

ConocoPhillips 2208 West Main Street Artesia, New Mexico 88210 www.conocophillips.com

December 3, 2021

Attn: Dean McClure NM Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, New Mexico 87505

Re: Application for Administrative Approval of Lease Commingle (CTB)

Dear Mr. McClure,

COG Operating LLC respectfully requests approval for lease commingling for the following wells:

Stove Pipe Federal Com 1H API# 30-025-43838 WC-025 G-09 S243532M; Wolfbone Ut. A, Sec. 6-T25S-R35E Lea County, NM Stove Pipe Federal Com 2H API# 30-025-42926 WC-025 G-09 S243532M; Wolfbone Ut. B, Sec. 6-T25S-R35E Lea County, NM

Stove Pipe Federal Com 21H API# 30-025-43839 WC-025 G-09 S243532M; Wolfbone Ut. A, Sec. 6-T25S-R35E Lea County, NM

Oil Production:

The oil production from all wells will be measured separately by allocation meter prior to being commingled at the Central Tank Battery located in Ut. B, Sec. 6-T25S-R33E. In the event the CTB is over capacity or in the case of battery or pipeline repairs the oil production from these wells may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County. In this case, the oil will remain segregated and will be measured by lact meter when offloading at said stations.

Gas Production:

The gas production from all wells will be measured separately by allocation meter prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. B, Sec. 6-T25S-R35E.

All owners of interest have been notified by certified mail that should they have an objection to this surface commingling, they must file a formal protest with the NMOCD within 20 days of the date of this application. Proof of owner notification and copy of Public Notice is enclosed.

Please see the enclosed Administrative Application Checklist, C-107B Application for Surface Commingling, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations, and communization agreement application.

Thank you for your attention to this matter.

Sincerely

Jeanette Barron

Regulatory Coordinator

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:	
		ABOVE THIS TABLE FOR OCD	DIVISION USE ONLY	
	- Geolog	CO OIL CONSERV ical & Engineerin trancis Drive, San	g Bureau –	
	ADMINIST	RATIVE APPLICAT	ION CHECKLIST	
THIS	CHECKLIST IS MANDATORY FOR REGULATIONS WHICH F		ATIONS FOR EXCEPTIONS TO E DIVISION LEVEL IN SANTA F	
Applicant: COG Op				Number: <u>229137</u>
	Pipe Federal Com 1H, 2H	& 21H		025-43838/30-025-42926/30-025-43839
Pool: WC-025 G-09 S2	43532M; Wollcamp		Pool C	ode: 98098
SUBMIT ACCUR	ATE AND COMPLETE IN	IFORMATION REQUINDICATED BEL		HE TYPE OF APPLICATION
A. Location	ICATION: Check those A – Spacing Unit – Simu NSL NSP	ultaneous Dedi <u>c</u> ati		D
[1] Con [[11] Inje [ction – Disposal – Pres WFX PMX	PLC PC Sure Increase – Ent SWD IPI I	EOR PPR	FOR OCD ONLY
A. Offse B. Royc C. Appl D. Notif E. Notif F. Surfa G. For a	N REQUIRED TO: Chect operators or lease healty, overriding royalty ication requires publis cation and/or concucation and/or concuce owner life of the above, proof office required	olders owners, revenue o hed notice rrent approval by S rrent approval by B	wners SLO BLM	Notice Complete Application Content Complete ned, and/or,
administrativ understand t	N: I hereby certify that e approval is accurate hat no action will be t are submitted to the D	e and complete to aken on this applic	the best of my kno	wledge. I also
1	Note: Statement must be comp	oleted by an individual w	ith managerial and/or sup	ervisory capacity,
Jeanette Barron			$\frac{12 3 3}{\text{Date}}$	
Print or Type Name				
1	$\mathcal D$		575-746-6974 Phone Number	
Signature	Danon	 	jeanette.barron@co e-mail Address	onocophillips.com

<u>District I</u>
1625 N. French Drive, Hobbs, NM 88240
<u>District II</u>
811 S. First St., Artesia, NM 88210
<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410
<u>District IV</u>
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505 Form C-107-B Revised August 1, 2011

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICA	ATION FO	OR SURFACE	COMMINGLING	(DIVERSE	OWNERSHIP)	
OPERATOR NAME:	COG Oper	ating LLC				
OPERATOR ADDRESS:	2208 W M	ain Street, Artesia, N	lew Mexico 88210			
APPLICATION TYPE:						
☐ Pool Commingling ☐ Lease	Commingling	Pool and Lease Co	mmingling Off-Lease	Storage and Measur	ement (Only if not Surface	e Commingled)
LEASE TYPE:	ee 🔲	State 🗵 Fede	ral			
Is this an Amendment to exi						
Have the Bureau of Land Ma	anagement (I	BLM) and State Land	d office (SLO) been not	tified in writing o	of the proposed comm	ingling
Yes No		(1) 706				
			OL COMMINGLIN ts with the following in			
(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 a			amazad assessite C = 0			
(3) Has all interest owners be (4) Measurement type:	•	certified mail of the pr Other (Specify)	oposea commingling?	☐Yes ☐No.		
(5) Will commingling decrea	se the value of	f production? Yes	☐No If "yes", descr	ibe why commingl	ing should be approved	
		` '	SE COMMINGLIN			
(I) Pool Name and Code. W	2.025 G.00 S2		ts with the following i	ดากาแสนเขา		
(2) Is all production from san						
(3) Has all interest owners bee	n notified by o	certified mail of the pro		⊠Yes □N	lo	
(4) Measurement type: \(\sum N	letering \square	Other (Specify)				
			LEASE COMMIN			······································
(1) Complete Sections A and	E.	r tease attach shee	ts with the following i	HEOF HIACION		
			FORAGE and MEA			
			ets with the following	information		
(1) Is all production from sar			No			
(2) Include proof of notice to	an interest ov	YHCIS.				
	(E) AD		ORMATION (for al		ypes)	
(1) A schematic diagram of t	acility includ		ts with the lonowing i	นางา แลยเยก		
			tions. Include lease numb	ers if Federal or St	ate lands are involved.	
(3) Lease Names, Lease and						
I hereby certify that the information	ation above is	frue and complete to th	e hest of my knowledge a	nd helief		
					2/2/21	
signature: Hant	LDGA	101)	TITLE: Regulatory Coordi	nator_DATE: 10	110/01	
TYPE OR PRINT NAME Jean	ette Barron	TELEPHONE NO.: _	575.748.6974			
E-MAIL ADDRESS: jeanette	.barron@cono	cophillips.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, NM 87505

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

AMENDED REPORT
(As Drilled)

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Poel Cede		
30-025-43838	98098	WC-025 G-09 S243532N	I; Wolfbone
1 Property Code	s Propert	y Name	⁶ Well Number
315644	Stove Pipe F	ederal Com	1H
7 OGRID No.	8 Operate	r Name	⁹ Elevation
229137	COG Oper	3295' GR	

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Enst/West line	County
A	6	25S	35E	1	420	North	515	East	Lea
1	L		¹¹ Bo	ottom Ho	le Location I	f Different Fro	n Surface		
UL or lat no.	lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County								County
P	7	258	35E		535	South	327	East	Lea

 P
 7
 25S
 35E
 535
 South
 327
 East
 Lea

 12 Dedicated Acres 320.35
 13 Joint or Infill 320.35
 14 Consolidation Code 15 Order No.
 15 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.

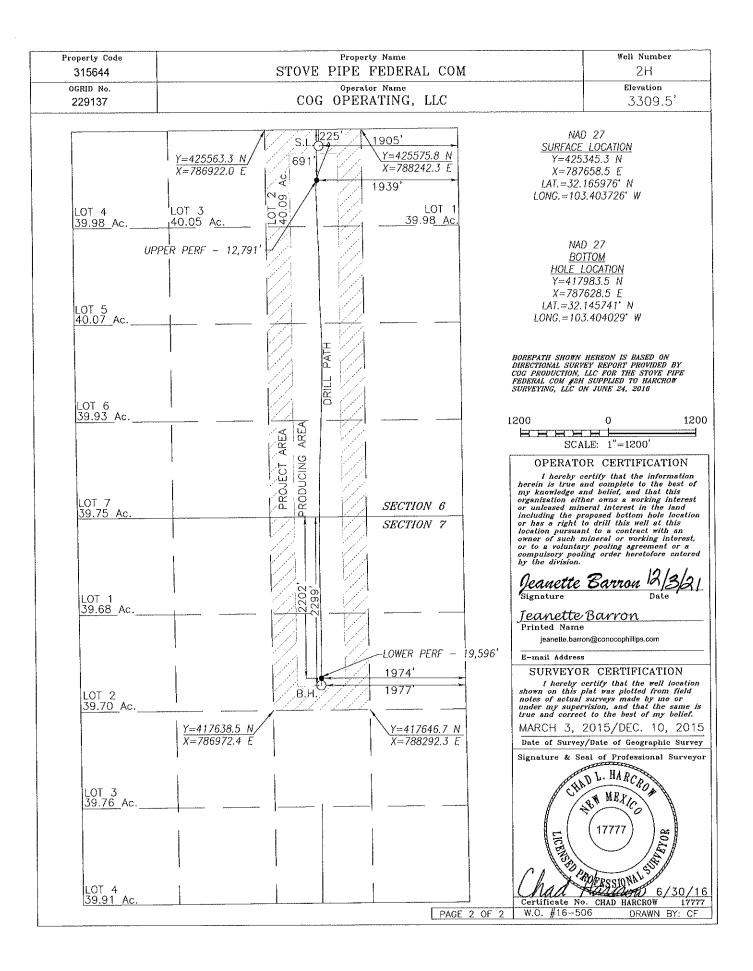
Sec 6-T25S-R35	Lot 3	Lot 2	SHL SHL	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and helief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretafore entered by the division. Jeanette Barron Signature Jeanette Barron Printed Name jeanette.barron@conocophillips.com E-mail Address
Sec 7-T25S-R35		Producing Area 12645-21915'		18 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. Date of Survey Signature and Seal of Professional Surveyor: REFER TO ORIGINAL PLAT
			BHL 1327	Certificate Number

