

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



COG Operating
 Leo 3 Federal Cam
 #s 2H 3' 1H

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

655

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

Brian Maiorino		Regulatory Analyst	7/11/12
Print or Type Name	Signature	Title	Date
		bmaiorino@concho.com	
		e-mail Address	



RECEIVED OCT

July 23, 2012

2012 JUL 26 P 12: 1

New Mexico Oil Conservation Division
Richard Ezeanyim
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

Re: Leo 3 Battery Commingle of Federal Leases NMNM-105885, Fee Track 2, and Fee Track 3.

Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Lease Commingle on our Leo Federal Com Lease. These leases will have one battery location requiring Surface Commingling of NMNM-105885, Track 2 and Track 3.

Production to the Puckett Battery will consist of the following wells:

Leo 3 Federal Com 2H	30-005-29120	NESE, Sec.3, T15S, R31E,I	1980 FSL 430 FEL
Leo 3 Federal Com 1H	30-005-29119	SESE, Sec.3, T15S, R31E,P	660 FSL 430 FEL

Consolidating production from two leases to one battery will extend the economic life for these wells and lessen surface disturbance. Commingling will not reduce the value of production.

The Leo 3 Federal Battery has diverse ownership for all wells going into that facility. These wells will be producing from the Wildcat;Abo-Wolfcamp. I have attached a diagram of the battery facility, and a map showing all wells and facility locations, admin checklist, and notice to all interest owners.

Please contact me at 432-221-0467 should you have any questions.

Sincerely,

Brian Maiorino
Regulatory Analyst
COG Operating, LLC

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 IV
1220 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 LLC
OPERATOR ADDRESS: 550 West Texas Ave. Suite 100, Midland, TX 79701
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is 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. Wildcat-Abo-Wolfcamp
(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: Brian Maiorino TITLE: Regulatory Analyst DATE: 7/11/12
TYPE OR PRINT NAME Brian Maiorino TELEPHONE NO.: 432-221-0467
E-MAIL ADDRESS: bmaiorino@concho.com

COG Operating LLC is requesting approval for surface commingling and off-lease measurement of hydrocarbon production from the following formation(s) and well(s):

Federal Lease No.: NMNM-105885, fee land in Track 2 and Track 3, Com No.: not approved yet

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Leo 3 Federal Com 2H	30-005-29120	NESE, Sec.3, T15S, R31E,I	Wildcat;Abo-Wolfcamp			well not yet producing	

With hydrocarbon production from:

Federal Lease No.: NMNM-105885, fee land in Track 2 and Track 3, Com No.NM126805

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Leo 3 Federal Com 1H	30-005-29119	SESE, Sec.3, T15S, R31E,P	Wildcat;Abo-Wolfcamp	375	40.8/@60°	380	887

The storage and measuring facility is located at SESE, Sec.3, T15S, R31E on Track 3 fee land, Chaves County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:
Oil and Gas are to be measured at individual test facilities, and production allocated based on monthly well tests.

COG Operating LLC
 Site Security Plans Located At:
 550 W. Texas Ave Ste 100
 Midland, TX 79701

Leo 3 Federal Com #2H
 Leo 3 Federal Com #1H

SESE, Section 3, T15S, R31E, Unit I
 Chaves County, NM
 NMMN-105885

Wells In Battery:

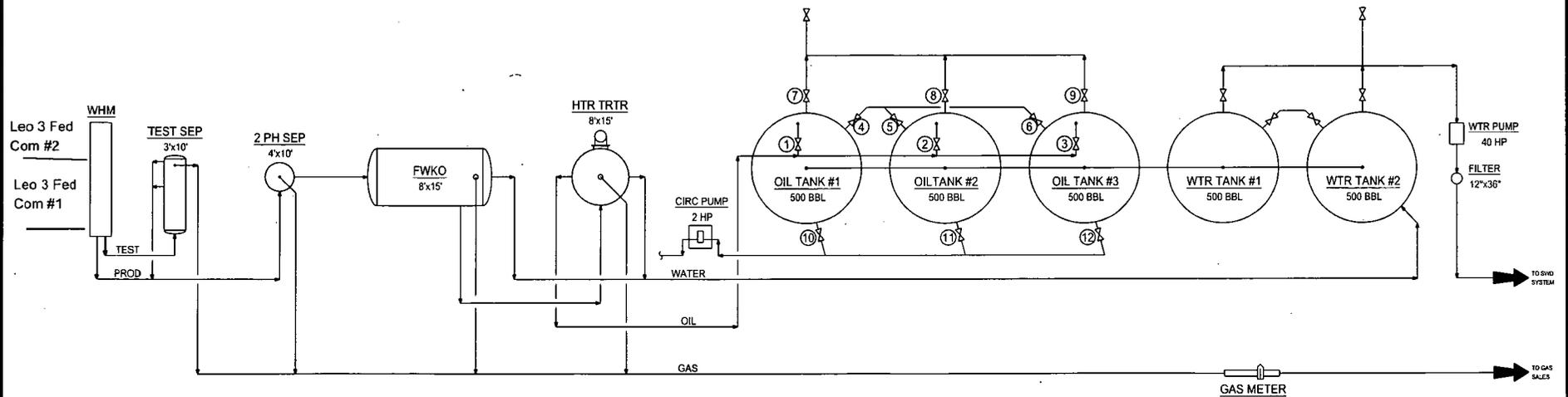
Leo 3 Fed Com #2H, 30-005-29120
 Leo 3 Fed Com #1H, 30-005-29119

