



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

November 8, 2022

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

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

Dear Mr. McClure,

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

Down South St Com 2H  
API# 30-015-37254  
Hay Hallow, Bone Springs  
Ut. H, Sec. 19-T26S-R28E  
Eddy County, NM

Down South St Com 3H  
API# 30-015-37255  
Hay Hallow; Bone Springs  
Ut. I, Sec. 19-T26S-R28E  
Eddy County, NM

Down South St Com 4H  
API# 30-015-37256  
Hay Hallow; Bone Springs  
Ut. P, Sec. 19-T26S-R28E  
Eddy County, NM

Down South St Com 5H  
API# 30-015-41400  
Hay Hallow, Bone Springs  
Ut. P, Sec. 19-T26S-R28E  
Eddy 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. O, Sec. 19-T26S-R28E. 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 prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. O, Sec. 19-T26S-R28E.

Well testing will be by separating and measuring the oil and gas production from the well for a minimum of twenty-four consecutive hours.

No owner notification is necessary. A letter from a certified Landman stating all owners and interest are identical 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 six months production.

Thank you for your attention to this matter.

Sincerely,

*Jeanette Barron*

Jeanette Barron  
Regulatory Coordinator

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

### SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL      ☐ NSP (PROJECT AREA)      ☐ NSP (PRORATION UNIT)      ☐ SD

B. Check one only for [ I ] or [ II ]

[ I ] Commingling – Storage – Measurement

☐ DHC    ☐ CTB    ☐ PLC    ☐ PC    ☐ OLS    ☐ OLM

[ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☐ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

#### FOR OCD ONLY

- ☐ Notice Complete  
☐ Application Content Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

\_\_\_\_\_  
 Print or Type Name

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 e-mail Address

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

State of New Mexico  
Energy, Minerals and Natural Resources Department  
**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.

### APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: COG Operating LLC  
OPERATOR ADDRESS: 2208 W Main Street, Artesia, New Mexico 88210  
APPLICATION TYPE:

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

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☐ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☐ Yes ☐ No

#### (A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.  
(4) Measurement type: ☐ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

#### (B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.  
(2) Is all production from same source of supply? ☒ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☒ Metering ☐ Other (Specify)

#### (C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

#### (D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

#### (E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jeanette Barron TITLE: Regulatory Coordinator DATE: 11.08.22

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jeanette.barron@conocophillips.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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-37254</b>		<sup>2</sup> Pool Code <b>30215</b>		<sup>3</sup> Pool Name <b>Hay Hollow; Bone Spring</b>	
<sup>4</sup> Property Code <b>308613</b>		<sup>5</sup> Property Name <b>Down South State Com</b>			<sup>6</sup> Well Number <b>2H</b>
<sup>7</sup> OGRID No. <b>229137</b>		<sup>8</sup> Operator Name <b>COG Operating LLC</b>			<sup>9</sup> Elevation <b>3046' GR</b>

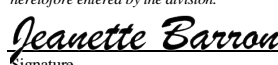
<sup>10</sup> Surface Location

UL or lot no. <b>H</b>	Section <b>19</b>	Township <b>26S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>1980</b>	North/South line <b>North</b>	Feet from the <b>330</b>	East/West line <b>East</b>	County <b>Eddy</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. <b>2</b>	Section <b>19</b>	Township <b>26S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>2066</b>	North/South line <b>North</b>	Feet from the <b>332</b>	East/West line <b>West</b>	County <b>Eddy</b>
<sup>12</sup> Dedicated Acres <b>160.06</b>		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> 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.

<sup>16</sup>	Lot 1					<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby 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 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 heretofore entered by the division.</i>  Signature _____ Date _____ <b>Jeanette Barron</b> Printed Name jeanette.barron@conocophillips.com E-mail Address
	Lot 2	Producing Interval 8015-12163'				
	Lot 3					<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>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.</i>
	Lot 4					
Date of Survey _____ Signature and Seal of Professional Surveyor: _____  <b>REFER TO ORIGINAL PLAT</b>  Certificate Number _____						

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1625 N. French Dr., Hobbs, NM 88240  
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Phone: (505) 476-3460 Fax: (505) 476-3462

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-37255</b>		<sup>2</sup> Pool Code <b>30215</b>	<sup>3</sup> Pool Name <b>Hay Hollow; Bone Spring</b>
<sup>4</sup> Property Code <b>308613</b>	<sup>5</sup> Property Name <b>Down South State Com</b>		<sup>6</sup> Well Number <b>3H</b>
<sup>7</sup> OGRID No. <b>229137</b>	<sup>8</sup> Operator Name <b>COG Operating LLC</b>		<sup>9</sup> Elevation <b>3030' GR</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>I</b>	<b>19</b>	<b>26S</b>	<b>28E</b>		<b>2180</b>	<b>South</b>	<b>330</b>	<b>East</b>	<b>Eddy</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>L</b>	<b>19</b>	<b>26S</b>	<b>28E</b>		<b>1824</b>	<b>South</b>	<b>286</b>	<b>West</b>	<b>Eddy</b>

<sup>12</sup> Dedicated Acres <b>160.12</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