PAGE 1 OF 2

DRAWN BY: CF

W.O. #16-506

State of New Mexico DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 88240 Phone: (575) 393-6161 Fax: (576) 303-0720 Energy, Minerals & Natural Resources Department Form C-102 OIL CONSERVATION DIVISION DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 Revised August 1, 2011 Submit one copy to appropriate 1220 SOUTH ST. FRANCIS DR. District Office DISTRICT III 1000 RIO BRAZOS RD., AZTEC, NM 87410 Phone: (505) 334-6170 Fax: (505) 334-6170 Santa Fe, New Mexico 87505 DISTRICT IV 1220 S. ST. FRANCIS BR., SANTA FE, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 ☐ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name API Number Paol Code WC-025 G-09 S243532M; Wolfbone 30-025-42926 98098 Property Name Well Number Property Code STOVE PIPE FEDERAL COM 2H315644 Elevation OGRID No. Operator Name COG OPERATING, LLC 3309.5 229137 Surface Location North/South line Feet from the East/West line County UL or lot No. Section Lot Idn Feet from the Township Range **EAST** 225 NORTH 1905 LEA 6 25 - S35-E Bottom Hole Location If Different From Surface Feet from the North/South line Feet from the East/West line County Lot Idn UL or lot No. Section Township Range 2299 NORTH 1977 **EAST** LEA G 7 25-S 35-E Consolidation Code Joint or Infill Order No. Dedicated Acres 240.25 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 SEE PAGE 2



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

AMENDED REPORT
(As Drilled)

WELL LOCATION AND ACREAGE DEDICATION PLAT

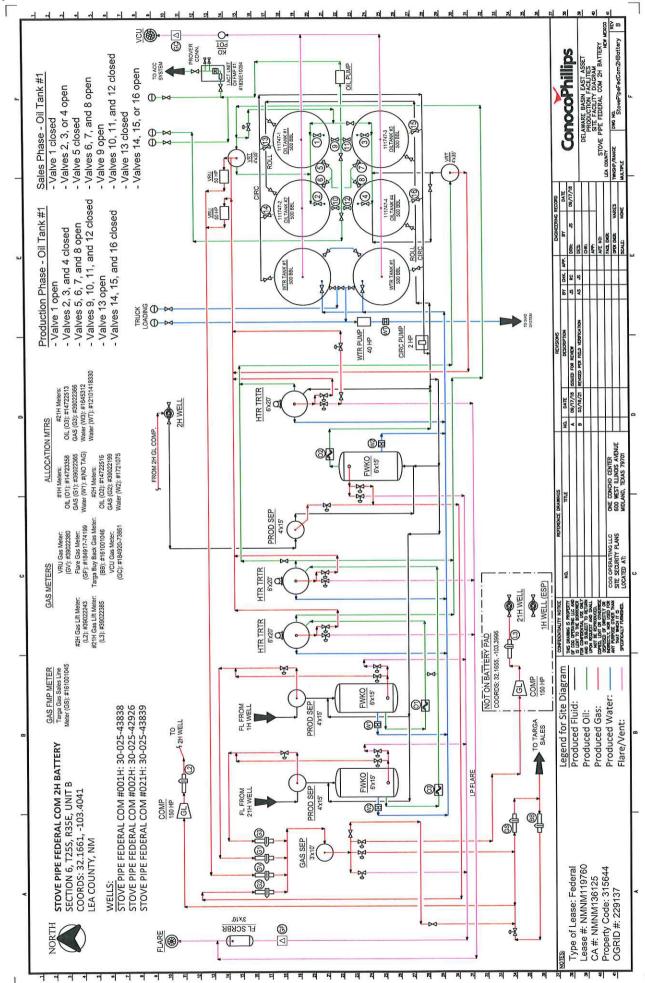
١,	API Number	ber ² Pool Code ³ Pool Name						' Pool Name				
30-	-025-4383	39		98098	1	WC-0	25 G-09 S2435	32M; Wolfbone				
4 Property (Code				5 Property l	Name	⁶ Well Number					
31564	4				Stove Pipe Fee	ieral Com			21H			
⁷ OGRID	No.				^B Operator	Name	⁹ Elevation					
22913	7			COG Operating LLC					3295' GR			
					10 Surface	Location						
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	Enst/West line	County			
Α	6	25S	35E	1	409	North	476	East	Lea			

11 Bottom Hole Location If Different From Surface

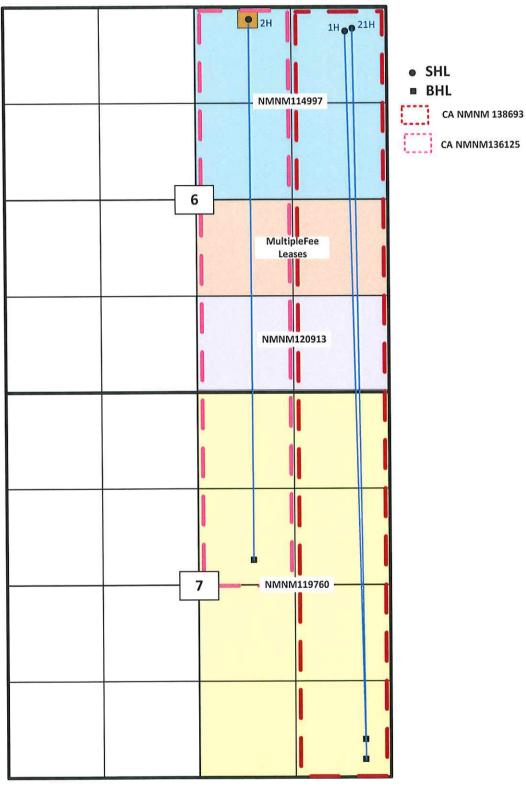
			D	mom no	ic Location i	I Different From	iii Surrace		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	25S	35E		200	South	365	East	Lea
12 Dedicated Acres	53 Joint of	r Infill 14 C	onsolidation	Code 15 Or	der No.				
320.35									

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.

Sec 6-T25S-R35E	Lot 3	Lot 2	Lot 1	SHC	_ 476'	17 OPERATOR CERTIFICATION Thereby certify that the information contained 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 pursicon to a contract with an owner of such a numeral or working interest, or to a voluntary pushing agreement or a compulsory pooling order heretofore entered by the division. Deamette Barron 2/3/2/1
Sec 7-T25S-R35E		Producing Area 12944-22765'				18 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. Date of Survey Signature and Seal of Professional Surveyor:
				 BHI	1;365,	REFER TO ORIGINAL PLAT Certificate Number



Stove Pipe Federal Com Wells



Sec. 6-T25S-R35E

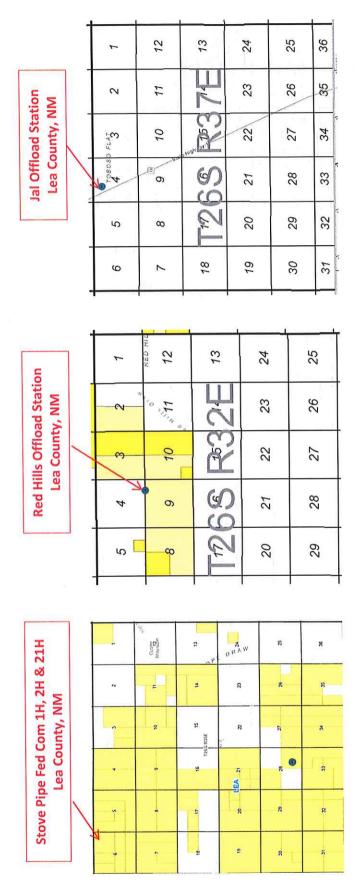
Sec. 7-T25S-R35E



Stove Pipe Fed Com 1H, 2H & 21H

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Red Hills and Jal Offload Station Map



