

ABOVE THIS LINE FOR DIVISION USE ONLY

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



DAS  
 COG  
 Hogan & Com-  
 ##11, 21, 31, 44

**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

**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 | 11/20/12 |
| Print or Type Name | Signature | Title              | Date     |

bmaiorino@concho.com  
 E-mail Address



November 20, 2012

COG Operating, LLC  
Brian Maiorino  
One Concho Center  
600 W. Illinois Avenue  
Midland, Texas 79701

RECEIVED OGD  
2012 NOV 26 P 2:37

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

Dear Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Surface Commingle on the following wells:

**Hogan State Com 1H**  
API:30-015-40413  
Surface Location:UL I, Sec 2, T17S, R29E, 2035 FSL 330 FEL

**Hogan State Com 2H**  
API:30-015:40442  
Surface Location: UL I, Sec 2, T17S, R29E, 1700 FSL 330 FEL

**Hogan State Com 3H**  
API: 30-015-40414  
Surface Location: UL P, Sec 2, T17S, R29E, 990 FSL 330 FEL

**Hogan State Com 4H**  
API: 30-015-40415  
Surface Location: UL P, Sec 2, T17S, R29E, 330 FSL 330 FEL

The Hogan State Com 1H and 2H will have a communitization agreement comprised of a 160.00-acre well spacing unit spanning the north half of the south half of section 2

The Hogan State Com 3H and 4H will have a communitization agreement comprised of a 160.00-acre well spacing unit spanning the south half of the south half of section 2.

The four wells listed above will produce to a central tank battery located on the Hogan State Com 4H well site. Production will be allocated by monthly well test for each communitized tract.

I have attached proof of notice to all of our working interest owners, a diagram of our battery facility, and a map with lease boundaries showing all well and facility locations.

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

Sincerely,

COG Operating, LLC  
Brian Maiorino  
Regulatory Analyst

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: One Concho Center, 600 W Illinois Ave, Midland, Texas 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.

(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) **Test Method**

**(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 Maioimo TITLE: Regulatory Analyst DATE: 11/20/12

TYPE OR PRINT NAME Brian Maioimo TELEPHONE NO.: 432-221-0467 E-MAIL ADDRESS: bmaiorino@concho.com

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                                     |  |
|----------------------------|-------------------------------------|--|
| API Number<br>30-015-40413 | Pool Code<br>28509                  | Pool Name<br>Grayburg Jackson; SR-Q-G-SA |
| Property Code<br>39291     | Property Name<br>HOGAN STATE COM    | Well Number<br>1H                        |
| OGRID No.<br>229137        | Operator Name<br>COG OPERATING, LLC | Elevation<br>3665'                       |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I             | 2       | 17-S     | 29-E  |         | 2035          | SOUTH            | 330           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 2       | 17-S     | 29-E  |         | 2310          | SOUTH            | 330           | WEST           | EDDY   |

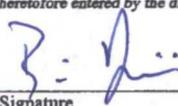
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 160.0           |                 |                    |           |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|  |  |                |           |
|--|--|----------------|-----------|
| 4  | 3<br>40.00 AC.   | 2<br>40.04 AC. | 1         |
| 39.94 AC.  | GEODETIC COORDINATES<br>NAD 27 NME<br>SURFACE LOCATION<br>Y=677356.9 N<br>X=590869.3 E<br>LAT.=32.861787° N<br>LONG.=104.037401° W<br>BOTTOM HOLE LOCATION<br>Y=677638.4 N<br>X=586232.7 E |                | 40.10 AC. |
| GRID. AZ.=273°28'28"<br>HORIZ. DIST.=4646.3'   |  |                |           |
| CORNER COORDINATES TABLE<br>(A) - Y=677970.9 N, X=585901.4 E<br>(B) - Y=677961.5 N, X=591198.9 E<br>(C) - Y=676650.4 N, X=585907.0 E<br>(D) - Y=676641.9 N, X=591199.7 E |  |                |           |

**OPERATOR CERTIFICATION**

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

  
 Signature 10/29/12  
 Date  
 Brian Maiorino  
 Printed Name  
 bmaiorino@concho.com  
 E-mail Address

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MAY 2, 2012

Date of Survey  
 Signature & Seal of Professional Surveyor:  
  
 Ronald J. Eidson  
 Gary Eidson 12641  
 Ronald Eidson 3239  
 AF WSC W.O.: 12.11.0795

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
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DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                                     |  |
|----------------------------|-------------------------------------|--|
| API Number<br>30-015-40442 | Pool Code<br>28509                  | Pool Name<br>Grayburg Jackson; SR-Q-G-SA |
| Property Code<br>39291     | Property Name<br>HOGAN STATE COM    | Well Number<br>2H                        |
| OGRID No.<br>229137        | Operator Name<br>COG OPERATING, LLC | Elevation<br>3665'                       |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I             | 2       | 17-S     | 29-E  |         | 1700          | SOUTH            | 330           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| L             | 2       | 17-S     | 29-E  |         | 1650          | SOUTH            | 330           | WEST           | EDDY   |

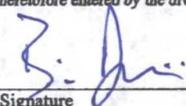
|                          |                 |                    |           |
|--------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>160.0 | Joint or Infill | Consolidation Code | Order No. |
|--------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |           |           |           |
|---|-----------|-----------|-----------|
| 4   | 3         | 2         | 1         |
| 39.94 AC.   | 40.00 AC. | 40.04 AC. | 40.10 AC. |
| <p>CORNER COORDINATES TABLE</p> <p>A) Y=677970.9 N, X=585901.4 E</p> <p>B) Y=677961.5 N, X=591198.9 E</p> <p>C) Y=676650.4 N, X=585907.0 E</p> <p>D) Y=676641.9 N, X=591199.7 E</p>                                 |           |           |           |
| <p>GEODETIC COORDINATES<br/>NAD 27 NME</p> <p>SURFACE LOCATION<br/>Y=677021.7 N<br/>X=590869.5 E</p> <p>LAT.=32.860866° N<br/>LONG.=104.037403° W</p> <p>BOTTOM HOLE LOCATION<br/>Y=676978.6 N<br/>X=586235.5 E</p> |           |           |           |
| <p>GRID. AZ.=269°28'00"</p> <p>HORIZ. DIST.=4635.4'</p>   |           |           |           |
| 330'  | B.H.      | 330'      | S.L.      |
| 1650'   |           | 1700'     |           |