16	Lot 1				<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby 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 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 heretofore entered by the division.</i> <b>Jeanette Barron</b> Signature _____ Date _____ Printed Name jeanette.barron@conocophillips.com E-mail Address
	Lot 2				
Producing Interval 7985-12160'					<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <i>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.</i>
Lot 3 BHL SHL					
	Lot 4				Date of Survey Signature and Seal of Professional Surveyor:  <b>REFER TO ORIGINAL PLAT</b> Certificate Number

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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  
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☐ AMENDED REPORT  
(As Drilled)

# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-37256</b>	<sup>2</sup> Pool Code <b>30215</b>	<sup>3</sup> Pool Name <b>Hay Hollow; Bone Spring</b>
<sup>4</sup> Property Code <b>308613</b>	<sup>5</sup> Property Name <b>Down South State Com</b>	
<sup>6</sup> Well Number <b>4H</b>		
<sup>7</sup> OGRID No. <b>229137</b>	<sup>8</sup> Operator Name <b>COG Operating LLC</b>	
	<sup>9</sup> Elevation <b>3008' GR</b>	

## <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	26S	28E		660	South	330	East	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	19	26S	28E	4	660	South	330	West	Eddy

<sup>12</sup> Dedicated Acres <b>160.19</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

16	Lot 1				<div>17 <b>OPERATOR CERTIFICATION</b></div> <div><i>I hereby 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 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 heretofore entered by the division.</i></div> <div><i>Jeanette Barron</i></div> <div>Signature _____ Date _____</div> <div>Jeanette Barron</div> <div>Printed Name _____</div> <div>jeanette.barron@conocophillips.com</div> <div>E-mail Address _____</div>
	Lot 2				
	Lot 3				
	Lot 4				<div>18 <b>SURVEYOR CERTIFICATION</b></div> <div><i>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.</i></div> <div>Date of Survey _____</div> <div>Signature and Seal of Professional Surveyor: _____</div> <div>REFER TO ORIGINAL PLAT</div> <div>Certificate Number _____</div>

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OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
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Revised August 1, 2011  
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☐ AMENDED REPORT  
(As Drilled)

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-41400</b>	<sup>2</sup> Pool Code <b>30215</b>	<sup>3</sup> Pool Name <b>Hay Hollow; Bone Spring</b>
<sup>4</sup> Property Code <b>308613</b>	<sup>5</sup> Property Name <b>Down South State Com</b>	
<sup>7</sup> OGRID No. <b>229137</b>	<sup>8</sup> Operator Name <b>COG Operating LLC</b>	
	<sup>6</sup> Well Number <b>5H</b>	
	<sup>9</sup> Elevation <b>3008' GR</b>	

## <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	26S	28E		520	South	190	East	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

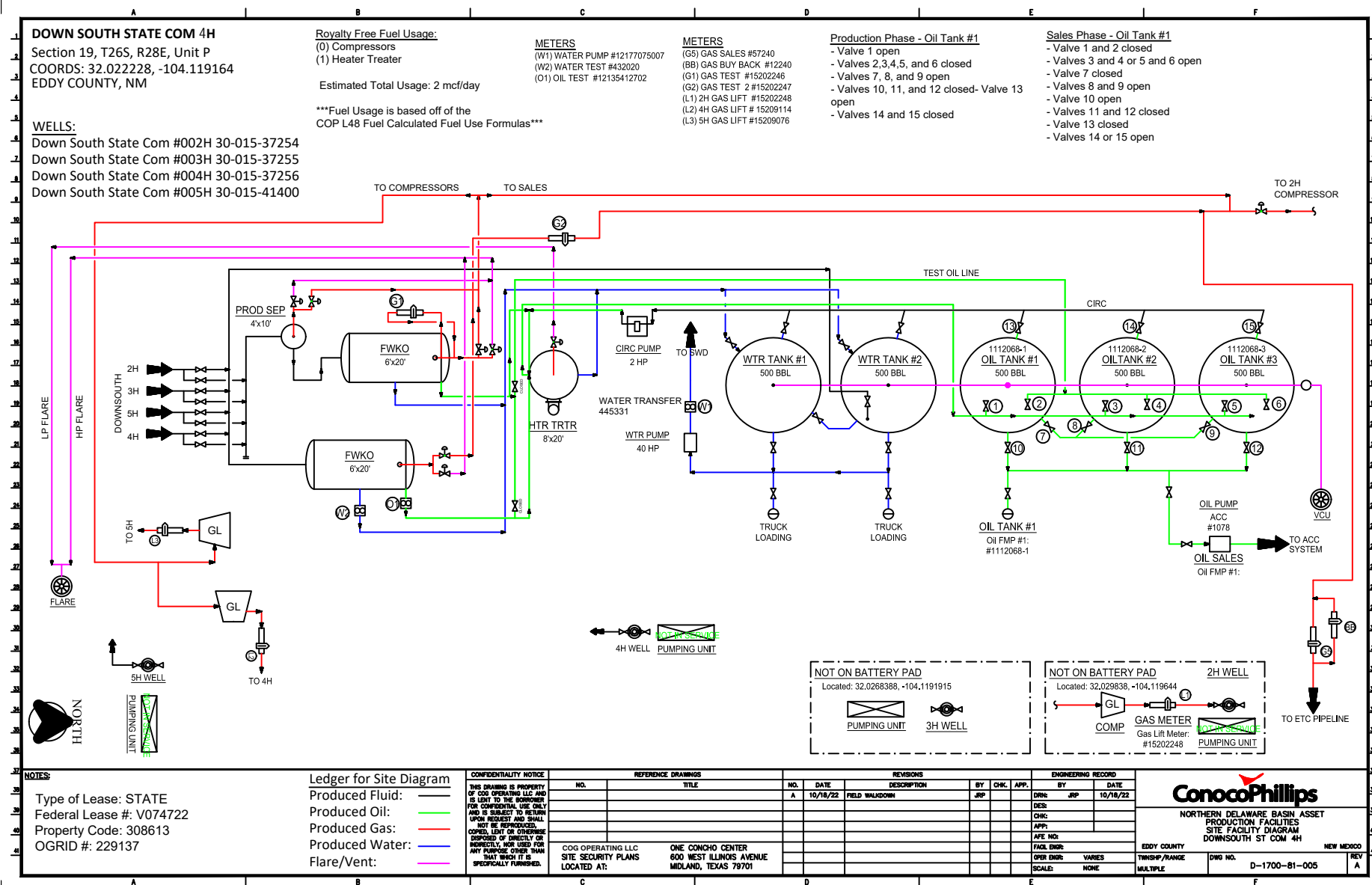
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>M</b>	<b>19</b>	<b>26S</b>	<b>28E</b>	<b>4</b>	<b>486</b>	<b>South</b>	<b>331</b>	<b>West</b>	<b>Eddy</b>