Date Sent	Initials	Name	Address	Address 2	ζψ	State	ZipCode	Certified Return Receipt No.	Delivered
12.03.21	BL BL	5588 OIL LLC	PO BOX 470925		FORT WORTH	Υ	76107	7020 1810 0000 1413 1768	
12.03.21	Bl.	801 LLC	PO BOX 900		ARTESIA	MM	38211-0900	88211-0900 7020 1810 0000 1413 1775	
12.03.21	JB	ABO PETROLEUM LLC	PO BOX 900		ARTESIA	MM	88211	7020 1810 0000 1413 1782	
12.03.21	18	ALLEN CLAY DAVIS	PO BOX 962		ARDMORE	OK /	73402	7020 1810 0000 1413 1799	
12.03.21	18	ARRAKIS HOLDINGS LLC	PO BOX 26		MAYPEARL	¥	76064	7020 1810 0000 1413 1805	
12.03.21	JB	CARROLLTON MINERAL PARTNERS IV LP	5950 BERKSHIRE LANE	STE 1125	DALLAS	¥	75225	7020 1810 0000 1413 1812	
12.03.21	JB	CEP MINERALS LLC	PO BOX 50820		MIDLAND	¥	79710	7020 1810 0000 1413 1829	
12.03.21	18	CHARLES HOSFORD	053 SAN JUAN RD		JEMEZ SPRING NM		87025	7020 1810 0000 1413 1836	
12.03.21	Bľ	CHARLOTTE S E GARZA	324 HENERETTA DRIVE		HURST	¥	76054	7020 1810 0000 1413 1843	
12.03.21	84	CHISOS MINERALS LLC	PO BOX 470788		FORT WORTH	ř	76147	7020 1810 0000 1413 1850	
12.03.21	역	CMP PERMIAN LP	2525 KELL BLVD	STE 510	WICHITA FALL: TX		76308	7020 1810 0000 1413 1867	
12.03.21	JB	DONNA DAVIS HAMMACK	2911 SABLE CROSSING		XT OINOUND AX		78232	7020 1810 0000 1413 1874	
12.03.21	ЯГ	FOUNDATION MINERALS LLC	PO BOX 50820		MIDLAND	¥	79710	7020 1810 0000 1413 1881	
12.03.21	Bl.	GEORGIA DAVIS GRIFFITH	941 BOIS D ARC ST		WHITESBORO	¥	76273	7020 1810 0000 1413 1898	
12.03.21	ВГ	GERALD DAN THOMPSON	12107 LUEDERS LANE		DALLAS	×	75230	7020 1810 0000 1413 1904	
12.03.21	BL	GGM EXPLORATION INC	PO BOX 123610		FORT WORTH	×	76121	7020 1810 0000 1413 1911	
12.03.21	gr.	JAMES M DAVIS	PO BOX 4251		MIDLAND	ř	79704	7020 1810 0000 1413 1928	
12.03.21	BL.	JEANENE HALL	PO BOX 888		SOCORRO	NM	87801	7020 1810 0000 1413 1935	
12.03.21	BL	JERRY BILLINGTON	208 MABLE AVE		PRINCETON	¥	75407	7020 1810 0000 1413 1942	
12.03.21	8	JETSTREAM ROYALTY PARTNERS LP	PO BOX 471396		FORT WORTH	¥	76147	7020 1810 0000 1413 1959	
12.03.21	81	KAREN FRECK ROGNERUD	3591 FM 451		WASKOM	ř	75692	7020 1810 0000 1413 1966	
12.03.21	B	LISA LOVING THOMPSON	1659 CREEKSIDE DRIVE		SOUTHLAKE	×	76092	7020 1810 0000 1413 1973	
12.03.21	8	MALAGA EF7 LLC	PO BOX 2064		MIDLAND	X	79702	7020 1810 0000 1413 1980	
12.03.21	97	MALAGA ROYALTY LLC	PO BOX 2064		MIDLAND	¥	79702	7020 1810 0000 1413 1997	
12.03.21	8	MARATHON OIL COMPANY	5555 SAN FELIPE ST		HOUSTON	×	77056	7020 1810 0000 1413 2000	
12.03.21	85	MAVROS MINERALS LLC	PO BOX 50820		MIDLAND	×	79710	7020 1810 0000 1413 2017	
12.03.21	JB.	MICHAEL FRECK	192 OAK DR		WASKOM	×	75692	7020 1810 0000 1413 2024	
12.03.21	JB.	MICHAEL FRED MADERA	PO BOX 645		LA PINE	OR	97739	7020 1810 0000 1413 2031	
12.03.21	JB	MICHAEL MEDLIN	PO BOX 506		BOERNE	¥	78006	7020 1810 0000 1413 2048	
12.03.21	JB	MICHAEL P MCNAMARA JR	200 W HWY 6	STE 320	WACO	ř	76712	7020 1810 0000 1413 2055	
12.03.21	85	MONTIE CAROL MADERA	590 HWY 105	UNIT 302	MONUMENT	8	80132	7020 1810 0000 1413 2062	
12.03.21	BL BL	MRC PERMIAN COMPANY	5400 LYNDON B JOHNSON FWY	STE 1500	DALLAS	×	75240-1017	7020 1810 0000 1413 2079	
12.03.21	JB.	NORMA LOVING	2009 CROCKETT CT		IRVING	¥	75038	7020 1810 0000 1413 2086	
12.03.21	JB	OAK VALLEY MINERAL & LAND LP	PO BOX 50820		MIDLAND	ř	79710	7020 1810 0000 1413 2093	
12.03.21	JB	OXYY1	PO BOX 841803		DALLAS	¥	75284-1803	7020 1810 0000 1413 2116	
12.03.21	JB.	PAULA KATHERYN WARREN	3447 EAST HARVARD AVE		GILBERT	AZ	85234	7020 1810 0000 1413 2123	
12.03.21	JB	PEGASUS RESOURCES LLC	PO BOX 733980		DALLAS	¥	75373	7020 1810 0000 1413 2130	
12.03.21	JB	RIVERBEND OIL & GAS IX INVESTMENTS	1200 SMITH STREET STE 1950	TWO ALLEN CENTER	HOUSTON	ř	77002	7020 1810 0000 1413 2147	
12.03.21	JB	ROBERT FRECK	538 4TH STREET		GRETINA	4	70053	7020 1810 0000 1413 2154	
12.03.21	JB.	SANDRA LEE BROMAN POWERS	92 1512 ALI NUI DR	UNIT3	KAPOLEI	Ξ.	20296	7020 1810 0000 1413 2161	
12.03.21	JB	SHAWN FRECK	816 E CENTRE AVE		BUCKEYE	AZ	85326	7020 1810 0000 1413 2178	
12.03.21	JB	SHELLING INVESTMENTS LLC	4747 RESEARCH FOREST DR	STE 180 315	THE WOODLAITX	П	77381	7020 1810 0000 1413 2185	
12.03.21	JB	TD MINERALS LLC	8111 WESTCHESTER DRIVE	SUITE 900	DALLAS	¥	75225	7020 1810 0000 1413 2192	
12.03.21	JB	TERRY LYNN HOLT	1922 VINTAGE DRIVE		CORINTH	¥	76210	7020 1810 0000 1413 2208	
12.03.21	JB	THE BAIRD MINERAL TRUST	1907 GLEN HOLLOW LANE		BELTON	¥	76513	7020 1810 0000 1413 2215	
12.03.21	JB	THE LEE & JUDY DAVIS REV TRUST	1625 9TH AVE SE		SAINT CLOUD	NN	56304	7020 1810 0000 1413 2222	
12.03.21	JB	THE MADERA TRUST U A DTD 7 20 2016	4621 W AGAVE AVE		ELOY	AZ	85131	7020 1810 0000 1413 2239	
12.03.21	Bl.	TILDEN CAPITAL MINERALS LLC	PO BOX 470857		FORT WORTH TX		76147	7020 1810 0000 1413 2246	
12.03.21	18	WILLIAM HOLLIS	1610 HERITAGE		MISSION	×	78572	7020 1810 0000 1413 2253	
			Name and Address of the Owner, where the Owner, while the			Ī			

HOBBS NEWS

LEGAL NOTICES

Please run for one day only.

COG Operating LLC (COG), 2208 West Main Street, Artesia, New Mexico, 88210, is seeking administrative approval from the New Mexico Oil Conservation Division to commingle the oil and gas production from the Stove Pipe Federal Com 1H, 2H & 21H wells. Said wells are located in Section 6, Township 25 South, Range 35 East, Lea County, New Mexico. The Central Tank Battery (CTB) where production will be commingled is located in Ut B, Section 6-T25S-R35E, Lea County, New Mexico. In the event oil production at the CTB is over capacity or in the case of battery or pipeline repairs, COG is also seeking administrative approval for off-lease measurement at either the Red Hills Off-load Station in Unit O, Section 4-T26S-R32E or the Jal Off-load Station in Unit D, Section 4-T26S-R37E, Lea County, NM. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within ten (10) days of this notice. Any interested party with may contact Matt questions or comments Solomon (432) 685-4352 matt.solomon@conocophillips.com at COG Operating LLC, 600 West Illinois, Midland, Texas 79701.

Published in the Hobbs News, Hobbs, NM on 12.05.21

<u>Determination - Approval - Certification</u>

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached Communitization Agreement covering Lot 1, SENE, E2SE of sec. 6 and the E2E2 of sec. 7, T. 25 S., R. 35 E., NMPM, as to all producible hydrocarbons from the Wolfbone formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.
 - Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: 08/15/2018

Assistant Field Manager

Lands and Minerals

Effective: March 01, 2017

Contract No.: Com. Agr. NMNM138693

COMMUNITIZATION AGREEMENT

WELL NAME: STOVE PIPE FEDERAL COM 1H & 21H

Contract No. NW 138693

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."