**OPERATOR CERTIFICATION**

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

  
 Signature \_\_\_\_\_ Date 10/29/12

Brian Maiorino  
Printed Name

bmaiorino@concho.com  
E-mail Address

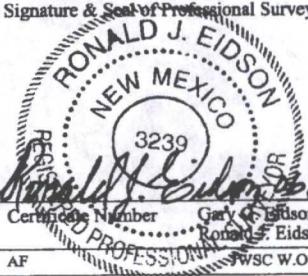
**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JUNE 4, 2012

Date of Survey \_\_\_\_\_

Signature & Seal of Professional Surveyor:



Certificate Number Gary Eidson 12641  
 Ronald J. Eidson 3239  
 AF WSC W.O.: 12.11.1035

DISTRICT I  
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State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                                     |  |
|----------------------------|-------------------------------------|--|
| API Number<br>30-015-40414 | Pool Code<br>28509                  | Pool Name<br>Grayburg Jackson; SR-Q-G-SA |
| Property Code<br>39291     | Property Name<br>HOGAN STATE COM    | Well Number<br>3H                        |
| OGRID No.<br>229137        | Operator Name<br>COG OPERATING, LLC | Elevation<br>3662'                       |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 2       | 17-S     | 29-E  |         | 990           | SOUTH            | 330           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M             | 2       | 17-S     | 29-E  |         | 990           | SOUTH            | 330           | WEST           | EDDY   |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 160.0           |                 |                    |           |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |           |  |           |
|---|-----------|--|-----------|
| 4   | 3         | 2  | 1         |
| 39.94 AC.   | 40.00 AC. | 40.04 AC.  | 40.10 AC. |
| CORNER COORDINATES TABLE  |           | GEODETTIC COORDINATES<br>NAD 27 NME  |           |
| <p>Ⓐ - Y=676650.4 N, X=585907.0 E</p> <p>Ⓑ - Y=676641.9 N, X=591199.7 E</p> <p>Ⓒ - Y=675329.9 N, X=585912.5 E</p> <p>Ⓓ - Y=675322.3 N, X=591200.5 E</p> |           | <p>SURFACE LOCATION</p> <p>Y=676312.2 N<br/>X=590870.0 E</p> <p>LAT.=32.858916° N<br/>LONG.=104.037408° W</p> <p>BOTTOM HOLE LOCATION</p> <p>Y=676318.7 N<br/>X=586238.3 E</p> |           |
| <p>APRIL 24, 2012</p> <p>Date of Survey</p> <p>Signature &amp; Seal of Professional Surveyor:</p>   |           |  |           |
|   |           |  |           |
| <p>AF JWSC W.O.: 12.11.0797</p>   |           |  |           |

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*B. Maiorino* 10/29/12  
Signature Date  
Brian Maiorino  
Printed Name  
bmaiorino@concho.com  
E-mail Address

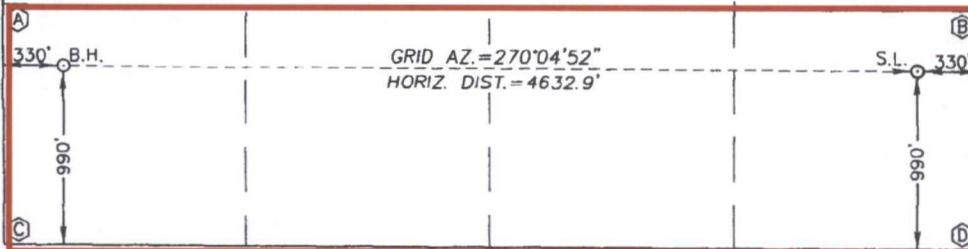
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 24, 2012

Date of Survey  
Signature & Seal of Professional Surveyor:

*Ronald G. Eidson* 4/27/2012  
Certificate No. 3239  
Professional Surveyor  
AF JWSC W.O.: 12.11.0797



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OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
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Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                                     |   |
|----------------------------|-------------------------------------|---|
| API Number<br>30-015-40415 | Pool Code<br>28509                  | Pool Name<br>Grayburg Jackson;SR-Q-G-SA |
| Property Code<br>39291     | Property Name<br>HOGAN STATE COM    | Well Number<br>4H                       |
| OGRID No.<br>229137        | Operator Name<br>COG OPERATING, LLC | Elevation<br>3661'                      |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| P             | 2       | 17-S     | 29-E  |         | 330           | SOUTH            | 330           | EAST           | EDDY   |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M             | 2       | 17-S     | 29-E  |         | 330           | SOUTH            | 330           | WEST           | EDDY   |

