_\_\_\_  
 (O3) Tester #3 Oil Meter # \_\_\_\_\_  
 (G3) Tester #3 Gas Meter # \_\_\_\_\_  
 (W3) Tester #3 Water Meter # \_\_\_\_\_  
 (O4) Tester #4 Oil Meter # \_\_\_\_\_  
 (G4) Tester #4 Gas Meter # \_\_\_\_\_  
 (W4) Tester #4 Water Meter # \_\_\_\_\_

## METERS

(O5) Tester #5 Oil Meter # \_\_\_\_\_  
(G5) Tester #5 Gas Meter # \_\_\_\_\_  
(W5) Tester #5 Water Meter # \_\_\_\_\_  
(O6) Tester #6 Oil Meter # \_\_\_\_\_  
(G6) Tester #6 Gas Meter # \_\_\_\_\_  
(W6) Tester #6 Water Meter # \_\_\_\_\_  
(O7) Tester #7 Oil Meter # \_\_\_\_\_  
(G7) Tester #7 Gas Meter # \_\_\_\_\_  
(W7) Tester #7 Water Meter # \_\_\_\_\_  
(O8) Tester #8 Oil Meter # \_\_\_\_\_  
(G8) Tester #8 Gas Meter # \_\_\_\_\_  
(W8) Tester #8 Water Meter # \_\_\_\_\_

## METERS

(F1) HP Flare Gas Meter # \_\_\_\_\_  
(F2) HP Flare Gas Meter # \_\_\_\_\_  
(F3) HP Flare Gas Meter # \_\_\_\_\_  
(F4) HP Flare Gas Meter # \_\_\_\_\_  
(F5) LP Flare Gas Meter # \_\_\_\_\_  
(GV) VRU Gas Meter # \_\_\_\_\_  
(GS) VRU Sales Gas Meter # \_\_\_\_\_  
(WT) Water Transfer Meter # \_\_\_\_\_  
(C1) Check Gas Meter # \_\_\_\_\_  
(GA) FMP Gas Sales Meter #1 # \_\_\_\_\_  
(B1) Gas By Back Meter # \_\_\_\_\_  
(C2) Check Gas Meter # \_\_\_\_\_  
(GB) FMP Gas Sales Meter #2 # \_\_\_\_\_  
(B2) Gas By Back Meter # \_\_\_\_\_  
(H1) Heater Flash Gas Meter # \_\_\_\_\_  
(H2) Heater Flash Gas Meter # \_\_\_\_\_



NOTES:

**Type of Facility: Federal**  
**Lease #:**  
**CA #: In Progress**  
**NMOCD Property Code: 317670**  
**NMOCD OGRID #: 217955**

### Site Diagram Legend

Produced Fluid: \_\_\_\_\_  
 Produced Oil: \_\_\_\_\_  
 Produced Gas: \_\_\_\_\_  
 Produced Water: \_\_\_\_\_  
 Flare/Vent: \_\_\_\_\_

**CONFIDENTIALITY NOTICE**

THIS DRAWING IS PROPERTY  
OF COG PRODUCTION LLC  
AND IS LENT TO THE  
BORROWER FOR  
CONFIDENTIAL USE ONLY AND  
IS SUBJECT TO RETURN  
UPON REQUEST AND SHALL  
NOT BE REPRODUCED,  
COPIED, LENT OR OTHERWISE  
DISPOSED OF DIRECTLY OR  
INDIRECTLY, NOR USED FOR  
ANY PURPOSE OTHER THAN  
THAT WHICH IT IS  
SPECIFICALLY FURNISHED.

### REFERENCE DRAWINGS

NO.	TITLE
<b>COG PRODUCTION LLC SITE SECURITY PLANS LOCATED AT:</b>	<b>ONE CONCHO CENTER 600 WEST ILLINOIS AVENUE MIDLAND, TEXAS 79701</b>