WITNESSETH:

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:

The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows and depicted on "Exhibit A":

Township 25 South, Range 35 East, N.M.P.M.

Section 6: Lot 1, SE/4NE/4, E/2SE/4

Section 7: E/2E/2

Lea County, New Mexico

Containing 320.35 acres, and this agreement shall include only those depths within the WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) underlying said lands and the crude oil and associated natural gas, hereinafter, referred to as "communitized substances", producible from such Pool.

- 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, depths communitized 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 three (3) 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

- 2 -

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 March 1, 2017, 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.
- 15. <u>Nondiscrimination:</u> In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section

- 3 -

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202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Operator, Working Interest Owner,	<u>&</u>
Record Title Owner:	
COG Operating LLC	
By: Mark A. Carter Attorney-In-Fact	MLF CLM
Record Title Owner and/or Working	- •
Owner:	
COG Production LLC	,
By: // / / / / / / / / / / / / / / / / /	MLF
COG Acreage LP	≶ 6 ~
By: Mark A. Carter Attorney-In-Fact	MLF MW
OXY Y-1 Company	5
By: Name: Title:	· ·
Energen Resources Corporation	
By:Name:	•
Title:	
Marathon Oil Permian, LLC	
Ву:	
Name:	
Title:	

202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Operator, Working Interest Owner,	<u>&</u>
Record Title Owner:	
COG Operating LLC	
By: Mark A. Carter	MLF
Attorney-In-Fact	WW
Record Title Owner and/or Working Owner:	Interest
COG Production LLC	
By: /// Owhalal)
Mark A. Carter Attorney-In-Fact	MW
COG Acreage LP	3-5-
By: Man la Carlor Mark A. Carter	
Attorney-In-Fact	MUF
OXY Y-1 Company	E <-
Ву:	
Name: Bradley S. Dusek Title:	
Attorney-in-fact	150
Energen Resources Corporation	24,
Ву:	
Name:	
Title:	
Marathon Oil Permian, LLC	
Ву:	
Name:	
Title:	

202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Operator, Working Interest Owner,	<u>&</u>
Record Title Owner:	
COG Operating LLC	
By: Mark A. Carter	- MLF
Attorney-In-Fact	MW
Record Title Owner and/or Working Owner:	Interest
COG Production LLC	
By: /// amalal)
Mark A. Carter Attorney-In-Fact	MW
COG Acreage LP	30-
By: Man a Cala)
Mark A. Carter	MLF
Attorney-In-Fact	$M_{\mathcal{M}}$
OXY Y-1 Company	£<
Ву:	
Name:	•
Title:	
Energen Resources Corporation	
By: David W. Bolton	
Name: David W. Bolton	cn)
Name: David W. Bolton Title: Vice President-Land	KA
Marathon Oil Permian, LLC	
Ву:	
Name:	
Title:	

202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

Operator, Working Interest Owner,	&z_
Record Title Owner:	
By:	MUF MW SC
Record Title Owner and/or Working	Interest
Owner:	<u> </u>
By: Manha Carler Attorney-In-Fact) MU
COG Acreage LP	3
By: Man a Carter Attorney-In-Fact	MLF MW
OXY Y-1 Company	E(
By:	
Name:	
Title:	
Energen Resources Corporation	
Ву:	
Name:	
Title:	
Marathon Oil Permian, LLC	
By MINHUMA Pa-	
By: Muguew Fr. Name: Matthew D. Brown	
Title: asomy-in-fact	

ACKNOWLEDGEMENTS

STATE OF TEXAS §			
COUNTY OF MIDLAND §			
This instrument was acknown Mark A. Carter, Attorney-In-Fact, behalf of same. MELISSA L. DIMIN Notary Public, State of My Commission Exp September 09, 20	of COG Operating	LLC, a Delaware Limited Liab 9917 My Commission Expires Notary Public in and for the St	unit
Topicino Topicino Topic		Notary Fuence in and for the Si	tate of Texas
STATE OF TEXAS \$ \$ COUNTY OF MIDLAND \$			
This instrument was acknown Mark A. Carter, Attorney-In-Fact, behalf of said Limited Liability Comments of Melissa I. DIMIT Notary Public, State of My Commission Expired	of COG Production	ne on August 31 on LLC, a Texas Limited Liab Algaria My Commission Expires	, 2017, by illity Company, on
September 09, 201	17	Notary Public in and for the S	tate of Texas
STATE OF TEXAS \$ COUNTY OF MIDLAND \$			
This instrument was acknowledge. Mark A. Carter, Attorney-In-Fact, Limited Partnership.	mowledged before m , of COG Acreage I	ne on <u>August 31</u> L P , a Texas Limited Partnership	, 2017, by , on behalf of said
MELISSA L. DIMI Notary Public, State o My Commission Exp September 09, 20	of Texas pires	My Commission Expires My May - My Notary Public in and for the S	tate of Texas

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ACKNOWLEDGEMENTS CONT.

STATE OF Texas	
county of <u>Harris</u> §	
This instrument was acknowledged before r by <u>Bradley S. Duse K.</u> , as of Oxy Y-1 Company, a <u>New Mexico Corp</u> o	ne on this the 10th day of April . 2018 • Attorney - in - Fact ration , on behalf of same.
GINGER BAILEY GARCIA Notary Public, State of Texas Comm. Expires 04-07-2019 Notary ID 13018125-7	My Commission Expires Notary Rublic in and for the State of TX
STATE OF §	
COUNTY OF §	
This instrument was acknowledged before n	ne on
of Energen Resources Corporation, a, as same.	, on behalf of
	My Commission Expires
	Notary Public in and for the State of
\$ \$ COUNTY OF \$	
This instrument was acknowledged before n	ne on, 201_,
of Marathon Oil Permian, LLC, a, as same.	, on behalf of
	My Commission Expires
	Notary Public in and for the State of

ACKNOWLEDGEMENTS CONT.

STATE OF	§ §	
COUNTY OF	§ §	
This instrument was acknowl	edged before me	e on, 201_,
of Oxy Y-1 Company, a		, on behalf of same.
ī		My Commission Expires
		Notary Public in and for the State of
STATE OF Alabama	£	- ,
	§ §	
COUNTY OF Jetterson	§	,
This instrument was acknowl	edged before me	vice President-Land Corporation, on behalf of
by David W. Bolton	, as	Vice President-Land
of Energen Resources Corporation, same.	a_ Alabam	corporation, on behalf of
	REMIAH TODD PENLEY My Commission Expires December 20, 2018	My Commission Expires Semula T. Penlay Notary Public in and for the State of Alabama
STATE OF	§	
COUNTY OF	9 9 9	
This instrument was acknowl	edged before me	e on, 201_,
of Marathon Oil Permian, LLC, a same.		, on behalf of
·		·
		My Commission Expires
		Notary Public in and for the State of

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ACKNOWLEDGEMENTS CONT.

STATE OF _		§		
COUNTY OF	***************************************	§ §		
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of Oxy Y-1 C	ompany, a	, as	, on behalf	of same.
			My Commission Expires	
			Notary Public in and for the State of	of
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of Energen R same.	esources Corporation	, a		on behalf of
			My Commission Expires	
			Notary Public in and for the State of	of
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This is by Mayke of Marathon	nstrument was acknow W. D. B. DUDA Oil Permian, LLC, ac	ledged before m , as	ie on February Ind Oktoiney- Lin- Fact linited Desbettly Company.	, 201§
same.			, ()	
	CA GOOD TO THE STATE OF THE STA		My Commission Expires Notary Public in and for the State of	6

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EXHIBIT "A"

To Communitization Agreement dated effective March 1, 2017, embracing Lot 1, SE/4NE/4, E/2SE/4 of Section 6 & E/2E/2 of Section 7, T25S - R35E, N.M.P.M., Lea County, New Mexico Limited in depth as to the WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) only.

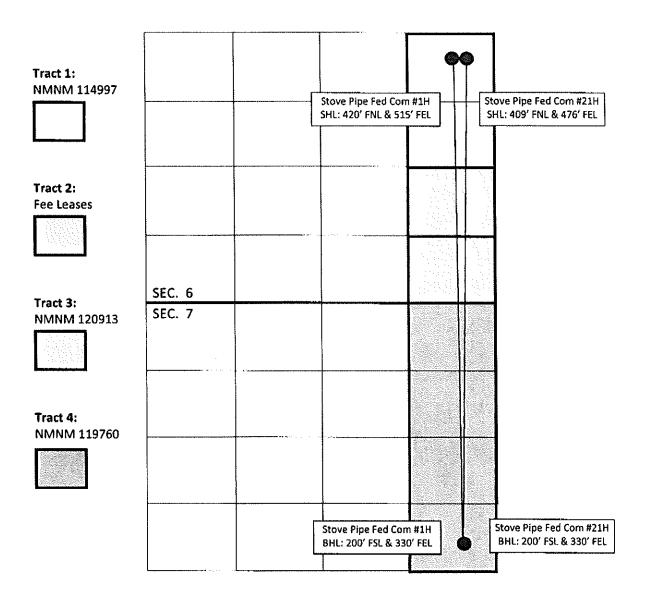


EXHIBIT "B"

To Communitization Agreement dated effective March 1, 2017, embracing the Lot 1, SE/4NE/4, E/2SE/4 of Section 6 & E/2E/2 of Section 7, T25S - R35E, N.M.P.M., Lea County, New Mexico Limited in depth as to the WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) only.