Production Phase - Oil Tank #1

- Valve 1 open
- Valves 2 and 3 closed
- Valves 4, 5, and 6 open
- Valves 7, 8, and 9 closed
- Valves 10, 11, and 12 closed

Sales Phase - Oil Tank #1

- Valve 1 closed
- Valves 2 or 3 open
- Valve 4 closed
- Valves 5 and 6 open
- Valve 7 open
- Valves 8 and 9 closed
- Valves 10, 11, and 12 closed



NOTES:	<p>CONFIDENTIALITY NOTICE</p> <p>THIS DRAWING IS PROPERTY OF COG OPERATING LLC AND IS LOANED 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 IN WHOLE OR IN PART, OR USED FOR ANY PURPOSE OTHER THAN THAT WHICH IT IS SPECIFICALLY FURNISHED.</p>	<p>REFERENCE DRAWINGS</p> <table border="1"> <thead> <tr> <th>NO.</th> <th>DATE</th> <th>TITLE</th> <th>BY</th> <th>CHK.</th> <th>APP.</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>06/01/12</td> <td>ISSUE FOR SITE PERMITTING</td> <td>CRB</td> <td></td> <td></td> </tr> </tbody> </table>				NO.	DATE	TITLE	BY	CHK.	APP.	A	06/01/12	ISSUE FOR SITE PERMITTING	CRB			<p>REVISIONS</p> <table border="1"> <thead> <tr> <th>NO.</th> <th>DATE</th> <th>DESCRIPTION</th> <th>BY</th> <th>CHK.</th> <th>APP.</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				NO.	DATE	DESCRIPTION	BY	CHK.	APP.							<p>ENGINEERING RECORD</p> <table border="1"> <thead> <tr> <th>BY</th> <th>DATE</th> </tr> </thead> <tbody> <tr> <td>DRN: CRB</td> <td>06/01/12</td> </tr> <tr> <td>DES: CRB</td> <td>06/01/12</td> </tr> <tr> <td>CHK:</td> <td></td> </tr> <tr> <td>APP:</td> <td></td> </tr> <tr> <td>AFE NO:</td> <td></td> </tr> <tr> <td>FACIL ENGR: C. BLEDSOE</td> <td></td> </tr> <tr> <td>OPER ENGR: VARIES</td> <td></td> </tr> <tr> <td>SCALE: NONE</td> <td></td> </tr> </tbody> </table>				BY	DATE	DRN: CRB	06/01/12	DES: CRB	06/01/12	CHK:		APP:		AFE NO:		FACIL ENGR: C. BLEDSOE		OPER ENGR: VARIES		SCALE: NONE	
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<p>COG OPERATING LLC 550 W. TEXAS AVE, SUITE 100 MIDLAND, TEXAS 79701</p>		<p>EDDY COUNTY TOWNSHIP/RANGE MULTIPLE</p>		<p>NEW MEXICO SHELF ASSET PRODUCTION FACILITIES SITE FACILITY DIAGRAM STANDARD TANK BATTERY</p>		<p>NEW MEXICO DWG NO. D-1700-81-005 REV A</p>																																																	



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Track 1 NMNM-105885

Track 2 Fee

Track 3 Fee

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Leo 3 Fed Com 2H SHL

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Leo 3 Fed Com 2H BHL

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Track 2 Fee

Track 3 Fee

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July 11, 2012

OXY USA WTP Limited Partnership
5 Greeway Plaza, Suite 110
Houston, TX 77046

Certified Mail: 91 7199 9991 7030 4044 9470

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

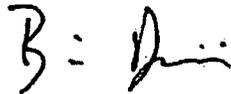
This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
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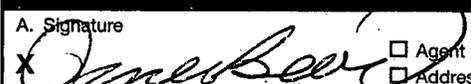
Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,



Brian Maiorino
Regulatory Analyst
COG Operating LLC

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.Print your name and address on the reverse so that we can return the card to you.Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: OXY USA WTP Limited Partnership 5 Greeway Plaza, Suite 110 Houston, TX 77046	B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
2 Article # 91 7199 9991 7030 4044 9470	

July 11, 2012

Chisos, Ltd.
670 Dona Ana Road SW
Deming, NM 88030

Certified Mail: 91 7199 9991 7030 4044 9463

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

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<p>1. Article Addressed to:</p> <p>Chisos, Ltd. 670 Dona Ana Road SW Deming, NM 88030</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>91 7199 9991 7030 4044 9463</p>	

July 11, 2012

Cross Border Resources, Inc.
22610 U.S. Highway 281 North, Suite 218
San Antonio, TX 78258

Certified Mail: 91 7199 9991 7030 4044 9456

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
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Attachments: 1 copy of OCD application

Sincerely,

Brian Maiorino
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COG Operating LLC

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1. Article Addressed to: Cross Border Resources, Inc. 22610 U.S. Highway 281 North, Suite 218 San Antonio, TX 78258	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
2. Article Number: 91 7199 9991 7030 4044 9456	

July 11, 2012

Penroc Oil Corporation
1515 W. Calle Sur Street
Hobbs, NM 88240

Certified Mail: 91 7199 9991 7030 4044 9449

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

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Sincerely,

B: Maiorino

Brian Maiorino
Regulatory Analyst
COG Operating LLC

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1. Article Addressed to: Penroc Oil Corporation 1515 W. Calle Sur Street Hobbs, NM 88240	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchand <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
91 7199 9991 7030 4044 9449	
PS Form 3811, February 2004 Domestic Return Receipt	