## REVISIONS

NO.	DATE	DESCRIPTION	BY	CHK
A	04/25/23	ISSUED FOR PRELIM	JS	CB
B	06/20/23	REVISED PER FACILITY VOLUMES	JS	CB

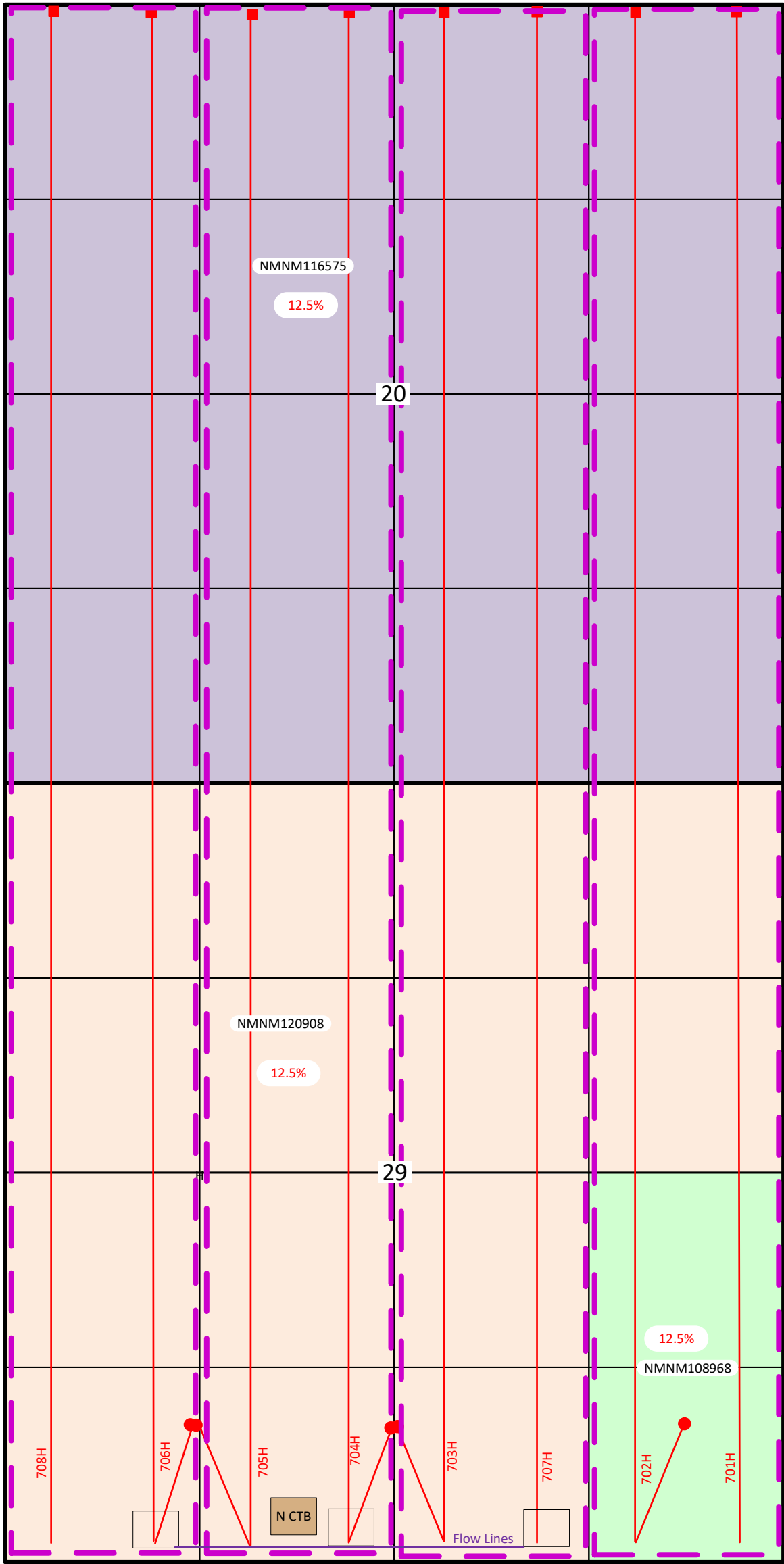
## ENGINEERING RECORD

APP.	BY	DATE
CB	DRN: JS	04/24/23
CB	DES:	
	CHK:	
	APP:	
	A/E NO:	
	FACIL ENGR:	C. Blair
	OPER ENGR:	
	SCALE:	NONE



DELAWARE BASIN EAST ASSE  
PRODUCTION FACILITIES  
SITE FACILITY DIAGRAM  
AZORES FEDERAL 29 N CTB

LEA COUNTY		NEW MEXICO	
TWNSHP/RANGE	DWG NO.	REV	B
	AzoresFederal29NCTB		



## Azores Federal Wells

Sec. 20, 32-T24S-R32E  
Lea County, NM

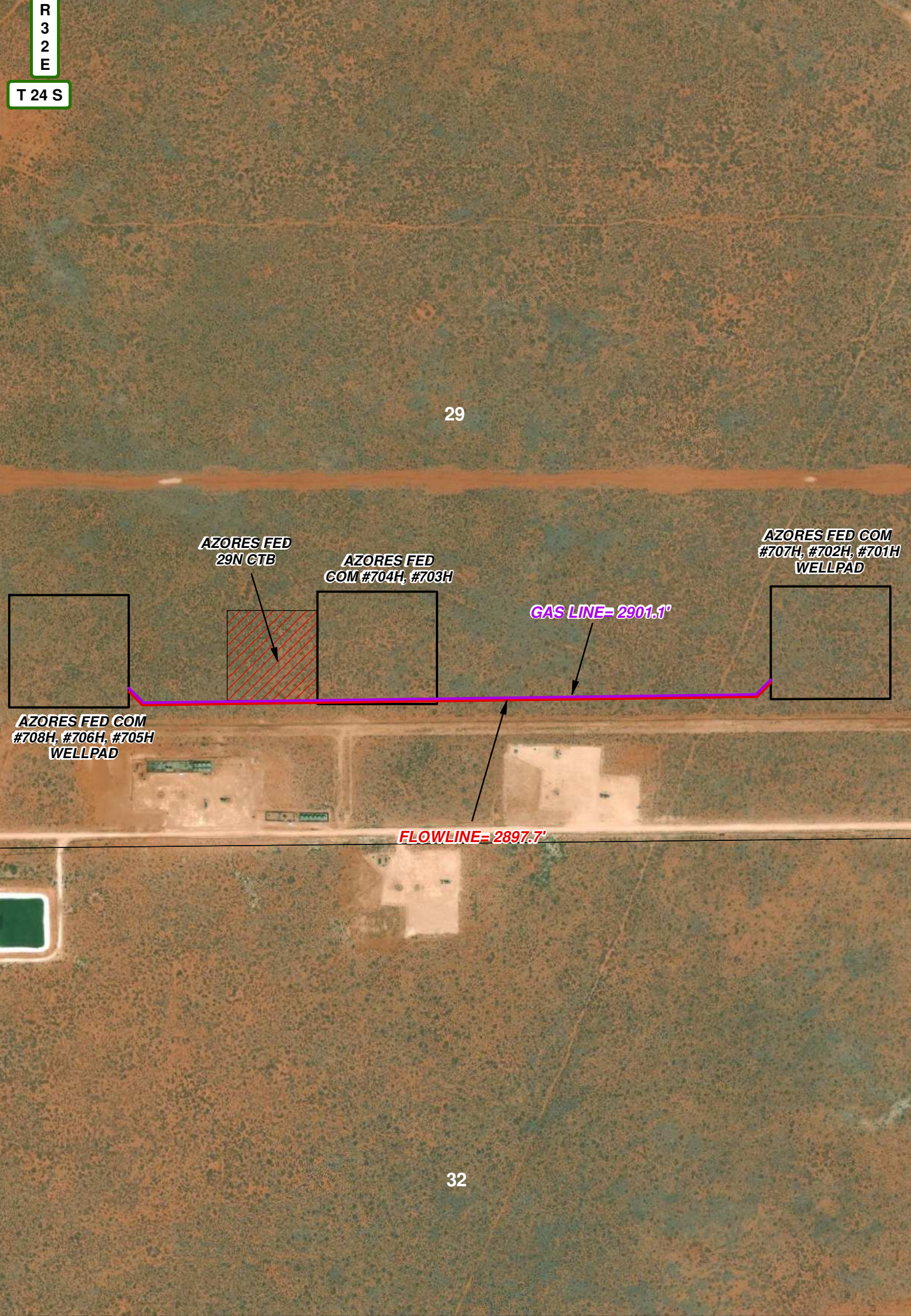
- Proposed WCA SH SHL
- Proposed WCA SH SHL
- Proposed WCA CA

