



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM135030

3105.2 (P0220)

Reference:

Communitization Agreement

Passion 1 Fed Com PDK 5H

T. 17 S., R. 29 E.,

Section 1: N2S2

Eddy County, NM

February 1, 2016

COG Operating, LLC
One Concho Center
600 West Illinois Avenue
Mid Land, TX 79701

RECEIVED OGD
2016 FEB - 8 P 3: 17

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135030 involving 120 acres of Federal land in lease NMNM7752 and 40 acres of Federal land in lease NMNM016786, Eddy County, New Mexico, which comprises a 160 acre well spacing unit.

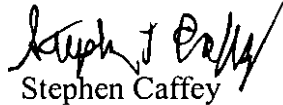
The agreement communitizes all rights to all producible hydrocarbons from the Yeso formation beneath Sec. 1, N2S2, T. 17 S., R. 29 E., NMPM, and is effective 10/01/2014. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward G Fernandez, Petroleum Engineer at (575) 234-2220.

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Caffey", written over the printed name.

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

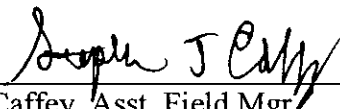
NM (P0220-CFO, File Room)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement 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 that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering Sec. 1: N2S2, T. 17 S., R. 29 E., NMPM, as to all producible hydrocarbons from the Yezo formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Stephen Caffey, Asst. Field Mgr
Authorized Officer

Effective: 10/01/2014

Contract No.: Com. Agr. NM135030



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135030
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135030

Date of Completion:	11/25/2014
Date of First Production:	13/03/2014
Field:	Empire
Operator, Well Name & No, API Number:	COG Operating; Passion 1 Fed Com PDK 5H; 30-015-42410
Surface Location:	Section 1, NESE, T. 17 S., R. 29 E.
Bottom Location:	Section 1, NWSW, T. 17 S., R. 29 E.
Total Depth:	9,108 MD; 4,423 TVD
Surface Elevation:	3,682 GL
Producing Formation:	Yeso (4,674 – 9,021)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 341 BBL; Gas 263 MCF; Water 2114 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135030, effective 10/01/2014, communitizes production of all gas and fluid hydrocarbons in the Yeso formation beneath Sec. 1, N2S2, T. 17 S., R. 29 E., NMPM, and comprises 120 acres of Federal land in lease NM7752, and 40 acres of Federal land in lease NM016786 for a 160-acre well spacing unit whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ **Deborah Ham**
02/01/2016

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)