July 11, 2012

First Roswell Company
111 South Kentucky Ave. P. O. Box 1797
Roswell, NM 88202-1797

Certified Mail: 91 7199 9991 7030 4044 9432

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

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1. Article Addressed to: First Roswell Company 111 South Kentucky Ave. P. O. Box 1797 Roswell, NM 88202-1797	B. Received by (Printed Name) <i>Kay Seder</i> C. Date of Delivery <i>7/17/12</i>
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes
2. Article Number: 91 7199 9991 7030 4044 9432	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-15	

July 11, 2012

Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701

Certified Mail: 91 7199 9991 7030 4044 9425

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

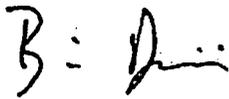
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Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
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Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,



Brian Maiorino
Regulatory Analyst
COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature <input type="checkbox"/> Agent <i>X Charlie Gao</i> <input type="checkbox"/> Addressee	C. Date of Delivery 7-13-12
1. Article Addressed to: Cimarex Energy Co. 600 N. Marienfeld, Suite 600 Midland, TX 79701		B. Received by (Printed Name) <i>Sadie Garcia</i>	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
2. Article Number (TP, TSD, etc.) 91 7199 9991 7030 4044 9425		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
PS Form 3811, February 2004		4. Restricted Delivery? (E) Domestic Return Receipt	

102595-02-M-154U

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		Processed through USPS Sort Facility	July 14, 2012, 2:36 am	C
		Electronic Shipping Info Received	July 13, 2012	C

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July 11, 2012

Chesapeake Exploration L.L.C.
6100 N. Western Avenue
Oklahoma City, OK 73154-0496

Certified Mail: 91 7199 9991 7030 4044 9487

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

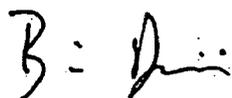
This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
--	--

Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,



Brian Maiorino
Regulatory Analyst
COG Operating LLC

COMMUNITIZATION AGREEMENT

WELL NAME: LEO 3 Federal Com #2H

Contract No. _____

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such Parties being hereinafter referred to as "parties hereto."

W I T N E S S E T H:

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 and depicted on "Exhibit A":

Township 15 South, Range 31 East, N.M.P.M.

Section 3: N/2 S/2

Chaves County, New Mexico

Containing 160.00 acres, and this agreement shall include only the Abo and Wolfcamp Formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons, hereinafter, 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 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. All matters of operation 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 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 therefrom 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.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

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 effective date of this agreement is May 5, 2012, 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 occurs 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.

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 Operating LLC

By: _____
Gayle L. Burleson
Vice President of New Mexico

WORKING INTEREST OWNERS:
Chesapeake Exploration, L.L.C.

By: _____
Henry J. Hood
Senior Vice President -
Land and Legal & General
Counsel

OXY NM doing business in New Mexico
AS OXY NM Limited Partnership

By: _____
Name: _____
Title: _____

Penroc Oil Corporation

By: _____
M. Y. Merchant
President

Cimarex Energy Co.

By: _____
Roger Alexander
Attorney-in-Fact

Chisos, Ltd.

By: _____
Sue Ann Craddock
President

Cross Border Resources, Inc.

By: _____
Joe Ana Kessler

First Roswell Company

By: _____

Name: _____

Title: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, by Gayle L. Burleson, Vice President of New Mexico of COG Operating LLC, a Delaware limited liability company, on behalf of same.

Notary Public

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on _____, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a _____ limited liability company, on behalf of same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by _____, as _____ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a _____ limited partnership, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by M. Y. Merchant, as President of Penroc Oil Corporation, a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a _____ company, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Sue Ann Craddock, as President of Chisos, Ltd., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Joe Ana Kessler, as President of Cross Border Resources, Inc., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Thomas E. Jennings, as President of First Roswell Company, a _____ company, on behalf of said same.

Notary Public

EXHIBIT A

To Communitization Agreement dated May 5, 2012
embracing
the N/2 S/2 of Section 3, Township 15 South, Range 31
East, N.M.P.M., Chaves County, New Mexico

Leo 3 Fed Com #2
SHL: 1980 FSL & 430 FEL

Tract 1 NMNM- 105885 80 Acres 50%		Tract 2 Fee & Unleased Mineral Owners 40 Acres 25%	Tract 3 Fee & Unleased Mineral Owners 40 Acres 25%

EXHIBIT B

To Communitization Agreement dated May 5, 2012 embracing
the N/2 S/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M.,
Chaves County, New Mexico

OPERATOR OF COMMUNITIZED AREA: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT 1:

1 Lessor:	United States of America
Current Lessee of Record:	COG Operating LLC / Chesapeake Exploration, L.L.C.
Serial Number of Lease	NMNM-105885
Lease Date:	3/1/2001
Primary Term of Lease:	10 years
Basic Royalty Rate:	12-1/2%
Description of Land Committed:	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: N2SW
Number of Acres:	Containing 80.00 acres, more or less
Name of Each Working Interest Owner:	COG Operating LLC 50% Chesapeake Exploration, L.L.C. 50%
Name of Each Overriding Royalty Interest Owner:	Harvey E. Yates Company 2.50%

TRACT 2:

1 Lease Date: 2/1/2008
Book 609, Page 1191, Chaves
County Records
Recorded:
Original Lessor: Geneva Bruin Gardner, a widow
Original Lessee: Thomas E. Jennings
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/5th
Name of Each Working
Interest Owner: Cimarex Energy Co. 100%