<sup>12</sup> Dedicated Acres <b>160.19</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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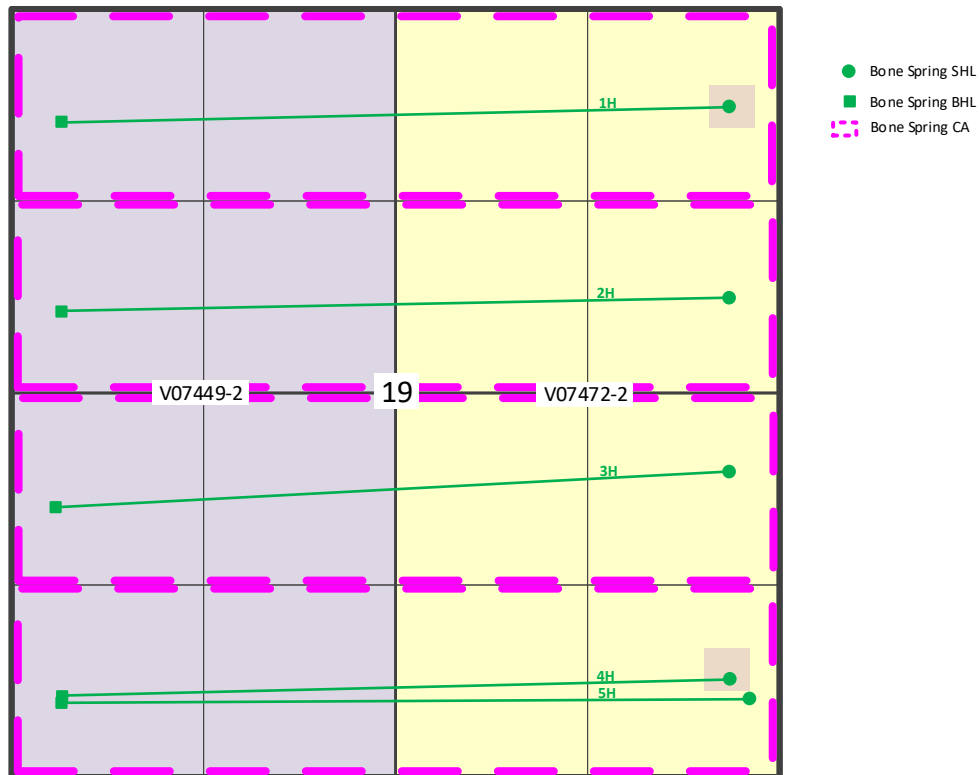
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16	Lot 1			<b>17 OPERATOR CERTIFICATION</b> <i>I hereby 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 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 heretofore entered by the division.</i> <b>Jeanette Barron</b> Signature _____ Date _____ <b>Jeanette Barron</b> Printed Name _____ jeanette.barron@conocophillips.com E-mail Address _____
	Lot 2			
	Lot 3			<b>18 SURVEYOR CERTIFICATION</b> <i>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.</i>
	Lot 4			Date of Survey _____ Signature and Seal of Professional Surveyor: _____  <b>REFER TO ORIGINAL PLAT</b> Certificate Number _____



