

# NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
Pygmy 27 State Super Comm Wells #1H-4H  
Vertical Extent: Bone Spring  
Township: 21 South, Range: 33 East, NMPM  
Section 27 : ALL  
Lea County, New Mexico

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There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Consolidation Agreement for the development and operation of acreage which is described within the referenced Agreement dated June 4, 2014, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 28<sup>th</sup> day of September, 2015.



COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

**New Mexico State Land Office  
Oil, Gas, and Minerals Division  
ONLINE VERSION  
CONSOLIDATION OF STATE OIL AND GAS LEASES**

**COG Operating LLC**, Lessee, record title owner of State Oil and Gas Leases numbered **V0-8995-0001** and **E0-1932-0002**, requests approval of lease consolidation affecting:

**Section 27: T21S, R33E, NMPM, Lea County, NM** to establish a 640 acre proration unit in the **Bone Spring** formation.

Lessee submits a plat, Exhibit A, showing the subject area, leases involved and the requested consolidation. This plat also delineates the proration unit and locates and designates the completed well and consolidated horizon.

Lessee states that the State of New Mexico, for the assigned beneficiaries, owns the royalty interest under these leases and agrees that the state, at its own election, is entitled to delivery in-kind of its share of all communitized substances produced from the leased area.

Approval is requested pursuant to authority granted by applicable statutes. Approval will promote conservation and is in the best interest of the State.

This consolidation, if approved by the Commissioner of Public Lands, shall be effective **6/4/2014**, and shall continue in effect for **365** days and as long thereafter as communitized substances are produced from the consolidated area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the consolidated area, if such well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either:

(a) a shut-in royalty has been timely and properly paid pursuant to the provision of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or

(b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or is in its primary or secondary term (if a ten-year lease), or is held by production from another well.

Provided further, however, that prior to production in paying quantities from the consolidated area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the consolidated area, this Consolidation may be terminated at any time by the Lessee. This consolidation shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the consolidated area are commenced and are thereafter conducted and prosecuted with reasonable diligence. Intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

**Requesting approval of consolidation of NM state oil and gas leases**

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OPERATOR:

COG Operating LLC

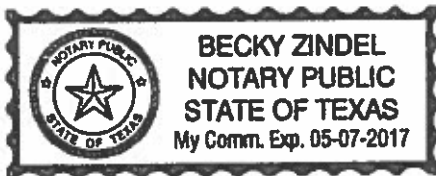
By: Mona D. Ables  
Mona D. Ables  
Vice President of Land

JAH  
[Signature]

ACKNOWLEDGEMENT

STATE OF TEXAS       §  
                                  §  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on July 20, 2015, by Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability Company, on behalf of same.



5/7/17  
My Commission Expires

Becky Zindel  
Notary Public in and for the State of Texas

**EXHIBIT "A"**

Plat of communitized area covering 640.00 acres in Sections 27: T21S – R33E, N.M.P.M.

Lea County, New Mexico

SHL: 330' FNL & 190' FWL ●		VO-8995-0001 240 acres	
	Section 27		
		EO-1932-0002 400 acres	
● BHL: 325' FSL & 400' FWL			

**NOTE: Show well location and tract numbers, show lots with acreage.**

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