Name of Each
Overriding Royalty
Interest Owner: To be determined

2 Lease Date: 3/26/2008
Book 616, Page 1105, Chaves
County Records
Recorded:
Original Lessor: Good Earth Minerals, LLC
Original Lessee: Chalfant Properties
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th
Name of Each Working
Interest Owner: Chesapeake Exploration, L.L.C. 97.5%
Jamestown Resources, LLC 2.5%

Name of Each
Overriding Royalty
Interest Owner: To be determined

3 Lease Date: 3/26/2008
 Book 616, Page 1108, Chaves
Recorded: County Records
Original Lessor: Matlock Minerals, Ltd. Co.
Original Lessee: Chalfant Properties
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 1/4th
**Name of Each Working
 Interest Owner:** Chesapeake Exploration, L.L.C. 97.5%
 James Town Resources, LLC 2.5%

**Name of Each
 Overriding Royalty
 Interest Owner:** To be determined

4 Lease Date: 06/10/2010
 Book 665, Page 440, Chaves County
Recorded: Records
Original Lessor: The Blanco Company
Original Lessee: Cimarex Energy Co.
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 1/4th
**Name of Each Working
 Interest Owner:** Cimarex Energy Co. 100%
**Name of Each
 Overriding Royalty
 Interest Owner:** To be determined

- 5 **Lease Date:** 3/28/2011
Recorded: NA
Mineral Interest Owner: Chisos, Ltd. 25.00%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th
- 6 **Lease Date:** 3/28/2011
Recorded: NA
Mineral Interest Owner: Cross Border Resources, Inc.,
(successor in interest to Pure
Energy Group, Inc.) 25.00%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th
- 7 **Lease Date:** 3/28/2011
Recorded: NA
Mineral Interest Owner: First Roswell Company 12.50%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NWSE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th

TRACT 3:

1 Lease Date: 8/4/1980
Book 194, Page 951, Miscellaneous
Records

Recorded:

Original Lessor: Loy Wrinkle a single man

Original Lessee: Gulf Oil Corporation

Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** Penroc Oil Corporation 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

2 Lease Date: 8/7/1980
Book 195, Page 76, Miscellaneous
Records

Recorded:

Original Lessor: Gaylord K. Walden, a single man

Original Lessee: Gulf Oil Corporation

Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** Penroc Oil Corporation 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

3 Lease Date: 8/6/1980
 Book 195, Page 147, Miscellaneous
 Records
Recorded:
Original Lessor: Dawn Ruthann Miller, now known as
 Tinka Dawn Hudson, a single woman
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 3/16ths
**Name of Each Working
 Interest Owner:** Penroc Oil Corporation 100%
**Name of Each
 Overriding Royalty
 Interest Owner:** To be determined

4 Lease Date: 9/15/1980
 Book 196, Page 932, Miscellaneous
 Records
Recorded:
Original Lessor: Janis Jean Joines, a single woman
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 3/16ths
**Name of Each Working
 Interest Owner:** Penroc Oil Corporation 100%
**Name of Each
 Overriding Royalty
 Interest Owner:** To be determined

5 Lease Date: 9/30/1980
Book 196, Page 936, Miscellaneous
Records
Recorded:
Original Lessor: Rose Edwards, a widow
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: Penroc Oil Corporation 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

6 Lease Date: 9/30/1980
Book 196, Page 9406,
Miscellaneous Records
Recorded:
Original Lessor: Mary Lou Hill, as agent and AIF
for Carol Joe Walden, aka Carol
J. Walden
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: Penroc Oil Corporation 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

7 Lease Date: 5/10/2007
Book 591, Page 70, Chaves County
Records
Recorded: Madison M. Hinkle & Susan M.
Hinkle, husband & wife
Original Lessor:
Original Lessee: COG Oil & Gas LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 23%
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

8 Lease Date: 5/10/2007
Book 591, Page 68, Chaves County
Records
Recorded:
Original Lessor: Rolla R. Hinkle, II and Marjorie
W. Hinkle, husband & wife
Original Lessee: COG Oil & Gas LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 23%
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

9 Lease Date: 5/10/2007
Book 591, Page 63, Chaves County
Records
Recorded:
Original Lessor: Rolla R. Hinkle, III and Rosemary
H. Hinkle, husband & wife
Original Lessee: COG Oil & Gas LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 23%
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

10 Lease Date: 9/5/2007
Book 598, Page 1435, Chaves
County Records, and re-recorded
in Book 639, Page 517, Chaves
County Records to correct a
Recorded: faulty acknowledgement
Original Lessor: Eva L. Bennett, a widow
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

11 Lease Date: 8/30/2007
Recorded: Book 598, Page 1432, Chaves
County Records
Original Lessor: Marjorie L. Smith
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

12 Lease Date: 3/26/2010
Recorded: Book 591, Page 65, Chaves County
Records
Original Lessor: Randolph M. and Patricia
Richardson
Original Lessee: COG Oil and Gas LP
Insofar as said lease covers
Township 15 South, Range 31 East
Lands Covered: Section 3: NESE
Containing 40.00 acres, more or
less
Number of Acres: less
Royalty Rate: 23%
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

13 Lease Date: 9/4/2007
Recorded: Book 599, Page 656, Chaves County Records, and re-recorded in Book 639, Page 511, Chaves County Records, to correct a faulty acknowledgement
Original Lessor: Phyllis L. Lynch, aka Phyllis Lynch
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: NESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