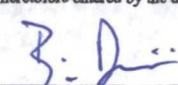
|                          |                 |                    |           |
|--------------------------|-----------------|--------------------|-----------|
| Dedicated Acres<br>160.0 | Joint or Infill | Consolidation Code | Order No. |
|--------------------------|-----------------|--------------------|-----------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

|   |                |                |                |
|---|----------------|----------------|----------------|
| 4<br>39.94 AC.  | 3<br>40.00 AC. | 2<br>40.04 AC. | 1<br>40.10 AC. |
| <p>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=676650.4 N, X=585907.0 E</p> <p>Ⓑ - Y=676641.9 N, X=591199.7 E</p> <p>Ⓒ - Y=675329.9 N, X=585912.5 E</p> <p>Ⓓ - Y=675322.3 N, X=591200.5 E</p>                             |                |                |                |
| <p>GEODETIC COORDINATES<br/>NAD 27 NME</p> <p>SURFACE LOCATION<br/>Y=675652.3 N<br/>X=590870.4 E</p> <p>LAT.=32.857102° N<br/>LONG.=104.037413° W</p> <p>BOTTOM HOLE LOCATION<br/>Y=675658.9 N<br/>X=586241.0 E</p> |                |                |                |
| <p>GRID AZ.=270°04'52"<br/>HORIZ. DIST.=4630.5'</p>   |                |                |                |
| <p>B.H. 330' S.L. 330'</p>  |                |                |                |

**OPERATOR CERTIFICATION**

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

  
 Signature 10/29/12  
 Date  
 Brian Maiorino  
 Printed Name  
 bmaiorino@concho.com  
 E-mail Address

---

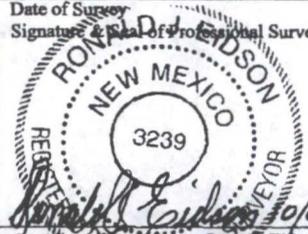
**SURVEYOR CERTIFICATION**

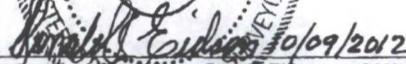
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

APRIL 27, 2012

Date of Survey

Signature & Seal of Professional Surveyor:



  
 Ronald J. Eidson 12641  
 Certificate No. Professional Surveyor 3239  
 AF Rev.: 10/09/2012 JWSC W.O.: 12.11.0798

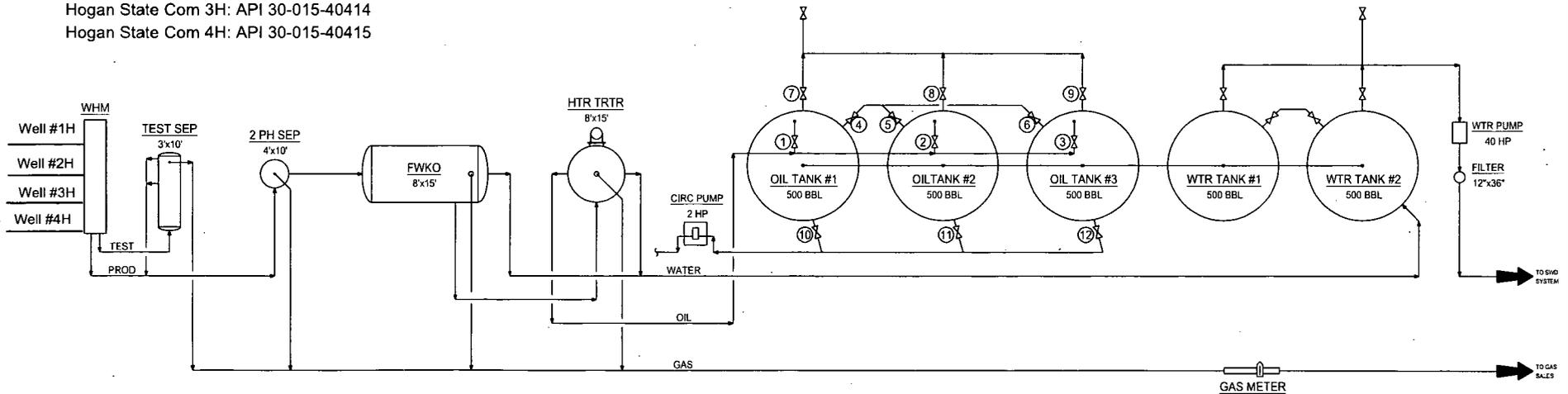
# Hogan State Com 4H Battery      Location: SESE, Sec 2, T17S, R29E, UL P

COG Operating LLC  
 Site Security Plan located At:  
 One Concho Center  
 600 W. Illinois Avenue, Midland, TX 79701