Azores Fed Com 701H 30-025-49136
Azores Fed Com 702H 30-025-49137
Azores Fed Com 703H 30-025-49138
Azores Fed Com 704H 30-025-49139
Azores Fed Com 705H 30-025-49140
Azores Fed Com 706H 30-025-49197
Azores Fed Com 707H 30-025-51392
Azores Fed Com 708H 30-025-51393



R  
3  
2  
E

T 24 S



LEGEND

- WELL
- WELLPAD
- ▨ TANK BATTERY
- FLOWLINE
- GAS LINE

AZORES FEDERAL COM PIPELINES

SECTION: 29	TOWNSHIP: 24 S.	RANGE: 32 E.
STATE: NEW MEXICO	COUNTY: LEA	SURVEY: N.M.P.M
W.O. # 22-438	LEASE: AZORES	

0 500 1,000 FEET

0 0.03250.065 0.13 Miles 1 IN = 500 FT

PIPELINE OVERVIEW

IMAGERY

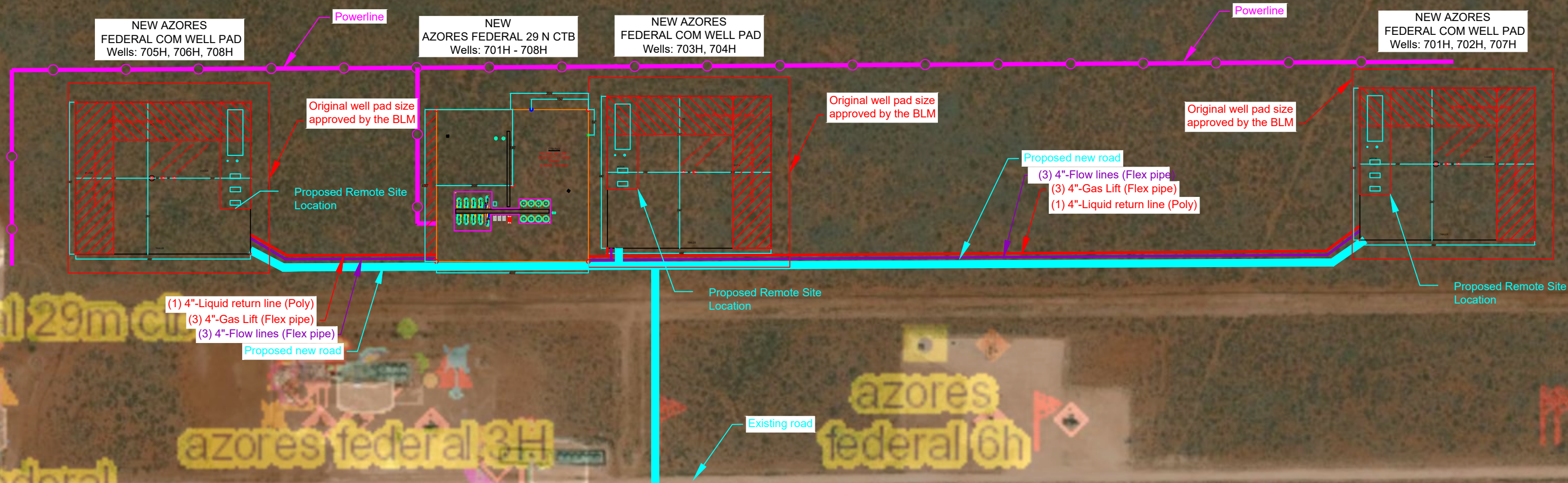
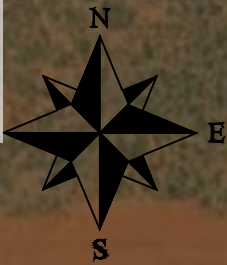
5/10/2022

W.N.