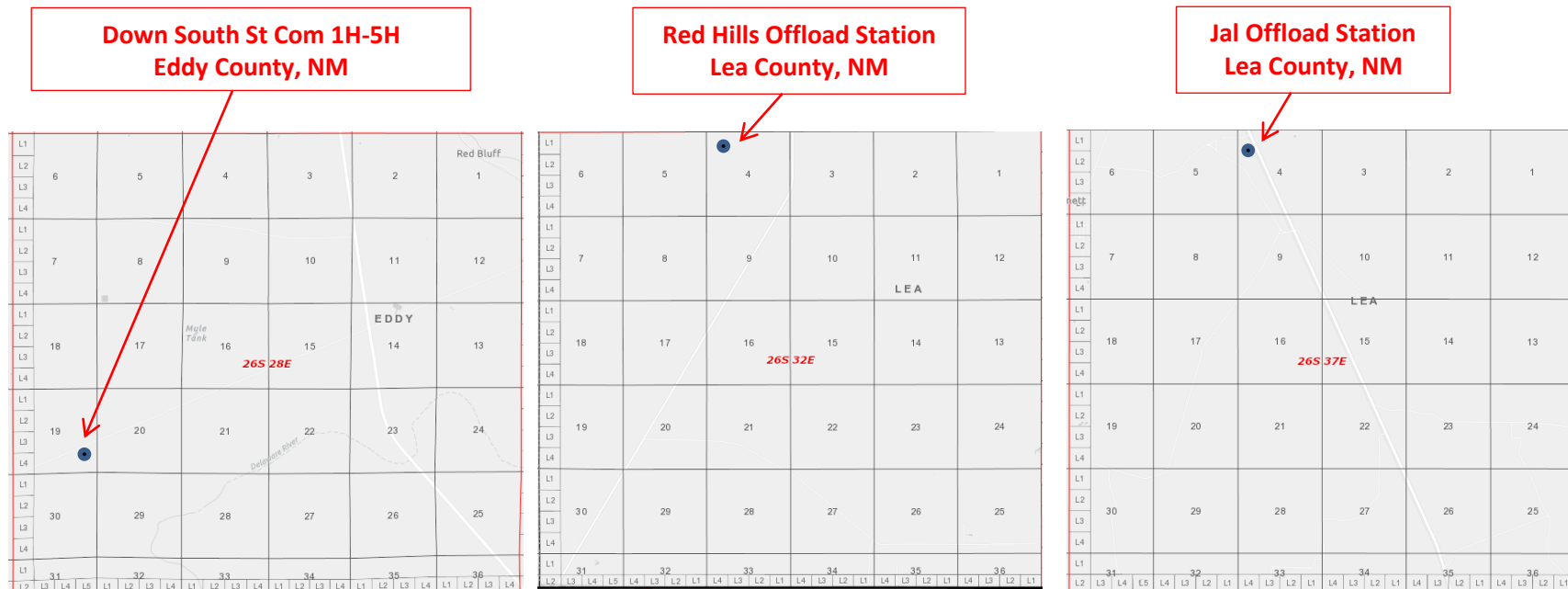


### Down South State Com



Sec. 19-T26S-R28E  
Eddy County, NM

# Down South St Com 1H-5H & Red Hills and Jal Offload Station Map





Shelley C. Klingler, CPL  
Staff Land Negotiator  
ConocoPhillips  
600 W. Illinois Ave  
Midland, TX 79701  
[www.conocophillips.com](http://www.conocophillips.com)

October 27, 2022

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

RE: Commingling of Down South State Com 2H, 3H, 4H and 5H

Dear Mr. McClure:

My name is Shelley C. Klingler, and I am the Land Negotiator who oversees the Down South State Com wells operated by COG Operating LLC, an affiliate of ConocoPhillips Company ("COPC").

Regarding the Down South State Com 2H (API 30-015-37254), 3H (API 30-015-37255), 4H (API 30-015-37256), and 5H (API 30-015-41400), the following statements are true to the best of my knowledge:

- 1.) The revenue owners are identical as defined in NMAC 19.15.12.7.B.
- 2.) The leases or pools have the same working, royalty, and overriding royalty owners in exactly the same percentages.

I am available to you if you have any questions. I can be contacted by email: [shelley.c.klingler@conocophillips.com](mailto:shelley.c.klingler@conocophillips.com) or phone: 432.688.9027.

Respectfully,

A handwritten signature in black ink, appearing to be "SK", with a long horizontal line extending to the right.

Shelley C. Klingler, CPL  
Staff Land Negotiator

Down South St Com 2H-5H CTB							
Date Sent	Initials	Name	Address	City	State	Zip Code	Certified return Receipt No.
11.08.22	JB	SLO	PO Box 1148	Santa Fe	NM	87504-1148	7013 3020 0000 8749 4189

API: 30-015-37254						
DOWN SOUTH STATE COM #002H						
Printed On: Tuesday, November 08 2022						
		Production				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I
2022	[30215] HAY HOLLOW;BONE SPRING	Mar	459	1203	909	31
2022	[30215] HAY HOLLOW;BONE SPRING	Apr	389	1093	982	30
2022	[30215] HAY HOLLOW;BONE SPRING	May	250	1264	1324	31
2022	[30215] HAY HOLLOW;BONE SPRING	Jun	314	2376	1068	30
2022	[30215] HAY HOLLOW;BONE SPRING	Jul	269	2333	1002	31
2022	[30215] HAY HOLLOW;BONE SPRING	Aug	666	1144	1234	31

Production Summary Report						
API: 30-015-37255						
DOWN SOUTH STATE COM #003H						
Printed On: Tuesday, November 08 2022						
		Production				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I
2022	[30215] HAY HOLLOW;BONE SPRING	Mar	291	1278	909	31
2022	[30215] HAY HOLLOW;BONE SPRING	Apr	466	1033	885	30
2022	[30215] HAY HOLLOW;BONE SPRING	May	914	1319	1245	31
2022	[30215] HAY HOLLOW;BONE SPRING	Jun	674	1399	1346	30
2022	[30215] HAY HOLLOW;BONE SPRING	Jul	378	1576	1053	31
2022	[30215] HAY HOLLOW;BONE SPRING	Aug	37	124	91	14