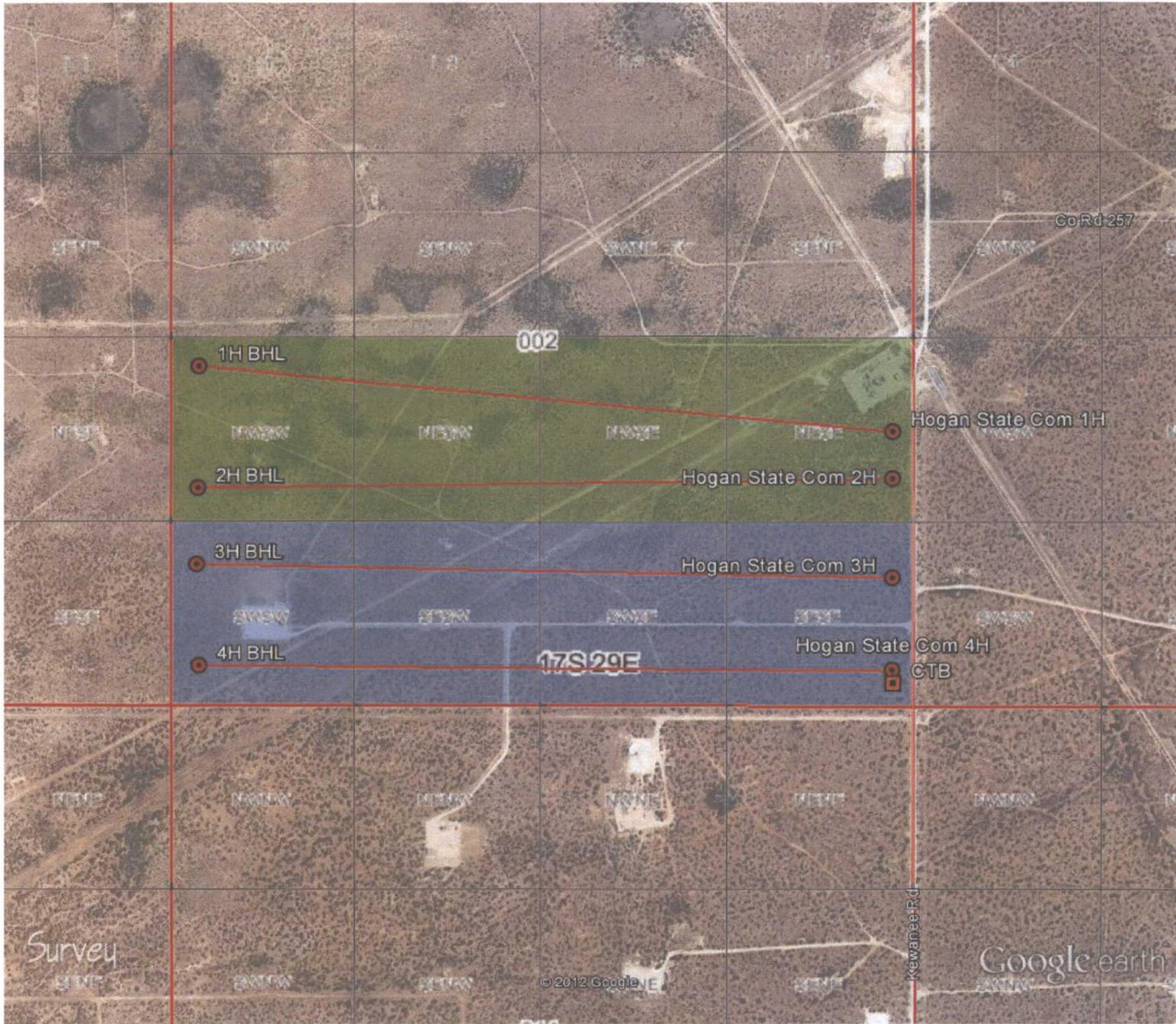
Hogan State Com 1H: API 30-015-40413  
 Hogan State Com 2H: API 30-015-40442  
 Hogan State Com 3H: API 30-015-40414  
 Hogan State Com 4H: API 30-015-40415

- 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

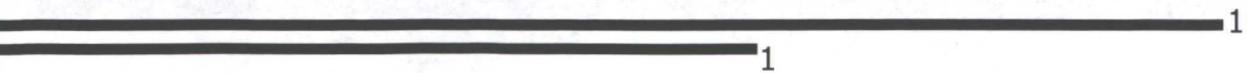


|        |   |  |       |     |           |                           |     |                    |                 |          |   |
|--------|---|--|-------|-----|-----------|---------------------------|-----|--------------------|-----------------|----------|---|
| NOTES: | CONFIDENTIALITY NOTICE<br>THIS 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 DIRECTLY OR INDIRECTLY, NOR USED FOR ANY PURPOSE OTHER THAN THAT WHICH IT IS SPECIFICALLY FURNISHED. | REFERENCE DRAWINGS   |       |     | REVISIONS |                           |     | ENGINEERING RECORD |                 |          | NEW MEXICO SHELF ASSET<br>PRODUCTION FACILITIES<br>SITE FACILITY DIAGRAM<br>STANDARD TANK BATTERY |
|        |   | NO.  | TITLE | NO. | DATE      | DESCRIPTION               | BY  | CHK.               | APP.            | BY       |   |
|        |   |  |       | A   | 06/01/12  | ISSUE FOR SITE PERMITTING | CRB |                    | CRB             | 06/01/12 | DWG NO. D-1700-81-005   |
|        |   | COG OPERATING LLC<br>550 W. TEXAS AVE, SUITE 100<br>MIDLAND, TEXAS 79701 |       |     |           |                           |     |                    | OPER DWR: VARES |          | REV A   |
|        |   |  |       |     |           |                           |     | SCALE: NONE        |                 |          |   |



Google earth

miles  
km



October 30, 2012

ZPZ Delaware I LLC ZPZ Delaware I LLC  
303 Veterans Airpark Lane, Suite 3000  
Midland, TX 79705

Certified Mail Article Number: 91 7199 9991 7030 4044 9319

Re: Notice of Surface Commingle

ZPZ Delaware I LLC ZPZ Delaware I LLC,

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 surface commingling of the following wells:

Production from N/2S/2 Section 2 and S/2S/2 Section 2 to be gathered at Hogan State Com 4H CTB, separate well test to be conducted for each well.

|   |   |
|---|---|
| Hogan State Com 1H<br>Eddy County, NM<br>API # 30-015-40413<br>Surface: 2035 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I | Hogan State Com 2H<br>Eddy County, NM<br>API # 30-015-40442<br>Surface: 1700 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I |
| Hogan State Com 3H<br>Eddy County, NM<br>API # 30-015-40414<br>Surface: 990 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit P  | Hogan State Com 4H<br>Eddy County, NM<br>API # 30-015-40415<br>Surface: 330 FSL 330 FEL, Sec 2<br>T17S, R29E, Unit P    |

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 and Off Lease Measurement if no objection has been made within the 20 days after the application has been received.