14 Lease Date: 9/21/2007
Recorded: Book 599, Page 1633, Chaves County Records
Original Lessor: Georgena M. Moore, Trustee of the Carrell H. Moore and Georgena M. Moore Family Trust dated 5/3/89

Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: NESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

15 **Lease Date:** 9/24/2007
Recorded: Book 600, Page 6, Chaves County
Records, and Ratification of Oil &
Gas Lease dated 5/11/09, recorded
in Book 641, Page 1258, Chaves
County Records
Jerry Kityk, Trustee of the Lonnie
D. Moore Revocable Trust dated
9/4/96

Original Lessor:

Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** COG Operating LLC 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

16 **Lease Date:** 9/20/2007
Recorded: Book 600, Page 153, Chaves County
Records, and Amendment to Oil &
Gas Lease effective 9/20/07,
recorded in Book 662, Page 1404,
Chaves County Records

Original Lessor: Theodore S. Moore

Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** Cimarex Energy Company 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

17 Lease Date: 9/5/2007
Book 600, Page 535, Chaves County
Records
Recorded:
Original Lessor: Martha McDonald
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

18 Lease Date: 9/4/2007
Book 599, Page 1319, Chaves
County Records
Recorded:
Original Lessor: Beda Merrill
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

19 Lease Date: 9/4/2007

Recorded: Book 599, Page 1325, Chaves
County Records
Edward L. Barganski, aka Edward
Barganski
Original Lessor:
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

20 Lease Date: 8/30/2007

Recorded: Book 599, Page 659, Chaves County
Records
Original Lessor: Mike W. Hurst
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

21 Lease Date: 8/30/2007
Book 599, Page 662, Chaves County
Records
Recorded:
Original Lessor: Roger L. Hurst
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

22 Lease Date: 9/6/2007
Book 598, Page 1429, Chaves County
Records
Recorded:
Original Lessor: Carolyn J. Moore, Trustee of the
Carl T. Moore and Carolyn J. Moore
Family Trust dated 1/24/89
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

23 Lease Date: 7/21/2010
Book 664, Page 1657, Chaves
Recorded: County Records
Wells Fargo Bank, N.A., Agent for
the New Mexico Boys and Girls
Ranch Foundation, Inc.
Original Lessor:
Original Lessee: COG Operating LLC
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: None

24 Lease Date: 10/01/1980
Book 200, Page 964, Chaves County
Recorded: Records
Roswell State Bank, Guardian of
the Estate of Vernon Rose
Original Lessor:
Original Lessee: Jerry L. Hooper
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: NESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 18.5%
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

The Oil & Gas Leases above were outlined in Title Opinion dated August 12, 2010, prepared by Vandiver & Bowman, P.C.

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	40.00	25.00%
Tract No.3	<u>40.00</u>	<u>25.00%</u>
Total	160.00	100.00%

COMMUNITIZATION AGREEMENT

WELL NAME: LEO 3 Federal Com #1H

Contract No. NM-126805

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such Parties being hereinafter referred to as "parties hereto."

W I T N E S S E T H:

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 and depicted on "Exhibit A":

Township 15 South, Range 31 East, N.M.P.M.

Section 3: S/2S/2

Chaves County, New Mexico

Containing 160.00 acres, and this agreement shall include only the Abo and Wolfcamp Formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons, hereinafter, referred to as "communitized substances", producible from such formation(s).

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 effective date of this agreement is April 15, 2011, 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 occurs 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,

2. Attached hereto, and made a part of this agreement for all purposes, is 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. All matters of operation 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 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 therefrom 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.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.
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-

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	40.00	25.00%
Tract No.3	<u>40.00</u>	<u>25.00%</u>
Total	160.00	100.00%

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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 Operating LLC

By: Meggy K. Daggett
Gregory K. Daggett
Attorney-in-Fact 7/10

WORKING INTEREST OWNERS:

Chesapeake Exploration, L.L.C.

By: _____
Henry J. Hood
Senior Vice President -
Land and Legal & General
Counsel

~~Oxy NM doing business in New Mexico
As Oxy NM Limited Partnership~~

~~By: _____
Name: _____
Title: _____~~

Penroc Oil Corporation

By: _____
M. Y. Merchant
President

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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 Operating LLC

By: *Gregory K. Daggett*
Gregory K. Daggett
Attorney-in-Fact *sp*

WORKING INTEREST OWNERS:

Chesapeake Exploration, L.L.C.

By: *[Signature]*
Henry J. Hood *JSH CAB*
Senior Vice President - *DB*
Land and Legal & General
Counsel

~~Oxy NM doing business in New Mexico
As Oxy NM Limited Partnership~~

By: _____

Name: _____

Title: _____

Penroc Oil Corporation

By: _____
M. Y. Merchant
President

Cimarex Energy Co.

By: 
Roger Alexander
Attorney-in-Fact



Chisos, Ltd.

By: _____
Sue Ann Craddock
President

Cross Border Resources, Inc.

By: _____
Lawrence J. Risley
President

First Roswell Company

By: _____

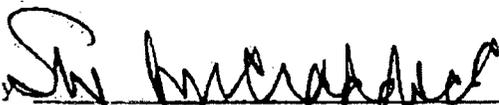
Name: _____

Title: _____

Cimarex Energy Co.

By: _____
Roger Alexander
Attorney-in-Fact

Chisos, Ltd.

By:  _____
Sue Ann Craddock
President

Cross Border Resources, Inc.