Production Summary Report						
API: 30-015-37256						
DOWN SOUTH STATE COM #004H						
Printed On: Tuesday, November 08 2022						
		Production				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I
2022	[30215] HAY HOLLOW;BONE SPRING	Mar	0	7105	1582	31
2022	[30215] HAY HOLLOW;BONE SPRING	Apr	0	5877	1379	30
2022	[30215] HAY HOLLOW;BONE SPRING	May	2	6551	1571	31
2022	[30215] HAY HOLLOW;BONE SPRING	Jun	1	5674	2092	30
2022	[30215] HAY HOLLOW;BONE SPRING	Jul	13	6316	2237	31
2022	[30215] HAY HOLLOW;BONE SPRING	Aug	0	5911	1806	31

Production Summary Report						
API: 30-015-41400						
DOWN SOUTH STATE COM #005H						
Printed On: Tuesday, November 08 2022						
		Production				
Year	Pool	Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days P/I
2022	[30215] HAY HOLLOW;BONE SPRING	Mar	1057	7144	3494	31
2022	[30215] HAY HOLLOW;BONE SPRING	Apr	830	5485	2683	30
2022	[30215] HAY HOLLOW;BONE SPRING	May	674	4917	1718	31
2022	[30215] HAY HOLLOW;BONE SPRING	Jun	1482	4198	988	30
2022	[30215] HAY HOLLOW;BONE SPRING	Jul	586	4774	1177	31
2022	[30215] HAY HOLLOW;BONE SPRING	Aug	762	4694	1523	31

## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

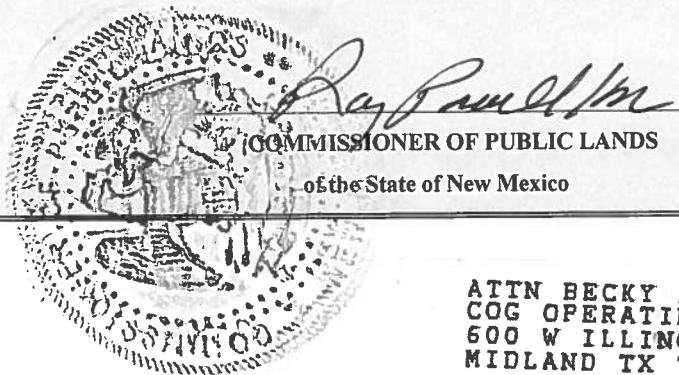
COG Operating LLC  
Down South State Com Well No. 2H  
S2N2, Section 19, Township 26 South, Range 28 East, Eddy County, New Mexico  
Bone Spring

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement, dated **June 1, 2012**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

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

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **7th day of May, 2013**.



ATTN BECKY ZINDEL/1CC-6  
COG OPERATING LLC  
600 W ILLINOIS AVE  
MIDLAND TX 79701-9808



**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**  
Revised March 2003

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF \_\_\_\_\_ EDDY \_\_\_\_\_ ) SS)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of  
\_\_\_\_\_ JUNE 1 \_\_\_\_\_, 20 12 \_\_\_\_\_, by and between the parties subscribing,  
ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

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

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

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

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

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

ONLINE version  
December 2004

State/State  
State/Fee

1

2012 DEC 17 10 30 AM

CON 733-0024



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

Subdivisions S/2N/2  
 Of Sect 19 Twnshp 26S Rng 28E NMPM EDDY County, NM  
 containing 160.06 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.
4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure

separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

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

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

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

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the

Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

OPERATOR \_\_\_\_\_ COG OPERATING LLC \_\_\_\_\_ by \_\_\_\_\_

Title: \_\_\_\_\_ Signature: \_\_\_\_\_

LESSEES OF RECORD: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Attach additional pages if needed)

**OPERATOR:**

COG OPERATING LLC

Gayle L. Burleson

Gayle L. Burleson

Vice President of New Mexico

**LESSEES OF RECORD:**

COG OPERATING LLC

Gayle L. Burleson

Gayle L. Burleson

Vice President of New Mexico

CONCHO OIL &amp; GAS LLC

Gayle L. Burleson

Gayle L. Burleson

Vice President of New Mexico

CHESAPEAKE EXPLORATION, L.L.C.

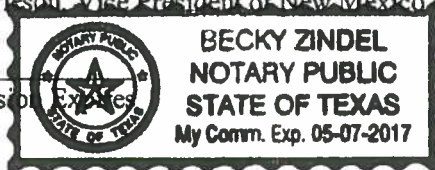
By:

Its:

STATE OF ~~NEW MEXICO~~ <sup>Texas</sup>COUNTY OF ~~EDDY~~ <sup>midland</sup>§  
§  
§

This instrument was acknowledged before me on this 4th day of October 2012 by  
 Gayle L. Burleson, Vice President of New Mexico of COG Operating LLC.

My Commission Expires

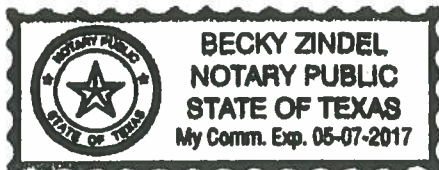


Notary Public

Becky ZindelSTATE OF ~~NEW MEXICO~~ <sup>Texas</sup>COUNTY OF ~~EDDY~~ <sup>midland</sup>§  
§  
§

This instrument was acknowledged before me on this 4th day of October 2012 by  
 Gayle L. Burleson, Vice President of New Mexico of Concho Oil & Gas LLC.