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

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

Attachments: Surface Map

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY   |
|--|---|
| <ul style="list-style-type: none"><li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>Print your name and address on the reverse so that we can return the card to you.</li><li>Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> | A. Signature<br><input checked="" type="checkbox"/> <i>Michael D'Amico</i> <input type="checkbox"/> Agent<br><input type="checkbox"/> Addressee   |
|  | B. Received by (Printed Name) C. Date of Delivery<br><i>Michael D'Amico</i> <i>10-31-12</i>   |
|  | D. Is delivery address different from Item 1? <input type="checkbox"/> Yes<br>If YES, enter delivery address below: <input type="checkbox"/> No   |
| 1. Article Addressed to:<br><br>ZPZ Delaware I LLC<br>303 Veterans Airpark Lane, Suite 3000<br>Midland, TX 79705   | 3. Service Type<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. |
|  | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes  |

October 30, 2012

Rubicon Oil and Gas II, LP Rubicon Oil and Gas II, LP  
508 West Wall Street, #500  
Midland, TX 79701

Certified Mail Article Number: 91 7199 9991 7030 4044 9302

Re: Notice of Surface Commingle

Rubicon Oil and Gas II, LP Rubicon Oil and Gas II, LP,

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 surface commingling of the following wells:

Production from N/2S/2 Section 2 and S/2S/2 Section 2 to be gathered at Hogan State Com 4H CTB, separate well test to be conducted for each well.

|   |   |
|---|---|
| Hogan State Com 1H<br>Eddy County, NM<br>API # 30-015-40413<br>Surface: 2035 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I | Hogan State Com 2H<br>Eddy County, NM<br>API # 30-015-40442<br>Surface: 1700 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I |
| Hogan State Com 3H<br>Eddy County, NM<br>API # 30-015-40414<br>Surface: 990 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit P  | Hogan State Com 4H<br>Eddy County, NM<br>API # 30-015-40415<br>Surface: 330 FSL 330 FEL, Sec 2<br>T17S, R29E, Unit P    |

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 and Off Lease Measurement if no objection has been made within the 20 days after the application has been received.

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

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

Attachments: Surface Map

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY   |
|--|---|
| <ul style="list-style-type: none"><li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li><li>Print your name and address on the reverse so that we can return the card to you.</li><li>Attach this card to the back of the mailpiece, or on the front if space permits.</li></ul> | A. Signature<br><input checked="" type="checkbox"/> <i>Brian Maiorino</i> <input type="checkbox"/> Agent<br><input type="checkbox"/> Address  |
|  | B. Received by (Printed Name) C. Date of Delivery   |
|  | D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br>If YES, enter delivery address below: <input type="checkbox"/> No   |
|  | 3. Service Type<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. |
|  | 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes  |

2. Article Addressed to:  
Rubicon Oil and Gas II, LP  
508 West Wall Street, #500  
Midland, TX 79701

91 7199 9991 7030 4044 9302

October 30, 2012

Murchison Oil and Gas, Inc Murchison Oil and Gas, Inc  
1100 Mira Vista Boulevard  
Plano, TX 75093

Certified Mail Article Number: 91 7199 9991 7030 4044 9296

Re: Notice of Surface Commingle

Murchison Oil and Gas, Inc Murchison Oil and Gas, Inc,

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 surface commingling of the following wells:

Production from N/2S/2 Section 2 and S/2S/2 Section 2 to be gathered at Hogan State Com 4H CTB, separate well test to be conducted for each well.

|   |   |
|---|---|
| Hogan State Com 1H<br>Eddy County, NM<br>API # 30-015-40413<br>Surface: 2035 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I | Hogan State Com 2H<br>Eddy County, NM<br>API # 30-015-40442<br>Surface: 1700 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I |
| Hogan State Com 3H<br>Eddy County, NM<br>API # 30-015-40414<br>Surface: 990 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit P  | Hogan State Com 4H<br>Eddy County, NM<br>API # 30-015-40415<br>Surface: 330 FSL 330 FEL, Sec 2<br>T17S, R29E, Unit P    |

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 and Off Lease Measurement if no objection has been made within the 20 days after the application has been received.

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

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

Attachments: Surface Map

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> | A. Signature<br><i>x Elaine Reveto</i>   | <input type="checkbox"/> Agent<br><input type="checkbox"/> Addressee |
| 1. Article Addressed to:<br><br>Murchison Oil and Gas, Inc<br>1100 Mira Vista Boulevard<br>Plano, TX 75093   | B. Received by (Printed Name)<br><i>Elaine Reveto</i>  | C. Date of Delivery<br><i>11-2</i>                                   |
| 2. Article Number<br>91 7199 9991 7030 4044 9296   | D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br>If YES, enter delivery address below: <input type="checkbox"/> No<br><br>3. Service Type<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.<br>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes |  |

October 30, 2012

Morris E Schertz and Holly K Schertz Morris E Schertz and Holly K Schertz  
PO Box 2588  
Roswell, NM 88202

Certified Mail Article Number: 91 7199 9991 7030 4044 9289

Re: Notice of Surface Commingle

Morris E Schertz and Holly K Schertz Morris E Schertz and Holly K Schertz ,

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 surface commingling of the following wells:

Production from N/2S/2 Section 2 and S/2S/2 Section 2 to be gathered at Hogan State Com 4H CTB, separate well test to be conducted for each well.

|   |   |
|---|---|
| Hogan State Com 1H<br>Eddy County, NM<br>API # 30-015-40413<br>Surface: 2035 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I | Hogan State Com 2H<br>Eddy County, NM<br>API # 30-015-40442<br>Surface: 1700 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I |
| Hogan State Com 3H<br>Eddy County, NM<br>API # 30-015-40414<br>Surface: 990 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit P  | Hogan State Com 4H<br>Eddy County, NM<br>API # 30-015-40415<br>Surface: 330 FSL 330 FEL, Sec 2<br>T17S, R29E, Unit P    |

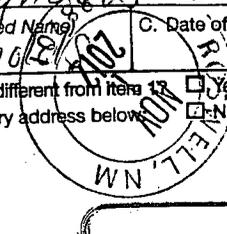
Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Surface Commingle and Off Lease Measurement if no objection has been made within the 20 days after the application has been received.