By: _____
Lawrence J. Risley
President

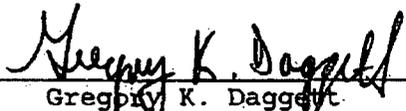
First Roswell Company

By: _____
Name: _____
Title: _____

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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 Operating LLC

By: 
Gregory K. Daggett
Attorney-in-Fact *GD*

WORKING INTEREST OWNERS:
Chesapeake Exploration, L.L.C.

By: _____
Henry J. Hood
Senior Vice President -
Land and Legal & General
Counsel

~~Oxy NM doing business in New Mexico
As Oxy NM Limited Partnership~~

By: _____
Name: _____
Title: _____

Penroc Oil Corporation

By: 
M. Y. Merchant
President

Cimarex Energy Co.

By: _____
Roger Alexander
Attorney-in-Fact

Chisos, Ltd.

By: _____
Sue Ann Craddock
President

Cross Border Resources, Inc.

By: Lawrence J. Risley
Lawrence J. Risley
President

First Roswell Company

By: _____

Name: _____

Title: _____

Cimarex Energy Co.

By: _____
Roger Alexander
Attorney-in-Fact

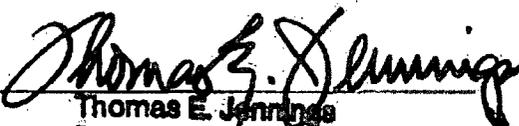
Chisos, Ltd.

By: _____
Sue Ann Craddock
President

Cross Border Resources, Inc.

By: _____
Lawrence J. Risley
President

First Roswell Company

By: 
Name: Thomas E. Jennings
President

Title: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on May 19, 2011, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.



Traci Conner
Notary Public

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on _____, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a _____ limited liability company, on behalf of same.

Notary Public

~~STATE OF _____)
)
COUNTY OF _____)~~

~~This instrument was acknowledged before me on _____, by _____, as _____ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a _____ limited partnership, on behalf of said same.~~

~~_____
Notary Public~~

ACKNOWLEDGEMENTS

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on May 19, 2011, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.



Traci Conner
Notary Public

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on June 7, 2011, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a Oklahoma limited liability company, on behalf of same.



Teresa K. Long
Notary Public

~~STATE OF _____)
)
COUNTY OF _____)~~

~~This instrument was acknowledged before me on _____, by _____, as _____ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a _____ limited partnership, on behalf of said same.~~

~~_____
Notary Public~~

STATE OF NEW MEXICO)
)
COUNTY OF LEA)

This instrument was acknowledged before me on May 25, 2011, by M. Y. Merchant, as President of Penroc Oil Corporation, a Texas corporation, on behalf of said same.

Joy A. Buballa
Notary Public

My commission expires: June 1, 2014

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a _____ company, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Sue Ann Craddock, as President of Chisos, Ltd., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

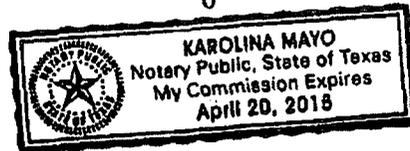
This instrument was acknowledged before me on _____, by M. Y. Merchant, as President of Penroc Oil Corporation, a _____ corporation, on behalf of said same.

Notary Public

STATE OF Texas)
)
COUNTY OF midland)

This instrument was acknowledged before me on JUNE 7, 2011, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a Delaware ^{corporation} company, on behalf of said same.

Karolina Mayo
Notary Public



STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Sue Ann Craddock, as President of Chisos, Ltd., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by M. Y. Merchant, as President of Penroc Oil Corporation, a _____ corporation, on behalf of said same.

Notary Public

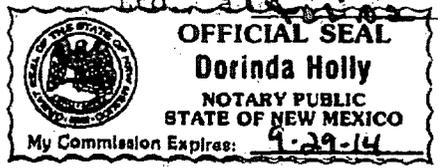
STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a _____ company, on behalf of said same.

Notary Public

STATE OF New Mexico)
)
COUNTY OF Luna)

This instrument was acknowledged before me on May 29, 2011, by Sue Ann Craddock, as President of Chisos, ~~Ltd. Partnership~~ corporation, on behalf of said same.



Dorinda Holly
Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by M. Y. Merchant, as President of Penroc Oil Corporation, a _____ corporation, on behalf of said same.

Notary Public

STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a _____ company, on behalf of said same.

Notary Public

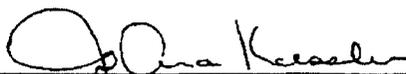
STATE OF _____)
)
COUNTY OF _____)

This instrument was acknowledged before me on _____, by Sue Ann Craddock, as President of Chisos, Ltd., a _____ corporation, on behalf of said same.

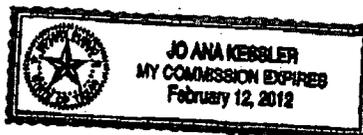
Notary Public

STATE OF TEXAS)
)
COUNTY OF BEXAR)

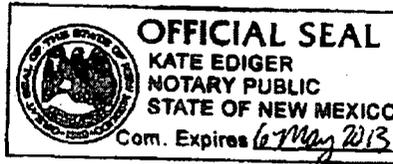
This instrument was acknowledged before me on MAY 27, 2011, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a Nevoop corporation, on behalf of said same.



Notary Public



STATE OF New Mexico)
)
COUNTY OF Chaves)



This instrument was acknowledged before me on 26 May 2011, by Thomas E. Jennings, as President of First Roswell Company, a New Mexico company, on behalf of said same.