My Commission Expires



Notary Public

Becky Zindel



**OPERATOR:**  
COG OPERATING LLC

Gayle L. Burleson  
Gayle L. Burleson  
Vice President of New Mexico *sw*

**LESSEES OF RECORD:**

COG OPERATING LLC

Gayle L. Burleson  
Gayle L. Burleson  
Vice President of New Mexico *sw*

CONCHO OIL & GAS LLC

Gayle L. Burleson  
Gayle L. Burleson  
Vice President of New Mexico *sw*

CHESAPEAKE EXPLORATION, L.L.C.

Henry J. Hood  
By: HENRY J. HOOD *KEC*  
Its: SR. VICE PRESIDENT - LAND *DB*

*Texas*  
STATE OF ~~NEW MEXICO~~  
*Midland*  
COUNTY OF ~~EDDY~~

This instrument was acknowledged before me on this 4<sup>th</sup> day of October 2012 by  
Gayle L. Burleson, Vice President of New Mexico of COG Operating LLC.

My Commission Expires

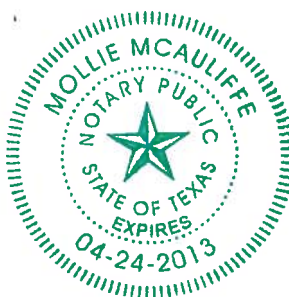


Mollie McAuliffe  
Notary Public

*Texas*  
STATE OF ~~NEW MEXICO~~  
*Midland*  
COUNTY OF ~~EDDY~~

This instrument was acknowledged before me on this 4<sup>th</sup> day of October 2012 by  
Gayle L. Burleson, Vice President of New Mexico of Concho Oil & Gas LLC.

My Commission Expires



Mollie McAuliffe  
Notary Public *10 8 10 21 02*

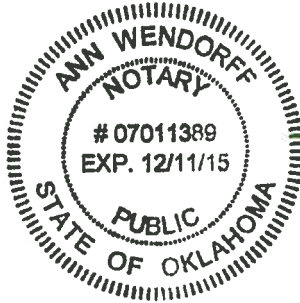
BOOK 942 PAGE 1038

STATE OF OKLAHOMA §

COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on this 11<sup>th</sup> day of October 2012  
by Henry J. Hood, Senior Vice President – Land of Chesapeake Exploration,  
L.L.C.

12/11/2015  
My Commission Expires



Ann Wendorff  
Notary Public

2012 DEC 17 AM 8 01

## EXHIBIT "A"

Attached to and made part of that Communitization Agreement dated June 1, 2012 by and between COG Operating LLC, as Operator, and Chesapeake Exploration Limited Partnership, et al, as Lessees of Record, covering the S/2N/2 of Section 19, Township 26 South, Range 28 East, Eddy County, New Mexico.

Operator of Communitized Area:  
COG OPERATING LLC

## Description of Leases Committed:

## TRACT #1

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: Chesapeake Exploration Limited Partnership  
Serial # of Lease: V0-7449-0001  
Date of Lease: 7/1/2005

## Description of Lands

Committed: Township 26 South, Range 28 East  
Section 19: S/2NW/4  
Eddy County, New Mexico

# of Acres: 80.06

## TRACT #2

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: Concho Oil & Gas LLC/COG Operating LLC  
Serial # of Lease: V0-7472-0002  
Date of Lease: 7/1/2005

## Description of Lands

Committed: Township 26 South, Range 28 East  
Section 19: S/2NE/4  
Eddy County, New Mexico

# of Acres: 80.0

2012 DEC 17 PM 8 10

BOOK 942 PAGE 1040

## RECAPITULATION

TRACT #	# OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
Lease #1	80.06	50.018743%
Lease #2	80.00	49.981257%
TOTAL	160.06	100%

RECEPTION NO: 1307354 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 07/13/2013 8:43 AM  
BOOK 0942 PAGE 1031 *E. Ruiz*  
DARLENE ROSPRIM, COUNTY CLERK



2012 DEC 17 AM 8 01



## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
Down South State Com Well No. 3H  
N2S2, Section 19, Township 26 South, Range 28 East, Eddy County, New Mexico  
Bone Spring

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement, dated **December 1, 2012**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

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

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this this **6th day of February, 2013**.



*Ray Paulsen*  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

ATTN BECKY ZINDEL ICC-6  
COG OPERATING LLC  
600 W ILLINOIS AVE  
MIDLAND TX 79701-9808

such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

**OPERATOR:**

**COG Operating LLC**

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

2013 FEB 5 AM 7 54

**LESSEES OF RECORD:**

**COG Operating LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *ms*

**Concho Oil & Gas LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *ms*

**Chesapeake Exploration, L.L.C.**

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

2013 FEB 5 AM 7 54

## LESSEES OF RECORD:

## COG Operating LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *juw jp*

## Concho Oil &amp; Gas LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *juw jp*

CHEVRON USA, INC.,  
a Pennsylvania Corporation

D.T. Kratz  
By: D. T. Kratz  
Its: Attorney-in-Fact *kkc*

2013 FEB 5 AM 7 54

ONLINE version  
December 2007

State/State  
State/Fee

5

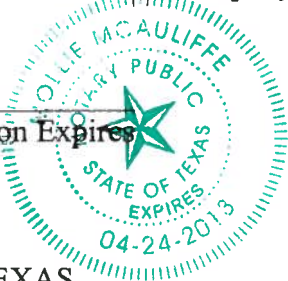
ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of COG Operating LLC, a Delaware Limited Liability  
Company, on behalf of said company.