OPERATOR OF COMMUNITIZED AREA: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED:

Tract No. 1

Lease 1

Lease Date: December 1, 2005

Lease Term: 10 years
Recordation: Not Recorded

Lessor: USA NMNM 114997
Original Lessee: Samson Resources Company

Current Lessee: COG Operating LLC

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: Lot 1, SE/4NE/4 Lea County, New Mexico

Number of Acres: 80.35 Royalty Rate: 12.5%

WI Owner Names and Interests: COG Operating LLC 100%

ORRI Owners: Of Record

Tract No. 2

Lease 2

Lease Date: June 21, 2013

Lease Term: 3 years

Recordation: Book 1862, Page 493, Lea County Records

Lessor: The Baird Mineral Trust
Original Lessee: Energen Resources Corporation
Current Lessee: Energen Resources Corporation
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Energen Resources Corporation 100%

ORRI Owners: Of Record

Lease Date: July 1, 2010 Lease Term: 3 years

Book 1688, Page 849, Lea County Records Recordation:

Katherine Woltz Aven, dealing in her sole and separate Lessor:

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Insofar only as said lease covers: Description of Land Committed: Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 25% Royalty Rate:

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease 4

Lease Date: July 1, 2010 Lease Term: 3 years

Book 1688, Page 857, Lea County Records Recordation:

Barry B. Thompson, dealing in his sole and separate Lessor:

property

OGX Acreage Fund, LP Original Lessee: Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

100%

Section 6: NE/4SE/4 Lea County, New Mexico

40 Number of Acres: 25% Royalty Rate:

COG Acreage LP WI Owner Names and Interests:

ORRI Owners: Of Record

Lease 5

Lease Date: July 1, 2010 Lease Term: 3 years

Book 1688, Page 897, Lea County Records Recordation:

G. Dan Thompson, dealing in his sole and separate property Lessor:

OGX Acreage Fund, LP Original Lessee: COG Acreage LP Current Lessee:

Insofar only as said lease covers: Description of Land Committed: Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

Of Record ORRI Owners:

Lease Date: July 1, 2010 Lease Term: 3 years

Recordation: Book 1688, Page 937, Lea County Records

Norma Baird Loving, dealing in her sole and separate Lessor:

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease 7

Lease Date: May 1, 2015 Lease Term: 3 years

Recordation: Book 1973, Page 674, Lea County Records

Lessor: Beulah M. Baird Trust dated July 6, 1990 by Norma Baird

Loving and Weldon Baird as Co-Trustees

Original Lessee: COG Operating LLC Current Lessee: COG Operating LLC

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

40 Number of Acres: Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100%

ORRI Owners: Of Record

Lease 8

Lease Date: July 1, 2010 Lease Term: 3 years

Recordation: Book 1688, Page 945, Lea County Records

Kenneth Medlin, dealing in his sole and separate property Lessor:

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers: Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease Date: May 4, 2015
Lease Term: 3 years

Recordation: Book 1964, Page 166, Lea County Records

Lessor: Jeanene Hollis Hall
Original Lessee: COG Operating LLC
Current Lessee: COG Operating LLC

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100%

ORRI Owners: Of Record

Lease 10

Lease Date: July 1, 2010 Lease Term: 3 years

Recordation: Book 1688, Page 913, Lea County Records

Lessor: Jerry Billington, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP
Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease 11

Lease Date: July 1, 2010
Lease Term: 3 years

Recordation: Book 1688, Page 961, Lea County Records

Lessor: Michael Hall Medlin, dealing in his sole and separate

property

Original Lessee: OGX Acreage Fund, LP
Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

<u>Township 25 South, Range 35 East</u>

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease Date: July 1, 2010
Lease Term: 3 years

Recordation: Book 1688, Page 929, Lea County Records

Lessor: Ora Mae Davis, dealing in her sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100%

ORRI Owners: Of Record

Lease 13

Lease Date: June 1, 2015, executed October 16, 2015

Lease Term: 3 years

Recordation: Book 1991, Page 372, Lea County Records

Lessor: Gary G. Davis
Original Lessee: COG Operating LLC
Current Lessee: COG Operating LLC

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100%

ORRI Owners: Of Record

Lease 14

Lease Date: July 1, 2010
Lease Term: 3 years

Recordation: Book 1688, Page 889, Lea County Records

Lessor: William K. Hollis, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP
Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/ASE/A

100%

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP

ORRI Owners: Of Record

Lease Date: July 1, 2010 Lease Term: 3 years

Book 1688, Page 905, Lea County Records Recordation:

Karen Freck Rogerud, dealing in her sole and separate Lessor:

Original Lessee: OGX Acreage Fund, LP COG Acreage LP Current Lessee:

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

100%

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP

Of Record ORRI Owners:

Lease 16

Lease Date: July 1, 2010 Lease Term: 3 years

Book 1688, Page 873, Lea County Records Recordation:

Michael Freck, dealing in his sole and separate property Lessor:

OGX Acreage Fund, LP Original Lessee: Current Lessee: COG Acreage LP

Insofar only as said lease covers: Description of Land Committed: Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

40 Number of Acres: Royalty Rate: 25%

100% WI Owner Names and Interests: COG Acreage LP

ORRI Owners: Of Record

Lease 17

July 1, 2010 Lease Date: Lease Term: 3 years

Book 1688, Page 881, Lea County Records Recordation:

Robert Freck, dealing in his sole and separate property Lessor:

OGX Acreage Fund, LP Original Lessee: Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers: Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

40 Number of Acres: 25% Royalty Rate:

COG Acreage LP 100% WI Owner Names and Interests:

ORRI Owners: Of Record

Lease Date: July 1, 2010
Lease Term: 3 years

Recordation: Book 1688, Page 953, Lea County Records

Lessor: Shawn Freck, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP
Current Lessee: COG Acreage LP

Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

100%

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP

ORRI Owners: Of Record

Lease 19

Lease Date: October 1, 2013

Lease Term: 3 years

Recordation: Book 1862, Page 498, Lea County Records

Lessor: The Lee and Judy Davis Revocable Trust, Leland E. and Judith E.

Davis, Co-Trustees

Original Lessee: Energen Resources Corporation
Current Lessee: Energen Resources Corporation
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Energen Resources Corporation 100%

ORRI Owners: Of record

Lease 20

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 745, Lea County Records

Lessor: Mitchell A. Cappadonna, dealing in his sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 747, Lea County Records

Lessor: Peggy Neal Marquez, dealing in her sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 22

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 749, Lea County Records

Lessor: Ruth Vaughan, dealing in her sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 23

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 751, Lea County Records

Lessor: Bruce Hosford, dealing in his sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 753, Lea County Records

Lessor: Diann Hosford, dealing in her sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:
Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 25

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 1998, Page 755, Lea County Records

Lessor: Michael Hosford, dealing in his sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:
Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 26

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 2001, Page 845, Lea County Records

Lessor: Barry Hosford, dealing in his sole and separate property

Original Lessee: BC Operating, Inc.

Current Lessee: Marathon Oil Permian, LLC
Description of Land Committed: Insofar only as said lease covers:

Township 25 South, Range 35 East

Section 6: NE/4SE/4

Lea County, New Mexico

Number of Acres: 40 Royalty Rate: 25%

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 27

Lease Date: August 19, 2015

Lease Term: 3 years

Book 2014, Page 140, Lea County Records Recordation:

Charles Hosford, dealing in his sole and separate property Lessor:

Original Lessee: BC Operating, Inc.

Marathon Oil Permian, LLC Current Lessee: Insofar only as said lease covers: Description of Land Committed: Township 25 South, Range 35 East

> Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 25% Royalty Rate:

WI Owner Names and Interests: Marathon Oil Permian, LLC 100%

ORRI Owners: Of record

Lease 28

Lease Date: August 19, 2015

Lease Term: 3 years

Recordation: Book 2117, Page 359, Lea County Records

Roy Chandler Lessor: Original Lessee: COG Operating LLC

Current Lessee: COG Operating LLC

Description of Land Committed: Insofar only as said lease covers: Township 25 South, Range 35 East

> Section 6: NE/4SE/4 Lea County, New Mexico

Number of Acres: 40 25% Royalty Rate:

WI Owner Names and Interests: COG Operating LLC 100%

ORRI Owners: Of record

Tract No. 3

Lease 29

Lease Date: November 1, 2008

Lease Term: 10 years Recordation: Not Recorded

USA NMNM 120913 Lessor: Original Lessee: Yates Petroleum Corp., et al Current Lessee:

COG Operating LLC

Oxy Y-1

Insofar only as said lease covers: Description of Land Committed:

Township 25 South, Range 35 East

Section 6: SE/4SE/4 Lea County, New Mexico

Number of Acres: 40 12.5% Royalty Rate:

COG Operating LLC 80% WI Owner Names and Interests:

