



# 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](http://www.blm.gov/nm)



IN REPLY REFER TO:

NM136846

3105.2 (P0220)

Reference:

Communitization Agreement

03/14/2017

King Air 8 Fed Com 3H

T. 19 S., R. 32 E.,

Sec. 5: E2SW

Sec. 8: E2W2

Lea County, NM

COG Operating, LLC  
600 West Illinois Avenue  
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136846 involving 80 acres of Federal land in lease NMNM107391, 80 acres of Federal land in lease NMNM95641 and 80 acres of Federal land in lease NMNM92771, Lea County, New Mexico, which comprises a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.5, E2SW and Sec. 8, E2W2, T. 19 S., R. 32 E., NMPM, and is effective 07/01/2016. 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.

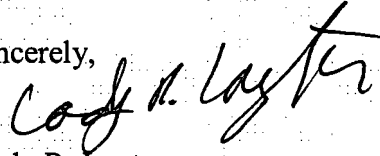
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of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

RECEIVED OGD  
2017 MAR 21 P 2:15

If you have any questions regarding this approval, please contact Chris Walls at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Cody R. Layton". The signature is fluid and cursive, with the first name "Cody" being more prominent.

Cody R. Layton  
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)

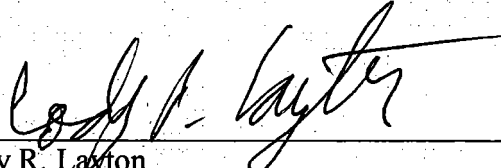
NM (P0220-CFO, File Room)

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. 5: E2SW, and Sec. 8: E2W2, T. 19 S., R. 32 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: 03/14/2017

  
\_\_\_\_\_  
Cody R. Layton  
Assistant Field Manager,  
Lands and Minerals

Effective: 07/01/2016

Contract No.: Com. Agr. NM136846



# 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](http://www.nm.blm.gov)



In Reply Refer to  
NM136846  
3107 (P0220)

### Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136846

Date of Completion:	11/14/2016
Date of First Production:	11/29/2016
Field:	Lusk
Operator, Well Name & No, API Number:	COG Operating; King Air 8 Fed Com 3H; 30-025-41476
Surface Location:	Sec. 17, NENW, T. 19 S., R. 32 E.
Bottom Location:	Sec. 5, NENW, T. 19 S., R. 32 E.
Total Depth:	17,220 MD; 9,298 TVD
Surface Elevation:	3,609 GL
Producing Formation:	Bone Spring (9,829– 17,115)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 310 BBL; Gas 227 MCF; Water 2831 BBL
Current Status:	Producing Oil Well

Remarks: CA NM136846, effective 07/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.5, E2SW and Sec. 8, E2W2, T. 19 S., R. 32 E., NMPM, and comprises 80 acres of Federal land in lease NMNM107391, 80 acres of Federal land in lease NMNM95641 and 80 acres of Federal land in lease NMNM92771 for a 240 acre well spacing unit whose leases are held by actual production. Per wellbore perforations and producing area, surface location is not within the agreement boundary.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ Deborah Ham  
03/14/2017

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