  
COG OPERATING, LLC

 **HARCROW SURVEYING, LLC.**  
2316 W. MAIN ST, ARTESIA, NM 88210  
PH: (575) 746-2158  
c.harcrow@harcrowsurveying.com



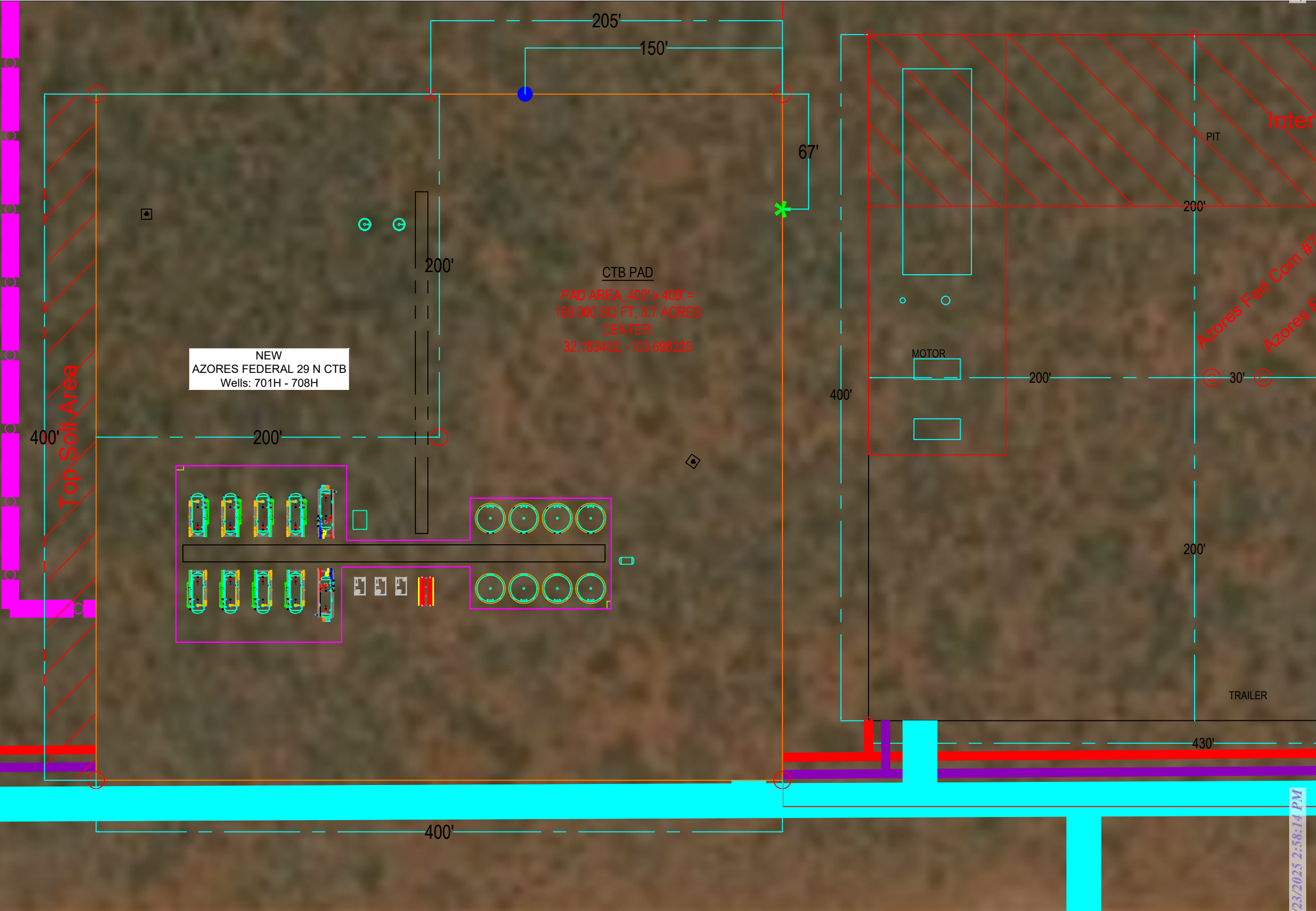


Facility Plan  
Azores Federal Project  
Sec 29, T24S, R32E

REV	DATE	BY
E	08/01/23	CS
B	11/23/20	CS
C	04/05/22	CS
D	04/25/23	CS



Page 17 of 62  
Received by OCD: 11/16/2023 02:17:08 AM  
Released by 67 Imaging: 05/23/2025 2:58:14 PM