Oxy Y-1 Company 20%

ORRI Owners: Of Record

Tract No. 4

Lease 30

Lease Date: Lease Term:

May 1, 2008 10 years

Recordation:

Not Recorded

Lessor:

USA NMNM 119760

Original Lessee:

Ronald Miles

Current Lessee:

COG Production LLC

Description of Land Committed:

Insofar only as said lease covers: Township 25 South, Range 35 East

Section 7: E/2E/2

Lea County, New Mexico

Number of Acres:

160

Royalty Rate:

12.5%

WI Owner Names and Interests:

COG Production LLC

100%

ORRI Owners:

Of Record

UNLEASED MINERAL INTEREST OWNERS COMMITTED UNDER COMPULSORY POOLING ORDER NO. R-14373 (A COPY ATTACHED)

Estate of Eddie Mae Mosely c/o Mitchell Cappadonna 1523 Neal Rd. Tomball, TX 77375

RECAPITULATION

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	80.35	25.081942%
2	40.00	12.486343%
3	40.00	12.486343%
4	160.00	49.945372%
Total	320.35	100.000000%



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Pecos District
Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm

IN REPLY REFER TO: NM136125 3105.2 (P0220)

Reference:
Communitization Agreement
Stove Pipe Fed Com 2H
T. 25 S., R. 35 E.,
Sec. 6: W2E2
Sec. 7: W2NE
Lea County, NM

08/11/2016

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136125 involving 80.25 acres of Federal land in lease NMNM114997, 40 acres of Federal land, 40 acres of Federal land in lease NMNM120913 and 80 acres of Federal land in lease NMNM119760, Lea County, New Mexico, which comprises a 240.25 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfbone formation beneath Sec.6, W2E2, Sec. 7, W2NE, T. 25 S., R. 35 E., NMPM, and is effective 11/01/2015. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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

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

If you have any questions regarding this approval, please contact Edward G Fernandez, Petroleum Engineer at (575) 234-2220 or Deborah Ham at (575) 234-5965.

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

For: Cody R. Layton

Assistant Field Manager, Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver NM Taxation & Revenue Dept. (Revenue Processing Div.) **NMOCD** Commissioner of Public Lands NM (9200) NM (P0220-CFO, File Room)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(i)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- Determine that the Federal lease or leases as to the lands committed to the attached A. agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- Approve the attached Communitization Agreement covering Sec. 6: W2E2, Sec. 7, B. W2NE, T. 25 S., R. 35 E., NMPM, as to all producible hydrocarbons from the Wolfbone formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.
 - Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.
- Certify and determine that the drilling, producing, rental, minimum royalty and C. royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: 08/11/2016

For: Coay R. Layton Assistant Field Manager

Authorized Officer

Effective: 11/01/2015

Contract No.: Com. Agr. NM136125

Contract No. NM 136 125

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."

WITNESSETH:

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:

 The lands covered by this Agreement (hereinafter referred to as "communitized area") are described as follows:

Township 25 South, Range 35 East, N.M.P.M.

Section 6: W/2E/2 Section 7: W/2NE/4 Lea County, New Mexico

containing 240.25 acres, and this agreement shall include only the WC-025 G-09 S243532M, Wolfbone Pool (Pool Code 98098) underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

Attached hereto, and made a part of this Agreement for all purposes is Exhibit A, a plat designating the communitized area and, 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.

Stove Pipe Federal Com 2H

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- 3. The Operator of the communitized area shall be COG Operating LLC, 600 W. Illinois Avenue, Midland, Texas 79701. All matters of operations 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 operating 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 there from 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 non-communitized lease production, provided, however, in regard 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 non-communitized 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 date of this agreement is ____ November 1, 2015 , 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 two (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 sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (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.
- 15. <u>Non-Discrimination</u>: In connection with the performance of work under this Agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

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

Date: 4216 19,2016

Mona D. Ables

Vice President of Lanc

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ACKNOWLEDGEMENT

STATE OF TEXAS

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COUNTY OF MIDLAND

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This instrument was acknowledged before me on _______, 2016, by Mona D. Ables, Vice President of Land, of COG Operating LLC, a Delaware Limited Liability Company, on

behalf of same

Keetings Remoe Ehrmandd NOTARY PUBLIC STATE OF TEXAS My Comm. Exp. 11-12-2019 Notary ID# 13043933-7

Notary Public in and for the State of Texas

WORKING INTEREST OWNER AND/OR LESSEE OF RECORD:

	COG OPERATING LLC
Date: July 19, 2016	By: Mana O. Ables Wice President of Land MD MD
	COG PRODUCTION LLC
Date: July 19, 2016	By: Mona D. Ables Vice President of Land MW (50)
	COG ACREAGE LP
Date: 901/19, 2016	By: Mona D. Ables Mona D. Ables Vice President of Land MW
	ACKNOWLEDGEMENTS
STATE OF TEXAS	§ §
COUNTY OF MIDLAND	§
	edged before me on
on behalf of same.	11.0 0 11.0
	Kilky Kenes Kild
Kathaya Rango Elumwald	Notary Public in and for the State of Texas
NOTARY PUBLIC STATE OF TEXAS My COMMA Exp. 11-12-2019 Notary Int 13043033-7	My commission expires $11/12/2019$

ACKNOWLEDGEMENTS (Continued)

STATE OF TEXAS §

COUNTY OF MIDLAND §

Kethryn Renee Ehrnweld
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 11-12-2019
Notary IDN 13043933-7

Notary Public in and for the State of Texas
My commission expires 11/12/2019

STATE OF TEXAS §

COUNTY OF MIDLAND §

> Notary Public in and for the State of Texas My commission expires <u>リルファクル</u>

Keaturyo Renee Elumwald NOTARY PUBLIC STATE OF TEXAS My Comm. Exp. 11-12-2019 Notary IDd 19043933-7

EXHIBIT "A"

Plat of communitized area covering W/2E/2 of Section 6 and W/2NE/4 of Section 7, T-2S-S, R-35-E, N.M.P.M., Lea County, New Mexico

Stove Pipe Federal Com #2H

	4000-0445-0-0-00-00-00-00-00-00-00-00-00-0		
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		Stove Pipe Fed Com- SHL- 225 FNL 1905'	P2H EL
			į
Tract 1; NMNM 114997			
Tract 2:			
20 Fee Leases listed on Exhibit "B"			
Tract 3: NMNM 120913			Section 6
Tract 4:			Section 7
NMNM 119760			
	 		
		Stove Pipe Fed Com # BHL- 2310'FNL 1980'F	2H]
		BHL- 2310'FNL 1980'F	
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EXHIBIT "B"

Attached to and made a part of that Communitization Agreement dated November 1, 2015, covering W/2E/2 of Section 6 and W/2NE/4 of Section 7, T-25-S, R-35-E, Lea Co., New Mexico.

Operator of Communitized Area: COG Operating LLC

DESCRIPTION OF LEASES COMMITTED:

Tract No. 1

Lease Date: December 1, 2005
Lease Term: Ten (10) Years
Recordation: Not Recorded

Lessor: BLM Lease NMNM 114997
Original Lessee: Samson Resources Company

Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: W/2NE/4 Lea County, New Mexico

Number of Acres: 80.25 Royalty Rate: 12.5%

WI Owner Names and Interests: COG Operating LLC 100,000000%

ORRI Owners: Of Record

Tract No. 2

Lease Date: July 1, 2010

Lease Term:Three (3) Years + Two (2) Year ExtensionRecordation:Book 1688, Page 961, Lea County Records

Lessor: Michael Hall Medlin, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

100.000000%

100.000000%

Lease Date:

July 1, 2010

Lease Term: Recordation: Three (3) Years + Two (2) Year Extension Book 1688, Page 857, Lea County Records

Lessor: Original Lessee:

Barry B. Thompson, dealing in his sole and separate property

Current Lessee:

OGX Acreage Fund, LP COG Acreage LP

Description of Land Committed:

Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres:

40.00 25%

Royalty Rate: WI Owner Names and Interests:

COG Acreage LP

ORRI Owners:

Of Record

Lease Date:

July 1, 2010

Lease Term: Recordation: Three (3) Years + Two (2) Year Extension Book 1688, Page 905, Lea County Records

Lessor: Original Lessee: Karen Freck Rogerud, dealing in her sole and separate property

Current Lessee:

OGX Acreage Fund, LP COG Acreage LP

Description of Land Committed:

Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: Royalty Rate:

40.00 25%

WI Owner Names and Interests:

COG Acreage LP

ORRI Owners:

Of Record

Lease Date:

July 1, 2010

Lease Term: Recordation: Three (3) Years + Two (2) Year Extension Book 1688, Page 849, Lea County Records

Lessor:

Katherine Woitz Aven, dealing in her sole and separate property

Original Lessee: Current Lessee:

OGX Acreage Fund, LP COG Acreage LP

Description of Land Committed:

Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4

Lea County, New Mexico

Number of Acres: Royalty Rate:

40.00 25%

WI Owner Names and Interests:

COG Acreage LP

100.000000%

ORRI Owners:

Of Record

Lease Date: July 1, 2010

Lease Term:Three (3) Years + Two (2) Year ExtensionRecordation:Book 1688, Page 873, Lea County Records