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

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

Attachments: Surface Map

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY   |
|--|---|
| <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> | A. Signature <input type="checkbox"/> Agent<br><input checked="" type="checkbox"/> <i>Tara Reynolds</i> <input type="checkbox"/> Address  |
| 1. Article Addressed to:<br><br>Morris E Schertz and Holly K Schertz<br>PO Box 2588<br>Roswell, NM 88202   | B. Received by (Printed Name) <input type="checkbox"/> C. Date of Delivery<br><i>Tara Reynolds</i> <input type="checkbox"/><br>D. Is delivery address different from item 1? <input type="checkbox"/> Yes<br>If YES, enter delivery address below: <input type="checkbox"/> No <div style="text-align: center;">  </div> |
|  | 3. Service Type<br><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail<br><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise<br><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.<br>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes   |

2 917199 9991 7030 4044 9289

October 30, 2012

MEC Petroleum Corporation  
414 West Texas, Suite 410, PO Box 11265  
Midland, TX 79702

Certified Mail Article Number: 91 7199 9991 7030 4044 9272

Re: Notice of Surface Commingle

MEC Petroleum Corporation MEC Petroleum Corporation,

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 surface commingling of the following wells:

Production from N/2S/2 Section 2 and S/2S/2 Section 2 to be gathered at Hogan State Com 4H CTB, separate well test to be conducted for each well.

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| Hogan State Com 1H<br>Eddy County, NM<br>API # 30-015-40413<br>Surface: 2035 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I | Hogan State Com 2H<br>Eddy County, NM<br>API # 30-015-40442<br>Surface: 1700 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit I |
| Hogan State Com 3H<br>Eddy County, NM<br>API # 30-015-40414<br>Surface: 990 FSL & 330 FEL, Sec 2<br>T17S, R29E, Unit P  | Hogan State Com 4H<br>Eddy County, NM<br>API # 30-015-40415<br>Surface: 330 FSL 330 FEL, Sec 2<br>T17S, R29E, Unit P    |

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 and Off Lease Measurement if no objection has been made within the 20 days after the application has been received.

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

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

Attachments: Surface Map

| SENDER: COMPLETE THIS SECTION  | COMPLETE THIS SECTION ON DELIVERY  |
|--|--|
| <p>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <ul style="list-style-type: none"> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> | <p>A. Signature<br/>X <i>Wanda Cannon</i></p> <p>B. Received by (Printed Name) <i>Wanda Cannon</i> Date of Delivery <i>11/01/12</i></p> <p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br/>If YES, enter delivery address below:</p>   |
| <p>1. Article Addressed to:</p> <p>MEC Petroleum Corporation<br/>414 West Texas, Suite 410, PO Box 11265<br/>Midland, TX 79702</p>   | <p>3. Service Type<br/> <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail<br/> <input type="checkbox"/> Registered    <input type="checkbox"/> Return Receipt for Merchandise<br/> <input type="checkbox"/> Insured Mail    <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p> |

91 7199 9991 7030 4044 9272

**COMMUNITIZATION AGREEMENT**

(ONLINE Version)

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of September 3, 2012, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Yeso formation (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 17 South, Range 29 East, NMPM  
Section 2: N2S2  
Eddy County, New Mexico

Containing 160.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. COG Operating LLC shall be the Operator of said communitized area and all matters of operation shall be determined and performed by COG Operating LLC.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized 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 communitized area, if such a 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 provisions 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 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 communitized 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 communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico,

written notice of 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

**OPERATOR & LESSEE OF RECORD:**

**COG OPERATING LLC**

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

**LESSEES OF RECORD:**

**CONCHO OIL AND GAS LLC**

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

**FEATHERSTONE DEVELOPMENT CORP**

By: \_\_\_\_\_

**CHEVRON U.S.A. INC.**

By: \_\_\_\_\_

**BP AMERICA PRODUCTION COMPANY**

By: \_\_\_\_\_

**WORKING INTEREST OWNERS:**

**ZPZ DELAWARE I LLC**

Pooled by NMOCD Order R-13597

**RUBICON OIL & GAS II, LP**

Rubicon Oil & Gas, LLC, its General Partner

By: \_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on \_\_\_\_\_, 2012, by  
Mona D. Ables, Vice President of Land, of COG Operating, LLC, a Delaware limited liability  
company, on behalf of said company.

---

Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on \_\_\_\_\_, 2012, by  
Mona D. Ables, Vice President of Land, of Concho Oil and Gas, LLC, a Texas limited liability  
company, on behalf of said company.

---

Notary Public in and for the State of Texas



STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of Rubicon Oil & Gas LLC, its General Partner a \_\_\_\_\_, on behalf of said company.

\_\_\_\_\_  
Notary Public

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated September 3, 2012 covering N2S2 of Section 2, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico

OPERATOR of Communitized Area: **COG Operating LLC**

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Serial No. of Lease: V-7258  
Date of Lease: January 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
  
Lessee of Record: COG Operating LLC  
Concho Oil & Gas LLC

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: NWSW  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/6th

Name and Percent of WI Owners:

|                      |              |
|----------------------|--------------|
| COG Operating LLC    | 95.00000000% |
| Concho Oil & Gas LLC | 5.00000000%  |

|       |               |
|-------|---------------|
| TOTAL | 100.00000000% |
|-------|---------------|

Name and Percent of ORRI Owners: Raye Miller .5%

**TRACT NO. 2**

Serial No. of Lease: B-5084

Date of Lease: October 10, 1935

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Featherstone Development Corporation