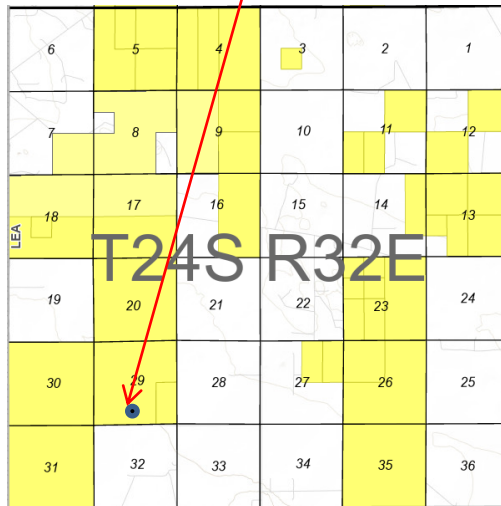


Facility Plan  
Azores Federal Project  
Sec 29, T24S, R32E

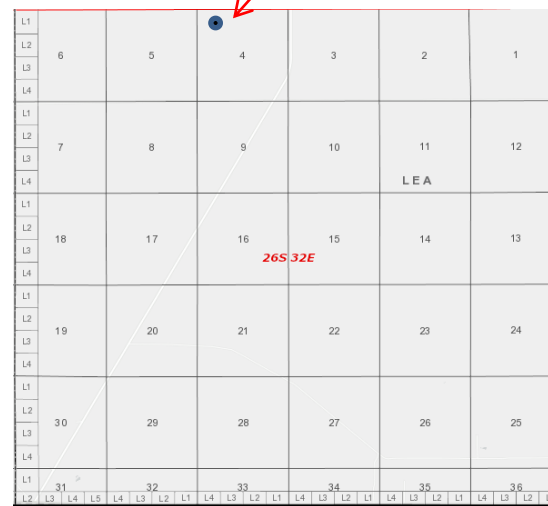
REV	DATE	BY
E	08/01/23	SS
B	11/23/20	SS
C	04/05/22	SS
D	04/25/23	SS

# Azores Fed Com 701H-708H & Red Hills and Jal Offload Station Map

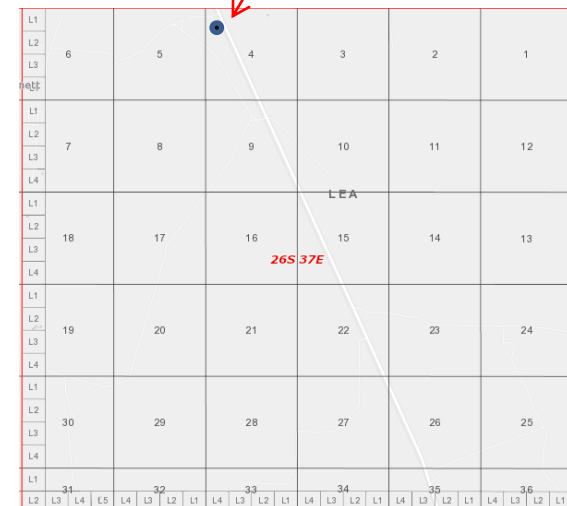
Azores Fed Com  
Lea County, NM



Red Hills Offload Station  
Lea County, NM



Jal Offload Station  
Lea County, NM



Azores Fed Com 701H-708H Surface Commingle								
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered
11.16.23	JB	OXY Y-1 Company	5 Greenway Plaza, Ste 110	Houston	TX	77046	7020 1810 0000 1415 3234	
11.16.23	JB	Sharbro Energy LLC	PO Box 840	Artesia	NM	88211	7020 1810 0000 1415 3210	
11.16.23	JB	Devon Energy Production Company, LP	333 W Sheridan Ave.	Oklahoma City	OK	73102	7020 1810 0000 1415 3265	
11.16.23	JB	Malaga Royalty, LLC	PO Box 2064	Midland	TX	79702	7020 1810 0000 1415 3241	
11.16.23	JB	Malaga EF7, LLC	PO Box 470788	Fort Worth	TX	76147	7020 1810 0000 1415 3258	
11.16.23	JB	West Bend Energy Partners, LLC	PO Box 472087	Fort Worth	TX	76147	7020 1810 0000 1415 3227	
11.16.23	JB	BLM	620 E. Green Street	Carlsbad	NM	88220	7020 1810 0000 1415 3272	

**Federal Communitization Agreement**

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **15<sup>th</sup> day of March, 2023**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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 parties hereto as follows:

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

**Township 24 South, Range 32 East, N.M.P.M.**

**Section 20: W2W2**

**Section 29: W2W2**

**Lea County, New Mexico**

Containing **320.00** acres, and this agreement shall include only the **Wolfcamp** formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Production LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.



4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. 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 there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a

sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, 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 such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **March 15, 2023**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all

obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. 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.
14. 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 instrument, 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.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**OPERATOR:**  
**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

#### **ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of COG Production LLC, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**COG OPERATING LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**DEVON ENERGY CO LP**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Production LLC**, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF \_\_\_\_\_ §  
  §  
COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_, of **DEVON ENERGY CO LP**, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_

EXHIBIT "A"

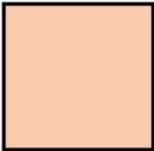
Plat of communitized area covering **320.00** acres in W2W2 of Section 20 and the W2W2 of Section 29, Township 24 South, Range 32 East, N.M.P.M., Lea County, New Mexico

AZORES FEDERAL COM W2W2 WC

**Tract 1:**  
Sec 20: W2W2  
NMNM-116575



**Tract 2:**  
Sec 29: W2W2  
NMNM-120908



			Sec. 20
			Sec. 29



**EXHIBIT "B"**

Leases covering communitized area covering the W2W2 of Section 20 and W2W2 Section 29, Township 24 South, Range 32 East N.M.P.M., Lea County, New Mexico.

**Operator of Communitized Area:** COG Production LLC

**TRACT 1:**

Lease Serial No.:	<b>NMNM 116575</b>	
Lease Date:	September 1, 2006	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	Devon Energy Production Company LP	
Current Lessee of Record:	Devon Energy Production Company LP	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 20: W2W2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Operating LLC	100.00%
ORRI Owners:	Of Record.	

**TRACT 2:**

Lease Serial No.:	<b>NMNM 120908</b>	
Lease Date:	November 1, 2008	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	OGX Resources LLC	
Current Lessee of Record:	COG Production LLC	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 29: W2W2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Production LLC	100.00%
ORRI Owners:	Of Record.	

## RECAPULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENT OF INTEREST IN COMMUNITIZED AREA
1	160.00	50.00%
2	160.00	50.00%
<b>TOTAL</b>	<b>320.00</b>	<b>100.00%</b>

**Federal Communitization Agreement**

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **15<sup>th</sup> day of March, 2023**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantage to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

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

**Township 24 South, Range 32 East, N.M.P.M.**

**Section 20: E2W2**

**Section 29: E2W2**

**Lea County, New Mexico**

Containing **320.00** acres, and this agreement shall include only the **Wolfcamp** formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Production LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. 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 there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, 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 such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **March 15, 2023**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

13. 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.
14. 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 instrument, 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.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**OPERATOR:**  
**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of COG Production LLC, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas



**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**COG OPERATING LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**DEVON ENERGY CO LP**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Production LLC**, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF \_\_\_\_\_ §  
  §  
COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_, of **DEVON ENERGY CO LP**, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_

**EXHIBIT "A"**

Plat of communitized area covering **320.00** acres in E2W2 of Section 20 and the E2W2 of Section 29, Township 24 South, Range 32 East, N.M.P.M., Lea County, New Mexico

**AZORES FEDERAL COM E2W2 WC**

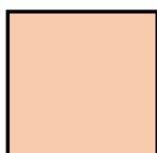
### Tract 1:

Sec 20: E2W2  
NMNM-116575



### Tract 2:

Sec 29: E2W2  
NMNM-120908



			Sec. 20
			Sec.29

**EXHIBIT "B"**

Leases covering communitized area covering the E2W2 of Section 20 and E2W2 Section 29, Township 24 South, Range 32 East N.M.P.M., Lea County, New Mexico.

**Operator of Communitized Area:** COG Production LLC

**TRACT 1:**

Lease Serial No.:	<b>NMNM 116575</b>	
Lease Date:	September 1, 2006	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	Devon Energy Production Company LP	
Current Lessee of Record:	Devon Energy Production Company LP	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 20: E2W2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Operating LLC	100.00%
ORRI Owners:	Of Record.	

**TRACT 2:**

Lease Serial No.:	<b>NMNM 120908</b>	
Lease Date:	November 1, 2008	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	OGX Resources LLC	
Current Lessee of Record:	COG Production LLC	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 29: E2W2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Production LLC	100.00%
ORRI Owners:	Of Record.	

## RECAPULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENT OF INTEREST IN COMMUNITIZED AREA
1	160.00	50.00%
2	160.00	50.00%
<b>TOTAL</b>	<b>320.00</b>	<b>100.00%</b>

**Federal Communitization Agreement**

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **15<sup>th</sup> day of March, 2023**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

NOW, THEREFORE, in consideration of the premises and the mutual advantage to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

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

**Township 24 South, Range 32 East, N.M.P.M.**

**Section 20: W2E2**

**Section 29: W2E2**

**Lea County, New Mexico**

Containing **320.00** acres, and this agreement shall include only the **Wolfcamp** formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Production LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. 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 there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, 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 such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **March 15, 2023**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.



13. 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.
14. 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 instrument, 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.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**OPERATOR:**  
**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

#### **ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of COG Production LLC, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**COG OPERATING LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan D. Owen  
Attorney-In-Fact

**DEVON ENERGY CO LP**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

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\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND    §

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\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

STATE OF \_\_\_\_\_ §  
  §  
COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_, of **DEVON ENERGY CO LP**, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_

**EXHIBIT "A"**

Plat of communitized area covering **320.00** acres in W2E2 of Section 20 and the W2E2 of Section 29, Township 24 South, Range 32 East, N.M.P.M., Lea County, New Mexico

**AZORES FEDERAL COM W2E2 WC**

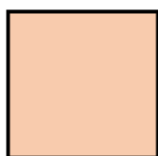
### Tract 1:

Sec 20: W2E2  
NMNM-116575



### Tract 2:

Sec 29: W2E2  
NMNM-120908



			Sec. 20
			Sec. 29

**EXHIBIT "B"**

Leases covering communitized area covering the W2E2 of Section 20 and W2E2 Section 29, Township 24 South, Range 32 East N.M.P.M., Lea County, New Mexico.

**Operator of Communitized Area:** COG Production LLC

**TRACT 1:**

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Original Lessee:	Devon Energy Production Company LP	
Current Lessee of Record:	Devon Energy Production Company LP	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 20: W2E2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Operating LLC	100.00%
ORRI Owners:	Of Record.	

**TRACT 2:**

Lease Serial No.:	<b>NMNM 120908</b>	
Lease Date:	November 1, 2008	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	OGX Resources LLC	
Current Lessee of Record:	COG Production LLC	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 29: W2E2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Production LLC	100.00%
ORRI Owners:	Of Record.	

## RECAPULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENT OF INTEREST IN COMMUNITIZED AREA
1	160.00	50.00%
2	160.00	50.00%
<b>TOTAL</b>	<b>320.00</b>	<b>100.00%</b>

**Federal Communitization Agreement**

Contract No. \_\_\_\_\_

THIS AGREEMENT entered into as of the **1<sup>st</sup> day of March, 2023**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

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 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

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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 parties hereto as follows:

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

**Township 24 South, Range 32 East, N.M.P.M.**

**Section 20: E2E2**

**Section 29: E2E2**

**Lea County, New Mexico**

Containing **320.00** acres, and this agreement shall include only the **Wolfcamp** formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Production LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. 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 there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 12 ½ percent for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining 7/8th should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a



sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, 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 such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **March 1, 2023**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all

obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.