Lessor: Michael Freck, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term:Three (3) Years + Two (2) Year ExtensionRecordation:Book 1688, Page 881, Lea County Records

Lessor: Robert Freck, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP
Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term: Three (3) Years + Two (2) Year Extension
Recordation: Book 1688, Page 889, Lea County Records

Lessor: William K. Hollis, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: July 1, 2010

Three (3) Years + Two (2) Year Extension Lease Term: Recordation: Book 1688, Page 897, Lea County Records

Lessor: G. Dan Thompson, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term: Three (3) Years + Two (2) Year Extension Recordation: Book 1688, Page 913, Lea County Records

Lessor: Jerry Billington, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term: Three (3) Years + Two (2) Year Extension Book 1688, Page 921, Lea County Records Recordation:

Lessor: Weldon Ralph Baird, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

40.00

Number of Acres: Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

100.000000%

100.000000%

100.000000%

Lease Date:

Lease Term: Three (3) Years + Two (2) Year Extension Recordation: Book 1688, Page 929, Lea County Records

Lessor: Ora Mae Davis, dealing in her sole and separate property

July 1, 2010

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

COG Acreage LP WI Owner Names and Interests:

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term: Three (3) Years + Two (2) Year Extension Recordation: Book 1688, Page 937, Lea County Records

Lessor: Norma Baird Loving, dealing in her sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term: Three (3) Years + Two (2) Year Extension Recordation: Book 1688, Page 945, Lea County Records

Lessor: Kenneth Medlin, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/45E/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP

ORRI Owners: Of Record

Lease Date: July 1, 2010

Lease Term:Three (3) Years + Two (2) Year ExtensionRecordation:Book 1688, Page 953, Lea County Records

Lessor: Shawn Freck, dealing in his sole and separate property

Original Lessee: OGX Acreage Fund, LP Current Lessee: COG Acreage LP

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Acreage LP 100.000000%

ORRI Owners: Of Record

Lease Date: October 31, 2012 and effective January 1, 2013

Lease Term: Three (3) Years

Recordation: Book 1807, Page 862, Lea County Records

Lessor: Page Stephanie Baird, dealing in her sole and separate property

Original Lessee: Lee House
Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100.000000%

ORRI Owners: Of Record

Lease Date: October 31, 2012 and effective January 8, 2013

Lease Term: Three (3) Years

Recordation: Book 1808, Page 434, Lea County Records

Lessor: Lisa Loving Thompson, dealing in her sole and separate property

Original Lessee: Lee House

Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only Insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC

ORRI Owners: Of Record

Stove Pipe Federal Com 2H

100.000000%

Lease Date: October 31, 2012 and effective January 8, 2013

Lease Term: Three (3) Years

Recordation: Book 1807, Page 856, Lea County Records

Lessor: Paula Katheryn Warren, dealing in her sole and separate property

Original Lessee: Lee House

Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00

Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100.000000%

ORRI Owners: Of Record

Lease Date: May 4, 2015 Lease Term: Three (3) Years

Recordation: Book 1964, Page 166, Lea County Records

Lessor: Jeanene Hollis Hall
Original Lessee: COG Operating LLC
Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC

ORRI Owners: Of Record

Lease Date: May 1, 2015
Lease Term: Three (3) Years

Recordation: Book 1973, Page 674, Lea County Records
Lessor: Beulah M. Baird Trust dated July 6, 1990 by

Norma Baird Loving and Weldon Baird as Co-Trustees

100.000000%

Original Lessee: COG Operating LLC Current Lessee: COG Operating LLC

Description of Land Committed: Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC 100.000000%

ORRI Owners: Of Record

100.000000%

80.000000%

20.000000%

Lease Date:

Lease Term: Recordation: Lessor:

Original Lessee: Current Lessee:

Description of Land Committed:

June 1, 2015 Three (3) Years Not Yet Available

Gary G. Davis COG Operating LLC COG Operating LLC

Insofar and only insofar as said lease covers:

Township 25 South, Range 35 East

Section 6: NW/4SE/4 Lea County, New Mexico

Number of Acres: 40.00 Royalty Rate: 25%

WI Owner Names and Interests: COG Operating LLC

ORRI Owners: Of Record

Tract No. 3

Lease Date: Lease Term:

Recordation: Lessor:

Original Lessee: Current Lessee:

Description of Land Committed:

Lea County, New Mexico Number of Acres: 40.00

Royalty Rate: 12.5% WI Owner Names and Interests:

COG Operating LLC OXY Y-1 Company

November 1, 2008

COG Operating LLC

Section 6: SW/4SE/4

BLM Lease NMNM 120913

Yates Petroleum Corp., et al

Township 25 South, Range 35 East

Insofar and only insofar as said lease covers:

Ten (10) Years

Not Recorded

Of Record

ORRI Owners:

Tract No. 4

Lease Date: Lease Term: Recordation:

Lessor:

Original Lessee: Current Lessee:

Description of Land Committed:

May 1, 2008 Ten (10) Years

Not Recorded

BLM Lease NMNM 119760 Ronald Miles

COG Production LLC

insofar and only insofar as said lease covers:

Township 25 South, Range 35 East Section 7: W/2NE/4

Lea County, New Mexico

Number of Acres: 80.00 Royalty Rate: 12.5%

WI Owner Names and Interests:

COG Production LLC

100.000000%

ORRI Owners: Of Record

Stove Pipe Federal Com 2H

15

WORKING INTEREST OWNER COMMITTED UNDER COMPULSORY POOLING ORDER NO. R-14010-A (COPY ATTACHED):

OXY Y-1 Company 5 Greenway Plaza, Suite 110 Houston, TX 77046

Energen Resources Corp. 300 N. A Street, Ste. 100 Midland, TX 79705

BC Operating LLC 4000 N. Big Spring St., #310 Midland, TX 79705

UNLEASED MINERAL INTEREST OWNERS COMMITTED UNDER COMPULSORY POOLING ORDER NO. R-14018-A (COPY ATTACHED):

Shirley Sue Mosley c/o Mitchell Cappadonna 1523 Neal Rd. Tomball, TX 77375

Elizabeth Hogan c/o Mitchell Cappadonna 1523 Neal Rd. Tomball, TX 77375

Joe Bill Mosley c/o Mitchell Cappadonna 1523 Neal Rd. Tomball, TX 77375

Jewell Hosford c/o Mitchell Cappadonna 1523 Neal Rd. Tomball, TX 77375

Tilden Capital 307 W. 7th St., Ste. 1203 Ft. Worth, TX 76102

RECAPITULATION

Tract No. No. of Acres Committed		Percentage of Interest In Communitized Area	
1	80,25	33.402705%	
2	40.00	16.649324%	
3	40.00	16.649324%	
4	80.00	33.298647%	
Total	240.25	100.000000%	

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 15333 (Reopened) ORDER NO. R-14010-A

APPLICATION OF COG OPERATING LLC TO RE-OPEN CASE NO. 15333 TO AMEND ORDER NO. R-14010, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 31, 2016, at Santa Fe, New Mexico, before Examiner Michael A. McMillan, and April 14, 2016 before Examiner William V. Jones.

NOW, on this 9th day of May, 2016, the Division Director, having considered the testimony, the record and the recommendations of the Examiners.

FINDS THAT:

- (1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.
- (2) Pursuant to the application of COG Operating LLC ("COG" or "Applicant". OGRID 229137), in Case No. 15333, the Division issued Order No. R-14010 on July 13, 2015, creating a 240.25-acre, more or less, non-standard oil spacing and proration unit and project area in the WC-025 G-09 S253509D; Upper Bone Spring Pool (Pool Code 98110) consisting of the W/2 E/2 of Section 6, and W/2 NE/4 of Section 7, Township 25 South, Range 35 East, NMPM, Lea County, New Mexico, and pooling uncommitted interests in this spacing unit ("the Unit").
- (3) Applicant now seeks to re-open Case No. 15333 to amend Order No. R-14010 to reflect the revised pool designation by the Division from WC-025 G-09 S253509D; Upper Bone Spring Pool (Pool code 98110) to WC-025 G-09 S243532M; Wolfbone Pool (Pool code 98098).