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: NESW  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

|                          |               |
|--------------------------|---------------|
| COG Operating LLC        | 50.25%        |
| Rubicon Oil & Gas II, LP | 24.75%        |
| ZPZ Delaware 1 LLC       | <u>25.00%</u> |
|                          | 100.00%       |

|                                  |                               |          |
|----------------------------------|-------------------------------|----------|
| Name and Percent of ORRI Owners: | Eva E. Jenkins                | 1.56250% |
|                                  | Featherstone Development Corp | 10.9375% |
|                                  | Curtis W. Mewbourne, Trustee  | 1.5%     |

**TRACT NO. 3**

Serial No. of Lease: OG-776

Date of Lease: April 16, 1957

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: BP America Production Company

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: NWSE  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

ZPZ Delaware I LLC 100.00%

Name and Percent of ORRI Owners: None of Record

**TRACT NO. 4**

Serial No. of Lease: B-11662

Date of Lease: December 11, 1944

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Chevron U.S.A. Inc.

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: NESE  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

|                          |            |
|--------------------------|------------|
| COG Operating LLC        | 67%        |
| Rubicon Oil & Gas II, LP | <u>33%</u> |
|                          | 100%       |

Name and Percent of ORRI Owners:

|  |         |
|--|---------|
| Rubicon Oil and Gas II, LP   | 4.1875% |
| Quientesa Royalty LP   | 4.25%   |
| Michael D. and<br>Kathryn A. Hayes<br>Trustees of the<br>Hayes Revocable Trust | 2.00%   |

\*Ownership in tracts 1-4 is based on that certain original drilling title opinion dated April 4<sup>th</sup>, 2012 and that certain supplemental drilling title opinion dated July 17, 2012. Both prepared by Davis, Gerald, and Cremer, PC

**EXHIBIT B**

Attached to and made a part of that Communitization Agreement dated September 3, 2012 covering N2S2 of Section 2, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico

|                                      |                                      |                                      |                                       |  |
|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|--|
|                                      |                                      |                                      |                                       |  |
|                                      | Hogan State Com 2H                   |                                      |                                       |  |
| Tract 1<br>V-7258<br>40 Acres<br>25% | Tract 2<br>B-5084<br>40 Acres<br>25% | Tract 3<br>OG-776<br>40 Acres<br>25% | Tract 4<br>B-11662<br>40 Acres<br>25% |  |
|                                      |                                      |                                      |                                       |  |

**RECAPITULATION**

| <b>Tract number</b> | <b>Number of Acres Committed</b> | <b>Percentage of Interest In Communitized Area</b> |
|---------------------|----------------------------------|--|
| No. 1               | 40.00                            | 25.0000%   |
| No. 2               | 40.00                            | 25.0000%   |
| No. 3               | 40.00                            | 25.0000%   |
| No. 4               | <u>40.00</u>                     | <u>25.0000%</u>                                    |
|                     | 160.00                           | 100.0000%  |

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of September 3, 2012, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the Yeso formation (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Township 17 South, Range 29 East, NMPM  
Section 2: S2S2  
Eddy County, New Mexico

Containing 160.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "Communitized Substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

6. The commencement, completion, and continued operation or production of a well or wells for communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. COG Operating LLC shall be the Operator of said communitized area and all matters of operation shall be determined and performed by COG Operating LLC.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized 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 communitized area, if such a 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 provisions 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 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 communitized 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 communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico,

written notice of 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.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

**OPERATOR & LESSEE OF RECORD:**

**COG OPERATING LLC**

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

**LESSEES OF RECORD:**

**CONCHO OIL AND GAS LLC**

By: \_\_\_\_\_

Mona D. Ables  
Vice President of Land

**FEATHERSTONE DEVELOPMENT CORP**

By: \_\_\_\_\_

**CHEVRON U.S.A. INC.**

By: \_\_\_\_\_

**JAMES L. BROWN**

By: \_\_\_\_\_

**WORKING INTEREST OWNERS:**

**ZPZ DELAWARE I LLC**

Pooled by NMOCD Order R-13590

**MORRIS E. SCHERTZ & HOLLY K. SCHERTZ  
HUSBAND AND WIFE**

By: \_\_\_\_\_

By: \_\_\_\_\_

**RUBICON OIL & GAS II, LP**  
Rubicon Oil & Gas, LLC, its General Partner

By: \_\_\_\_\_

**MURCHISON OIL & GAS, INC.**

Pooled by NMOCD Order R-13590

**MEC PETROLEUM CORPORATION**

Pooled by NMOCD Order R-13590







**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated September 3, 2012 covering S2S2 of Section 2, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico

OPERATOR of Communitized Area: **COG Operating LLC**

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

Serial No. of Lease: V-7258  
Date of Lease: January 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
  
Lessee of Record: COG Operating LLC  
Concho Oil & Gas LLC

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: SWSW  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/6th

Name and Percent of WI Owners:

|                      |                    |
|----------------------|--------------------|
| COG Operating LLC    | 95.00000000%       |
| Concho Oil & Gas LLC | <u>5.00000000%</u> |

|       |               |
|-------|---------------|
| TOTAL | 100.00000000% |
|-------|---------------|

Name and Percent of ORRI Owners: Raye Miller .5%

**TRACT NO. 2**

Serial No. of Lease: B-5084

Date of Lease: October 10, 1935

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Featherstone Development Corporation

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
 Section 2: SESW  
 Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

|                          |               |
|--------------------------|---------------|
| COG Operating LLC        | 50.25%        |
| Rubicon Oil & Gas II, LP | 24.75%        |
| ZPZ Delaware 1 LLC       | <u>25.00%</u> |
|                          | 100.00%       |

|                  |                |          |
|------------------|----------------|----------|
| Name and Percent | Eva E. Jenkins | 1.56250% |
|------------------|----------------|----------|

of ORRI Owners: Featherstone Development Corp 10.9375%  
Curtis W. Mewbourne, Trustee 1.5%

