



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:

NM135942

3105.2 (P0220)

Reference:

Communitization Agreement

06/16/2016

Monet Fed Com 18H

T. 25 S., R. 33 E.,

Section 4: W2

Lea County, NM

COG Operating, LLC

One Concho Center

600 West Illinois Avenue

Mid Land, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135942 involving 279.89 acres of Federal land in lease NMNM19859 and 39.91 acres of Federal land in lease NMNM118726, Lea County, New Mexico, which comprises a 319.80 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.4, W2, T. 25 S., R. 33 E., NMPM, and is effective 11/01/2015. 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.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

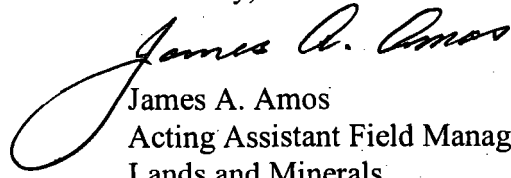
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of 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 or Deborah Ham at (575) 234-5965.

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

Sincerely,


James A. Amos
Acting Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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

NMOCD

Commissioner of Public Lands

NM (9200)

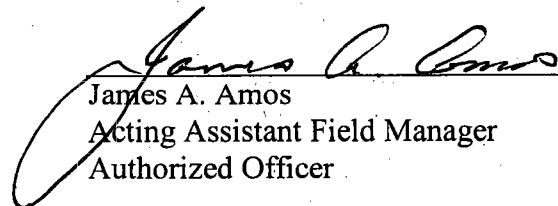
NM (P0220-CFO, File Room)

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. 4: W2, T. 25 S., R. 33 E., NMPM, as to all producible hydrocarbons from the Bone Spring 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:


James A. Amos
Acting Assistant Field Manager
Authorized Officer

Effective: 11/01/2015

Contract No.: Com. Agr. NM135942



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM135942
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135942

Date of Completion: 05/18/2016
Date of First Production: 05/18/2016
Field: Draper Mill
Operator, Well Name & No, API Number: COG Operating; Monet Fed Com 3H; 30-025-42763
Surface Location: Sec. 4, Lot 3, T. 25 S., R. 33 E.
Bottom Location: Sec. 4, SESW, T. 25 S., R. 33 E.
Total Depth: 14,049 MD; 9,371 TVD
Surface Elevation: 3,462 GL
Producing Formation: Bone Spring (9,598 – 13,960)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 813 BBL; Gas 1901 MCF; Water 3886 BBL
Current Status: Producing Oil Well
Remarks: CA NM135942, effective 11/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.4, W2, T. 25 S., R. 33 E., NMPM, and comprises 279.89 acres of Federal land in lease NMNM19859 and 39.91 acres of Federal land in lease NMNM118726 for a 319.80 acre well spacing unit whose leases are held by actual production. If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham

06/16/2016

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