Case No. 15333 Reopened Order No. R- 14010-A Page 2 of 7

- (4) COG is operator of the Stove Pipe Federal Com. Well No. 2H (the "subject well"; API No. 30-025-42926), a horizontal well drilled from a surface location 225 feet from the North line and 1905 feet from the East line (Lot 2) of Section 6 to a terminus or bottomhole location 2310 feet from the North line and 1980 feet from the East line (Unit G) of Section 7. The completed interval will be orthodox. Applicant further seeks the pooling of all uncommitted interests in the Unit.
- (5) The subject well has been placed within the redesignated WC-025 G-09 S243532M; Wolfbone Pool (pool code 98098). Spacing in this pool is governed by Division Rule 19.15.15.9(A) NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section, and 330-feet setbacks from the unit boundaries. The proposed Unit and project area consists of six (6) adjacent quarter-quarter sections.
- (6) Applicant appeared through counsel and presented the following land and geologic evidence:
 - (a) The subject well has been drilled, but not completed.
 - (b) the surface location and bottomhole location has not changed;
 - (c) the dedicated acreage in the Unit has not changed;
 - (d) the original pool name for the lateral interval (lateral), as shown in Applicant's Exhibit 10 (Exhibit 10), in the subject well has been changed by the Oil Conservation Division to be WC-025 G-09 S243532M; Wolfbone Pool (pool code 98098). This pool consists of portions of the Bone Spring and Wolfcamp formations;
 - (e) the WC-025 G-09 S243532M; Wolfbone Pool's vertical extent is from the top of the Third Bone Spring Carbonate to the Wolfcamp_B Marker as shown on the Enron Oil and Gas Company Jamaica 12 Federal Well No. 1 (API 30-025-33451; "Type log") located 1700 feet from the South line and 900 feet from the East line, Unit I, of Section 12, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico as shown on Exhibit 10.
 - the Division's Hobbs District geologist defined the Type log and corresponding portions of the Bone Spring and Wolfcamp formations within the WC-025 G-09 S243532M; Wolfbone Pool;
 - (g) the API gravity and color of the produced oil from the Bone Spring and Wolfcamp formations in this pool is 48.5 API gravity, and GOR is 867 SCF/ per barrel of oil, respectively;

Case No. 15333 Reopened Order No. R- 14010-A Page 3 of 7

- (h) all quarter-quarter sections to be included in the Unit are expected to be productive in the Bone Spring and Wolfcamp formations within the pool, so that the Unit as requested will not impair correlative rights;
- notice was provided to lessees or operators of surrounding tracts as affected parties of the proposed non-standard spacing unit;
- notice was provided to all locatable interest owners subject to pooling proceedings as affected parties of the proposed compulsory pooling within the Unit in both the Bone Spring and Wolfcamp formations; and
- (k) notice was provided to unlocatable interest owners in a newspaper of general circulation in Lea County, New Mexico.
- (7) No one entered an appearance or otherwise opposed this application.

The Division concludes as follows:

- (8) The request by the Applicant to amend Order No. R-14010 to reflect the revised pool designation by the Division from WC-025 G-09 S253509D; Upper Bone Spring Pool (Pool Code 98110) to WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) should be granted.
- (9) The proposed non-standard unit should be approved in order to enable Applicant to complete its horizontal well to efficiently produce the reserves underlying the Unit, thereby preventing waste and protecting correlative rights.
- (10) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.
- (11) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill, and has drilled the subject well to a common source of supply within the Unit at the proposed location.
- (12) There are interest owners in the Unit that have not agreed to pool their interests.
- (13) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

Case No. 15333 Reopened Order No. R- 14010-A Page 4 of 7

- (14) COG Operating LLC should be designated the operator of the proposed well and the Unit.
- (15) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.
- (16) Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."
- (17) In order to protect correlative rights and prevent waste, COG's request for a different pool name than specified in Order No. R-14010, and compulsory pooling should be approved.

IT IS THEREFORE ORDERED THAT:

- (1) The application of COG Operating LLC, to amend Order No. R-14010 to reflect the revised pool designation by the Division from WC-025 G-09 S243532M; Lower Bone Spring Pool (Pool Code 98098) to WC-025 G-09 S243532M; Wolfbone Pool (Pool Code 98098) is hereby granted.
- (2) Pursuant to the application of COG Operating, LLC, a 240.25-acre, more or less, non-standard oil spacing and proration unit (the "Unit") is hereby established for oil production from the Bone Spring and Wolfcamp formations, within the WC-025 G-09 S243532M; Wolfbone Pool (pool code 98098), comprising the W/2 E/2 of Section 6 and the W/2 NE/4 of Section 7, both in Township 25 South, Range 35 East NMPM, Lea County, New Mexico.
- (3) The WC-025 G-09 S243532M; Wolfbone Pool's vertical extent is from the top of the Third Bone Spring Carbonate to the Wolfcamp_B Marker as shown on the Enron Oil and Gas Company Jamaica 12 Federal Well No. 1 (API 30-025-33451) located 1700 feet from the South line and 900 feet from the East line, Unit I, of Section 12, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico.
- (4) All uncommitted interests, whatever they may be, in the oil and gas in the Bone Spring and Wolfcamp formations within the WC-025 G-09 S243532M; Wolfbone Pool underlying the Unit, are hereby pooled.
- (5) Should the proposed well not be completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the Unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not

Case No. 15333 Reopened Order No. R- 14010-A Page 5 of 7

completed in all of the standard spacing units included in the proposed project area (or Unit) then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those standard spacing units in which the well is completed.

- (6) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.
- (7) COG Operating LLC (OGRID 229137) is hereby designated the operator of the well and the Unit.
- (8) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this Order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").
- (9) Within 30 days from the date the schedule of estimated well costs is furnished or within 30 days after the issuance of this order if such schedule has been previously furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "nonconsenting working interest owners."
- (10) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.
- (11) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

Case No. 15333 Reopened Order No. R- 14010-A Page 6 of 7

- (12) The operator is hereby authorized to withhold the following costs and charges from production from each well:
 - The proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
 - (b) As a charge for the risk involved in drilling the well, 200% of the above costs.
- (13) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.
- (14) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.
- (15) Except as provided in Paragraphs (10) and (12) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).
- (16) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this Order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.
- (17) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.
- (18) The operator of the well and the Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this Order.
- (19) Except as amended hereby, all other provisions of Division Order No. R-14010 shall remain in full force and effect.

Case No. 15333 Reopened Order No. R- 14010-A Page 7 of 7

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary. \cdot

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DAVID R. CATANACH Director

SEAL

From: Engineer, OCD, EMNRD

To: Barron, Jeanette

Cc: McClure, Dean, EMNRD; Kautz, Paul, EMNRD; Wrinkle, Justin, EMNRD; Powell, Brandon, EMNRD; lisa@rwbyram.com;

Glover, James; Paradis, Kyle O; Walls, Christopher

Subject: Approved Administrative Order CTB-1027

Date: Monday, May 9, 2022 4:28:57 PM

Attachments: CTB1027 Order.pdf

NMOCD has issued Administrative Order CTB-1027 which authorizes COG Operating, LLC (229137) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
20 025 42929	30-025-43838 Stove Pipe Federal Com #1H	E/2 E/2	6-25S-35E	98098
30-025-43838		$\mathbf{E}/2 \mathbf{E}/2$	7-25S-35E	98098
20.025.42026		W/2 E/2	6-25S-35E	00000
30-025-42926 Stove Pipe Federal Com #2H	W/2 NE/4	7-25S-35E	98098	
30-025-43839 Stove Pipe Federal Com #21H	E/2 E/2	6-25S-35E	00000	
	Stove ripe reueral Com #21H	E/2 E/2	7-25S-35E	98098

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION FOR SURFACE COMMINGLING SUBMITTED BY COG OPERATING, LLC

ORDER NO. CTB-1027

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

- 1. COG Operating, LLC ("Applicant") submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A ("Application").
- 2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
- 3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
- 4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
- 5. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
- 7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
- 8. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
- 9. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.

Order No. CTB-1027 Page **1** of **3**

- 10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
- 11. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

- 1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.
 - Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.
- 2. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
- 3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
- 4. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
- 5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
- 6. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
- 7. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
- 9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

Order No. CTB-1027 Page 2 of 3

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Worl
ADRIENNE E. SANDOVAL
DIRECTOR

DATE: 5/09/2022

Order No. CTB-1027 Page **3** of **3**

State of New Mexico Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-1027

Operator: COG Operating, LLC (229137)

Central Tank Battery: Stove Pipe Federal Com 2H Battery

Central Tank Battery Location: UL B, Section 6, Township 25 South, Range 33 East

Central Tank Battery: Red Hills Offload Station

Central Tank Battery Location: UL O, Section 4, Township 26 South, Range 32 East

Central Tank Battery: Jal Offload Station

Central Tank Battery Location: UL D, Section 4, Township 26 South, Range 37 East Gas Title Transfer Meter Location: UL B, Section 6, Township 25 South, Range 33 East

Pools

Pool Name Pool Code WC-025 G-09 S243532M; WOLFBONE 98098

Leases as defined in 19.15.12.7(C) NMAC

	. (0) 1 11.2120	
Lease	UL or Q/Q	S-T-R
CA Walfhana NMNM 129602	E/2 E/2	6-25S-35E
CA Wolfbone NMNM 138693	E/2 E/2	7-25S-35E
CA Wolfbone NMNM 136125	W/2 E/2	6-25S-35E
CA WOUDONE INVINIVI 150125	W/2 NE/4	7-25S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-43838	Stove Pipe Federal Com #1H	E/2 E/2	6-25S-35E	98098
		E/2 E/2	7-25S-35E	
20 025 42026	30-025-42926 Stove Pipe Federal Com #2H	W/2 E/2	6-25S-35E	98098
30-025-42920		W/2 NE/4	7-25S-35E	
30-025-43839	Stove Pipe Federal Com #21H	E/2 E/2	6-25S-35E	00000
		E/2 E/2	7-25S-35E	98098

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 Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr. **Santa Fe, NM 87505**

CONDITIONS

Action 64942

CONDITIONS

Operator:	OGRID:
COG OPERATING LLC	229137
600 W Illinois Ave	Action Number:
Midland, TX 79701	64942
	Action Type:
	[C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	5/9/2022