**TRACT NO. 3**

Serial No. of Lease: E-7664

Date of Lease: December 15, 1953

Lessor: State of New Mexico acting by and through its Commissioner of Public  
Lands

Lessee of Record: James L. Brown

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: SWSE  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

|                           |              |
|---------------------------|--------------|
| MEC Petroleum Corporation | 2.5%         |
| COG Operating LLC         | 16.75%       |
| Rubicon Oil & Gas II, LP  | 8.25%        |
| Murchison Oil & Gas, Inc. | 47.50%       |
| ZPZ Delaware 1 LLC        | 18.75%       |
| Morris E. Schertz         | <u>6.25%</u> |
|                           | 100.00%      |

|                                  |                              |          |
|----------------------------------|------------------------------|----------|
| Name and Percent of ORRI Owners: | James L. Brown               | 9.375%   |
|                                  | Latimer Investments, LLC.    | 1.875%   |
|                                  | Curtis W. Mewbourne, Trustee | .375%    |
|                                  | Derek Peter Venezia          | .390625% |

Scott Anthony Venezia .390625%

**TRACT NO. 4**

Serial No. of Lease: B-11662

Date of Lease: December 11, 1944

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Chevron U.S.A. Inc.

Description of Lands Committed:

Insofar and only insofar as lease covers  
Township 17 South, Range 29 East, NMPM  
Section 2: SESE  
Eddy County, New Mexico

No. of Acres: 40.00

Royalty Rate: 1/8th

Name and Percent of WI Owners:

|                          |            |
|--------------------------|------------|
| COG Operating LLC        | 67%        |
| Rubicon Oil & Gas II, LP | <u>33%</u> |
|                          | 100%       |

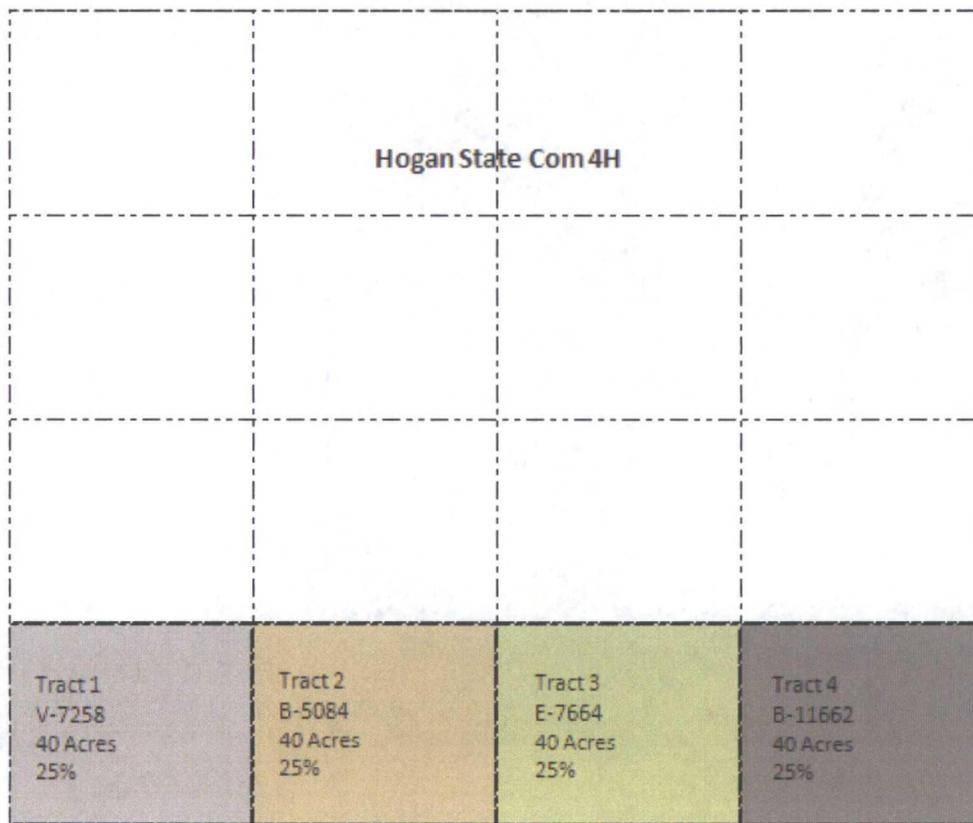
Name and Percent of ORRI Owners:

|  |         |
|--|---------|
| Rubicon Oil and Gas II, LP   | 4.1875% |
| Quientesa Royalty LP   | 4.25%   |
| Michael D. and<br>Kathryn A. Hayes<br>Trustees of the<br>Hayes Revocable Trust | 2.00%   |

\*Ownership in tracts 1-4 is based on that certain original drilling title opinion dated April 4<sup>th</sup>, 2012 and that certain supplemental drilling title opinion dated July 17, 2012. Both prepared by Davis, Gerald, and Cremer, PC

**EXHIBIT B**

Attached to and made a part of that Communitization Agreement dated September 3, 2012 covering S2S2 of Section 2, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico



**RECAPITULATION**

| <b>Tract number</b> | <b>Number of Acres Committed</b> | <b>Percentage of Interest In Communitized Area</b> |
|---------------------|----------------------------------|--|
| No. 1               | 40.00                            | 25.0000%   |
| No. 2               | 40.00                            | 25.0000%   |

|       |              |                 |
|-------|--------------|-----------------|
| No. 3 | 40.00        | 25.0000%        |
| No. 4 | <u>40.00</u> | <u>25.0000%</u> |
|       | 160.00       | 100.0000%       |