My Commission Expires



Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of Concho Oil & Gas LLC, a Texas Limited Liability  
Company, on behalf of said company.

My Commission Expires



Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF OKLAHOMA

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

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_,  
by \_\_\_\_\_, as \_\_\_\_\_, of Chesapeake Exploration,  
L.L.C., an Oklahoma Limited Liability Company, on behalf of said company.

My Commission Expires

Notary Public in and for the State of Oklahoma

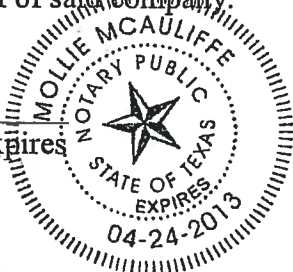
## ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of COG Operating LLC, a Delaware Limited Liability  
Company, on behalf of said company.

My Commission Expires



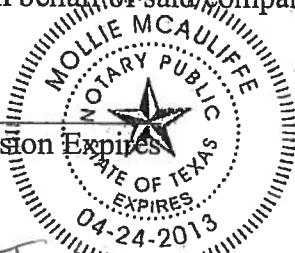
Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of Concho Oil & Gas LLC, a Texas Limited Liability  
Company, on behalf of said company.

My Commission Expires



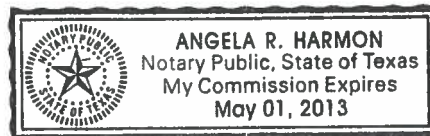
Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TexasCOUNTY OF Harris

This instrument was acknowledged before me on January 14th, 2013  
by D. T. Kratz, as Attorney-in-Fact, of CHEVRON USA, INC.  
a Pennsylvania Corporation, on behalf of said Corporation

March 2013  
My Commission Expires

Angela R. Harmon  
Notary Public in and for the State of Texas



ONLINE version  
December 2007

State/State  
State/Fee

6



ONLINE VERSION

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**  
Revised March 2007

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of December 1, 2012, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

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

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

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

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

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

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

Township 26 South, Range 28 East, N.M.P.M.

Section 19: N/2 S/2

Eddy County, New Mexico

Containing 160.12 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

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

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



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

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

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

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

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of

# EXHIBIT "A"

Plat of communitized area covering 160.12 acres in Section 19 of T26S - R28E, N.M.P.M.  
Eddy County, New Mexico

## Down South State Com #3H

Tract 1: V0-7449 ●			Tract 2: V0-7472 ●

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

State/State or  
State/Fee Communitization

**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement, dated December 1, 2012,  
covering N/2 S/2 of Section 19, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New  
Mexico

OPERATOR of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

1. Date: 07/01/2005  
Lessor: State of New Mexico acting by and through its Commissioner of  
Public Lands  
Lessee: Chesapeake Exploration, L.L.C.  
Lease No.: V0-7449-0001  
Description: Insofar as said lease covers  
Township 26 South, Range 28 East N.M.P.M.  
Section 19: N/2 SW/4  
Eddy County, New Mexico  
No. of Acres: 80.12

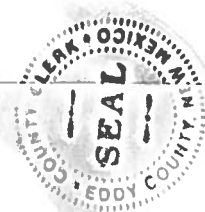
**TRACT NO. 2**

1. Date: 07/01/2005  
Lessor: State of New Mexico acting by and through its Commissioner of  
Public Lands  
Lessee: Concho Oil & Gas LLC/COG Operating LLC  
Lease No.: V0-7472-0002  
Description: Insofar as said lease covers  
Township 26 South, Range 28 East N.M.P.M.  
Section 19: N/2 SE/4  
Eddy County, New Mexico  
No. of Acres: 80.00

**RECAPITULATION**

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80.12	50.037472%
No. 2	80.00	49.962528%
	160.12	100.0000%

RECEPTION NO: 1302501 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 03/12/2013 12:16 PM  
BOOK 0926 PAGE 0522  
DARLENE ROSPRIM, COUNTY CLERK



## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
Down South State Com Well No. 3H  
N2S2, Section 19, Township 26 South, Range 28 East, Eddy County, New Mexico  
Bone Spring

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement, dated **December 1, 2012**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

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

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

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this this **6th day of February, 2013**.



*Ray Paulsen*  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

ATTN BECKY ZINDEL ICC-6  
COG OPERATING LLC  
600 W ILLINOIS AVE  
MIDLAND TX 79701-9808

such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

**OPERATOR:**

**COG Operating LLC**

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

2013 FEB 5 AM 7 54

**LESSEES OF RECORD:**

**COG Operating LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *ms*

**Concho Oil & Gas LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *ms*

**Chesapeake Exploration, L.L.C.**

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

2013 FEB 5 AM 7 54



**LESSEES OF RECORD:**

**COG Operating LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *juw jp*

**Concho Oil & Gas LLC**

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land *juw jp*

**CHEVRON USA, INC.,**  
a Pennsylvania Corporation

D.T. Kratz  
By: D. T. Kratz  
Its: Attorney-in-Fact *juw*

2013 FEB 5 AM 7 54

ONLINE version  
December 2007

State/State  
State/Fee

5



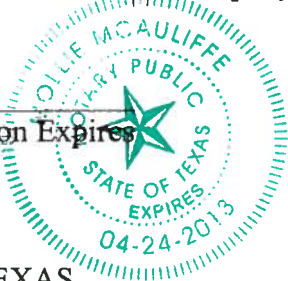
ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by Mona D. Ables, Vice President of Land, of COG Operating LLC, a Delaware Limited Liability Company, on behalf of said company.