Kate Ediger
Notary Public

EXHIBIT B

To Communitization Agreement dated April 15, 2011, embracing
the S/2S/2 of Section 3, Township 15 South, Range 31 East, N.M.P.M.,
Chaves County, New Mexico

OPERATOR OF COMMUNITIZED AREA: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED:

TRACT 1:

1 Lessor:	United States of America
Current Lessee of Record:	COG Operating LLC / Chesapeake Exploration, L.L.C.
Serial Number of Lease	NMNM-105885
Lease Date:	3/1/2001
Primary Term of Lease:	10 years
Basic Royalty Rate:	12-1/2%
Description of Land Committed:	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2SW
Number of Acres:	Containing 80.00 acres, more or less
Name of Each Working Interest Owner:	COG Operating LLC 50% Chesapeake Exploration, L.L.C. 50%
Name of Each Overriding Royalty Interest Owner:	Harvey E. Yates Company 2.50%

TRACT 2:

1 Lease Date: 2/1/2008
Recorded: Book 609, Page 1191, Chaves
County Records
Original Lessor: Geneva Bruin Gardner, a widow
Original Lessee: Thomas E. Jennings
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/5th
**Name of Each Working
Interest Owner:** Cimarex Energy Co. 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

2 Lease Date: 3/1/2008
Recorded: Book 616, Page 1105, Chaves
County Records
Original Lessor: Good Earth Minerals, LLC
Original Lessee: Chalfant Properties
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 1/4th
**Name of Each Working
Interest Owner:** Chesapeake Exploration, L.L.C. 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined



3 Lease Date: 3/1/2008
Recorded: Book 616, Page 1108, Chaves County Records
Original Lessor: Matlock Minerals, Ltd. Co.
Original Lessee: Chalfant Properties
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th
Name of Each Working Interest Owner: Chesapeake Exploration, L.L.C. 100%

Name of Each Overriding Royalty Interest Owner: To be determined

4 Lease Date: 06/01/2010
Recorded: Book 665, Page 440, Chaves County Records
Original Lessor: The Blanco Company
Original Lessee: Cimarex Energy Co.
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th
Name of Each Working Interest Owner: Cimarex Energy Co. 100%
Name of Each Overriding Royalty Interest Owner: To be determined

5 Lease Date: 3/28/2011
Recorded: NA
Mineral Interest Owner: Chisos, Ltd. 25.00%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th

6 Lease Date: 3/28/2011
Recorded: NA
Mineral Interest Owner: Cross Border Resources, Inc.,
(successor in interest to Pure
Energy Group, Inc.) 25.00%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th

7 Lease Date: 3/28/2011
Recorded: NA
Mineral Interest Owner: First Roswell Company 12.50%
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: S2W2SE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th

TRACT 3:

1 Lease Date: 8/4/1980
Book 194, Page 951, Miscellaneous
Records

Recorded:

Original Lessor: Loy Wrinkle a single man

Original Lessee: Gulf Oil Corporation

Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** Penroc Oil Corporation 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

2 Lease Date: 8/4/1980
Book 195, Page 76, Miscellaneous
Records

Recorded:

Original Lessor: Gaylord K. Walden, a single man

Original Lessee: Gulf Oil Corporation

Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths

**Name of Each Working
Interest Owner:** Penroc Oil Corporation 100%

**Name of Each
Overriding Royalty
Interest Owner:** To be determined

3 Lease Date: 8/4/1980
Recorded: Book 195, Page 147, Miscellaneous Records
Original Lessor: Dawn Ruthann Miller, now known as Tinka Dawn Hudson, a single woman
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 3/16ths
Name of Each Working Interest Owner: Penroc Oil Corporation 100%
Name of Each Overriding Royalty Interest Owner: To be determined

4 Lease Date: 9/15/1980
Recorded: Book 196, Page 932, Miscellaneous Records
Original Lessor: Janis Jean Joines, a single woman
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 3/16ths
Name of Each Working Interest Owner: Penroc Oil Corporation 100%
Name of Each Overriding Royalty Interest Owner: To be determined

5 Lease Date: 9/30/1980
Recorded: Book 196, Page 936, Miscellaneous Records
Original Lessor: Rose Edwards, a widow
Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths
Name of Each Working Interest Owner: Penroc Oil Corporation 100%
Name of Each Overriding Royalty Interest Owner: To be determined

6 Lease Date: 9/30/1980
Recorded: Book 196, Page 9406, Miscellaneous Records
Original Lessor: Mary Lou Hill, as agent and AIF for Carroll Joe Walden, aka Carol J. Walden

Original Lessee: Gulf Oil Corporation
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths
Name of Each Working Interest Owner: Penroc Oil Corporation 100%
Name of Each Overriding Royalty Interest Owner: To be determined

7 Lease Date: 5/10/2007
Recorded: Book 591, Page 70, Chaves County Records
Original Lessor: Madison M. Hinkle & Susan M. Hinkle, husband & wife
Original Lessee: COG Oil & Gas LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 23%
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

8 Lease Date: 5/10/2007
Recorded: Book 591, Page 68, Chaves County Records
Original Lessor: Rolla R. Hinkle, II and Marjorie W. Hinkle, husband & wife

Original Lessee: COG Oil & Gas LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 23%
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