12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. 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.
14. 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 instrument, 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.
15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

**OPERATOR:**  
**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Ryan D. Owen  
Attorney-In-Fact

#### **ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of COG Production LLC, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Texas

**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

**COG PRODUCTION LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Ryan D. Owen  
Attorney-In-Fact

**COG OPERATING LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Ryan D. Owen  
Attorney-In-Fact

**OXY Y-1 COMPANY**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SHARBRO ENERGY LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DEVON ENERGY CO LP**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
                                      §  
 COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Production LLC**, a Texas limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
 NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS           §  
                                      §  
 COUNTY OF MIDLAND    §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by Ryan D. Owen, as attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said limited liability company.

\_\_\_\_\_  
 NOTARY PUBLIC in and for the State of Texas

STATE OF \_\_\_\_\_ §  
                                      §  
 COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_, of **OXY Y-1 COMPANY**, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
 Notary Public - State of \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
                                      §  
 COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by \_\_\_\_\_, as \_\_\_\_\_, of **SHARBRO ENERGY LLC**, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
 Notary Public - State of \_\_\_\_\_

**ACKNOWLEDGEMENT Cont.**

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

The instrument was acknowledged before me on \_\_\_\_\_, 2023, by  
\_\_\_\_\_, as \_\_\_\_\_, of **DEVON ENERGY CO LP**, a  
\_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public - State of \_\_\_\_\_

EXHIBIT "A"

Plat of communitized area covering **320.00** acres in E/2E/2 of Section 20 and the E/2E/2 of Section 29, Township 24 South, Range 32 East, N.M.P.M., Lea County, New Mexico

AZORES FEDERAL COM E2E2 WC

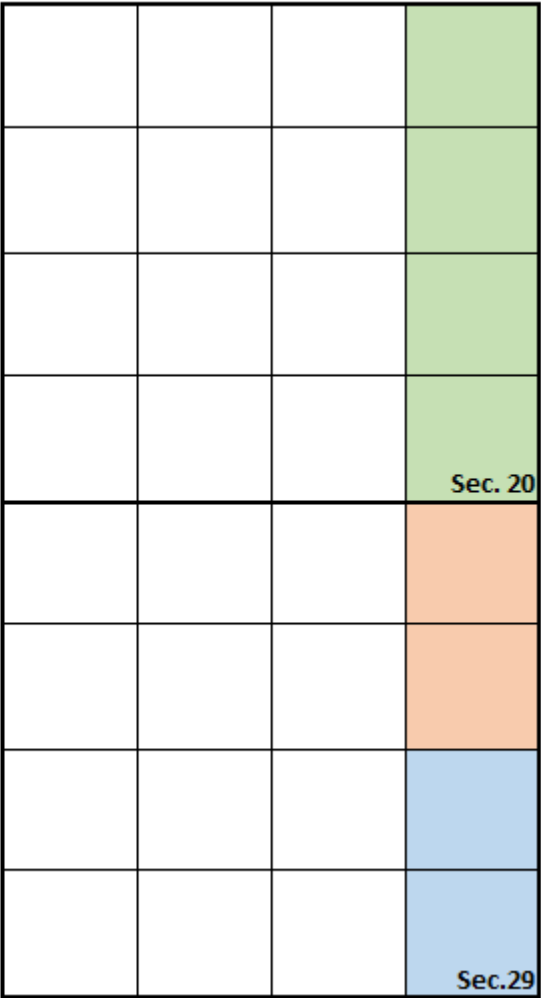
Tract 1:  
Sec 20: E2E2  
NMNM-116575



Tract 2:  
Sec 29: E2NE4  
NMNM-120908



Tract 3:  
Sec 29: E2SE4  
NMNM-108968



**EXHIBIT "B"**

Leases covering communitized area covering the E/2E/2 of Section 20 and E/2E/2 Section 29, Township 24 South, Range 32 East N.M.P.M., Lea County, New Mexico.

**Operator of Communitized Area:** COG Production LLC

**TRACT 1:**

Lease Serial No.:	<b>NMNM 116575</b>	
Lease Date:	September 1, 2006	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	Devon Energy Production Company LP	
Current Lessee of Record:	Devon Energy Production Company LP	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 20: E2E2 Lea County, New Mexico	
Number of Acres:	160.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Operating LLC	100.00%
ORRI Owners:	Of Record.	

**TRACT 2:**

Lease Serial No.:	<b>NMNM 120908</b>	
Lease Date:	November 1, 2008	
Lease Term:	Ten (10) Years	
Recordation:	Unrecorded	
Lessor:	United States of America	
Original Lessee:	OGX Resources LLC	
Current Lessee of Record:	COG Production LLC	
Description:	Insofar and only insofar as said lease covers: <u>Township 24 South, Range 32 East</u> Section 29: E2NE4 Lea County, New Mexico	
Number of Acres:	80.00	
Royalty Rate:	12.5%	
WI Owners Names and Interests:	COG Production LLC	100.00%
ORRI Owners:	Of Record.	



**TRACT 3:**

Lease Serial No.: **NMNM 108968**  
 Lease Date: September 1, 2002  
 Lease Term: Ten (10) Years  
 Recordation: Unrecorded  
 Lessor: United States of America  
 Original Lessee: Greg P Miller  
 Current Lessee of Record: COG Operating LLC, OXY Y-1 Company & Sharbro Energy LLC  
 Description: Insofar and only insofar as said lease covers:  
Township 24 South, Range 32 East  
 Section 29: E/2SE/4  
 Lea County, New Mexico  
 Number of Acres: 80.00  
 Royalty Rate: 12.5%  
 WI Owners Names and Interests: COG Operating LLC 77.00%  
 OXY Y-1 Company 20.00%  
 Sharbro Energy LLC 3.00%  
 ORRI Owners: Of Record.