9 Lease Date:	5/10/2007
Recorded:	Book 591, Page 63, Chaves County Records
Original Lessor:	Rolla R. Hinkle, III and Rosemary H. Hinkle, husband & wife
Original Lessee:	COG Oil & Gas LP
Lands Covered:	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
Number of Acres:	Containing 40.00 acres, more or less
Royalty Rate:	23%
Name of Each Working Interest Owner:	COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner:	To be determined
10 Lease Date:	5/10/2007
Recorded:	Book 591, Page 68, Chaves County Records
Original Lessor:	Rolla R. Hinkle, II and Marjorie W. Hinkle, husband & wife
Original Lessee:	COG Oil & Gas LP
Lands Covered:	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
Number of Acres:	Containing 40.00 acres, more or less
Royalty Rate:	23%
Name of Each Working Interest Owner:	COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner:	To be determined

11 Lease Date: 9/5/2007
 Book 598, Page 1435, Chaves
 County Records, and re-recorded
 in Book 639, Page 517, Chaves
 County Records to correct a
 faulty acknowledgement
Recorded:
Original Lessor: Eva L. Bennett, a widow
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

12 Lease Date: 8/30/2007
 Book 598, Page 1432, Chaves
 County Records
Recorded:
Original Lessor: Marjorie L. Smith
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
 less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

13 Lease Date: 9/4/2007
Recorded: Book 599, Page 656, Chaves County Records, and re-recorded in Book 639, Page 511, Chaves County Records, to correct a faulty acknowledgement
Original Lessor: Phyllis L. Lynch, aka Phyllis Lynch
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 3/16ths
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

14 Lease Date: 9/21/2007
Recorded: Book 599, Page 1633, Chaves County Records
Original Lessor: Georgena M. Moore, Trustee of the Carrell H. Moore and Georgena M. Moore Family Trust dated 5/3/89
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 3/16ths
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

15 Lease Date: 9/6/2007
Recorded: Book 600, Page 156, Chaves County
Records, and re-recorded in Book
639, Page 520, Chaves County
Records, to correct a faulty
acknowledgement

Original Lessor: Mary Lou Hill
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

16 Lease Date: 9/24/2007
Recorded: Book 600, Page 6, Chaves County
Records, and Ratification of Oil
& Gas Lease dated 5/11/09,
recorded in Book 641, Page 1258,
Chaves County Records
Jerry Kityk, Trustee of the
Lonnie D. Moore Revocable Trust
dated 9/4/96

Original Lessor:
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

17 Lease Date: 9/20/2007
Recorded: Book 600, Page 153, Chaves County
Records, and Amendment to Oil &
Gas Lease effective 9/20/07,
recorded in Book 662, Page 1404,
Chaves County Records

Original Lessor: Theodore S. Moore
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

18 Lease Date: 9/5/2007
Recorded: Book 600, Page 535, Chaves County
Records
Original Lessor: Martha McDonald
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

19 Lease Date: 9/4/2007
Book 599, Page 1319, Chaves
County Records
Recorded:
Original Lessor: Beda Merrill
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

20 Lease Date: 9/4/2007
Book 599, Page 1325, Chaves
County Records
Recorded:
Original Lessor: Edward L. Barganski, aka Edward
Barganski
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

21 Lease Date: 8/30/2007
Book 599, Page 659, Chaves County
Records
Recorded:
Original Lessor: Mike W. Hurst
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

22 Lease Date: 8/30/2007
Book 599, Page 662, Chaves County
Records
Recorded:
Original Lessor: Roger L. Hurst
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

23 Lease Date: 9/6/2007
 Book 598, Page 1429, Chaves
Recorded: County Records
 Carolyn J. Moore, Trustee of the
 Carl T. Moore and Carolyn J.
Original Lessor: Moore Family Trust dated 1/24/89
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
 less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

24 Lease Date: 9/5/2007
 Book 600, Page 177, Chaves County
 Records, and re-recorded in Book
 639, Page 523, Chaves County
Recorded: Records
Original Lessor: Carole Ann Tong
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
 Section 3: SESE

Number of Acres: Containing 40.00 acres, more or
 less

Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

25 Lease Date: 9/5/2007
Book 600, Page 1111, Chaves
County Records, and re-recorded
in Book 639, Page 514, Chaves
County Records to correct a
faulty acknowledgement
Recorded:
Original Lessor: Debra Brooker
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

26 Lease Date: 9/5/2007
Book 599, Page 1322, Chaves
County Records, and re-recorded
in Book 639, Page 526, Chaves
County Records to correct a
faulty acknowledgement
Recorded:
Original Lessor: Gaylord K. Walden
Original Lessee: Bold Energy LP
Lands Covered: Insofar as said lease covers
Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or
less
Royalty Rate: 3/16ths
Name of Each Working
Interest Owner: COG Operating LLC 100%
Name of Each
Overriding Royalty
Interest Owner: To be determined

27 Lease Date: 7/21/2010
Recorded: Book 664, Page 1657, Chaves County Records
Wells Fargo Bank, N.A., Agent for the New Mexico Boys and Girls Ranch Foundation, Inc.
Original Lessor:
Original Lessee: COG Operating LLC
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 1/4th
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: None

28 Lease Date: 10/01/1980
Recorded: Book 200, Page 964, Chaves County Records
Roswell State Bank, Guardian of the Estate of Vernon Rose
Original Lessor:
Original Lessee: Jerry L. Hooper
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East
Section 3: SESE
Number of Acres: Containing 40.00 acres, more or less
Royalty Rate: 18.5%
Name of Each Working Interest Owner: COG Operating LLC 100%
Name of Each Overriding Royalty Interest Owner: To be determined

The Oil & Gas Leases above were outlined in Title Opinion dated August 12, 2010, prepared by Vandiver & Bowman, P.C.