**RECAPULATION**

TRACT NO.	NO. OF ACRES COMMITTED	PERCENT OF INTEREST IN COMMUNITIZED AREA
1	160.00	50.00%
2	80.00	25.00%
3	80.00	25.00%
<b>TOTAL</b>	<b>320.00</b>	<b>100.00%</b>

**Affidavit of Publication**

STATE OF NEW MEXICO  
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

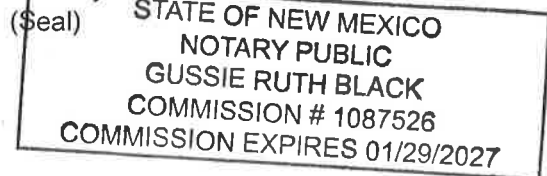
Beginning with the issue dated  
December 08, 2023  
and ending with the issue dated  
December 08, 2023.

  
Publisher

Sworn and subscribed to before me this  
8th day of December 2023.

  
Business Manager

My commission expires  
January 29, 2027



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

**LEGAL NOTICE**  
December 8, 2023

COG Operating LLC (COG), 2208 West Main, Artesia, New Mexico, 88210, is seeking administrative approval from the New Mexico Oil Conservation Division for a surface lease commingle of the oil and gas production from the Azores Federal Com 701H-708H. Said wells are located in Section 29, Township 24 South, Range 32 East, Lea County, New Mexico. The Central Tank Battery (CTB) where production will be commingled is located in Ut N, Section 29-T24S-R32E, Lea County, New Mexico. In the event oil production at the CTB is over capacity or in the case of battery or pipeline repairs, COG is also seeking administrative approval for off-lease measurement at either the Red Hills Off-load Station in Unit O, Section 4-T26S-R32E or the Jal Off-load Station in Unit D, Section 4-T26S-R37E, Lea County, NM. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within ten (10) days of this notice. Any interested party with questions or comments may contact Gianna Romero (432) 221-0421 [gianna.romero@conocophillips.com](mailto:gianna.romero@conocophillips.com) at COG Operating LLC, 600 West Illinois, Midland, Texas 79701.  
#00285644

67116810

00285644

JEANETTE BARRON  
CONOCO PHILLIPS ACCOUNTS PAYABLE  
P O BOX 2200  
BARTSVILLE, OK 74005-2200

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

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

**ORDER NO. CTB-1127**

**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 Production, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells as described 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. 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“CA Pooled Area”), as described in Exhibit A.

**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 as described in Exhibit A.

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

2. For each CA Pooled Area described in Exhibit A, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the CA Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s) if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
4. 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.

5. 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.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10 C.(2) NMAC.
7. 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.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. 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).
10. 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**



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**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

**DATE:** 5/22/2025

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: CTB-1127

Operator: COG Production, LLC (217955)

Central Tank Battery: Azores Federal 29 N Central Tank Battery

Central Tank Battery Location: UL N, Section 29, Township 24 South, Range 32 East

Central Tank Battery: Red Hills Offload Station

Central Tank Battery Location: UL O, Section 4, Township 26 South, Range 32 East

Central Tank Battery: Jal Offload Station

Central Tank Battery Location: UL D, Section 4, Township 26 South, Range 37 East

Gas Title Transfer Meter Location: UL N, Section 29, Township 24 South, Range 32 East

### Pools

Pool Name	Pool Code
WC-025 G-08 S243217P;UPR WOLFCAMP	98248

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PROPOSED CA Wolfcamp NMNM 106357162	W/2 W/2	20-24S-32E
	W/2 W/2	29-24S-32E
PROPOSED CA Wolfcamp NMNM 106357158	E/2 W/2	20-24S-32E
	E/2 W/2	29-24S-32E
PROPOSED CA Wolfcamp NMNM 106357159	W/2 E/2	20-24S-32E
	W/2 E/2	29-24S-32E
PROPOSED CA Wolfcamp NMNM 106357157	E/2 E/2	20-24S-32E
	E/2 E/2	29-24S-32E

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-49136	AZORES FEDERAL COM #701H	E/2	20-24S-32E	98248
		E/2	29-24S-32E	
30-025-49137	AZORES FEDERAL COM #702H	E/2	20-24S-32E	98248
		E/2	29-24S-32E	
30-025-49138	AZORES FEDERAL COM #703H	E/2	20-24S-32E	98248
		E/2	29-24S-32E	
30-025-49139	AZORES FEDERAL COM #704H	W/2	20-24S-32E	98248
		W/2	29-24S-32E	
30-025-49140	AZORES FEDERAL COM #705H	W/2	20-24S-32E	98248
		W/2	29-24S-32E	
30-025-49197	AZORES FEDERAL COM #706H	W/2	20-24S-32E	98248
		W/2	29-24S-32E	
30-025-51392	AZORES FEDERAL COM #707H	W/2 E/2	20-24S-32E	98248
		W/2 E/2	29-24S-32E	
30-025-51393	AZORES FEDERAL COM #708H	W/2 W/2	20-24S-32E	98248
		W/2 W/2	29-24S-32E	

Sante Fe Main Office  
Phone: (505) 476-3441

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

CONDITIONS

Action 286358

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 286358
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	5/23/2025