My Commission Expires



Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by Mona D. Ables, Vice President of Land, of Concho Oil & Gas LLC, a Texas Limited Liability Company, on behalf of said company.

My Commission Expires



Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF OKLAHOMA

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

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_, of Chesapeake Exploration, L.L.C., an Oklahoma Limited Liability Company, on behalf of said company.

My Commission Expires

Notary Public in and for the State of Oklahoma

2012 FEB 5 AM 7 54

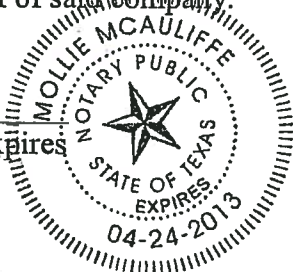
## ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of COG Operating LLC, a Delaware Limited Liability  
Company, on behalf of said company.

My Commission Expires



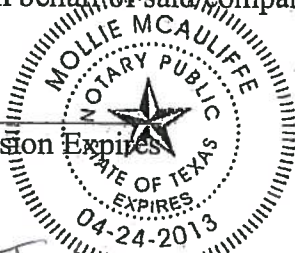
Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on December 4, 2012, by  
Mona D. Ables, Vice President of Land, of Concho Oil & Gas LLC, a Texas Limited Liability  
Company, on behalf of said company.

My Commission Expires



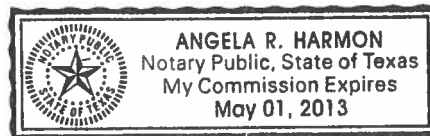
Mollie McAuliffe  
Notary Public in and for the State of Texas

STATE OF TexasCOUNTY OF Harris

This instrument was acknowledged before me on January 14th, 2013  
by D. T. Kratz, as Attorney-in-Fact, of CHEVRON USA, INC.  
a Pennsylvania Corporation, on behalf of said Corporation

March 2013  
My Commission Expires

Angela R. Harmon  
Notary Public in and for the State of Texas



ONLINE version  
December 2007

State/State  
State/Fee

6

ONLINE VERSION

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**  
Revised March 2007

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of December 1, 2012, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

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

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

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

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

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

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

Township 26 South, Range 28 East, N.M.P.M.

Section 19: N/2 S/2

Eddy County, New Mexico

Containing 160.12 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

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

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

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

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

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

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



9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of



# EXHIBIT "A"

Plat of communitized area covering 160.12 acres in Section 19 of T26S - R28E, N.M.P.M.  
Eddy County, New Mexico

## Down South State Com #3H

<p>Tract 1: V0-7449</p> 			<p>Tract 2: V0-7472</p> 

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

State/State or  
State/Fee Communitization

**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement, dated December 1, 2012,  
covering N/2 S/2 of Section 19, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New  
Mexico

OPERATOR of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED:**

**TRACT NO. 1**

1. Date: 07/01/2005  
Lessor: State of New Mexico acting by and through its Commissioner of  
Public Lands  
Lessee: Chesapeake Exploration, L.L.C.  
Lease No.: V0-7449-0001  
Description: Insofar as said lease covers  
Township 26 South, Range 28 East N.M.P.M.  
Section 19: N/2 SW/4  
Eddy County, New Mexico  
No. of Acres: 80.12

**TRACT NO. 2**

1. Date: 07/01/2005  
Lessor: State of New Mexico acting by and through its Commissioner of  
Public Lands  
Lessee: Concho Oil & Gas LLC/COG Operating LLC  
Lease No.: V0-7472-0002  
Description: Insofar as said lease covers  
Township 26 South, Range 28 East N.M.P.M.  
Section 19: N/2 SE/4  
Eddy County, New Mexico  
No. of Acres: 80.00



**RECAPITULATION**

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	80.12	50.037472%
No. 2	80.00	49.962528%
	160.12	100.0000%

RECEPTION NO: 1302501 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 03/12/2013 12:16 PM  
BOOK 0926 PAGE 0522  
DARLENE ROSPRIM, COUNTY CLERK



NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2003

# COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF \_\_\_\_\_ EDDY \_\_\_\_\_ ) SS)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of  
\_\_\_\_\_ April 29 \_\_\_\_\_, 2010 \_\_\_\_\_, by and between the parties subscribing,  
ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

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

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

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

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

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

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

Subdivisions Lot 4, SE/4SW/4, S/2SE/4  
 Of Sect 19 Twnshp 26s Rng 28e NMPM EDDY County, NM

containing 160.19 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

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

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

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.
4. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
5. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure

separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

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

7. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

8. MARBOB ENERGY CORPORATION shall be the Operator of said communitized area and all matters of operation shall be determined and performed by MARBOB ENERGY CORPORATION.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the

Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

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

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

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

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

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

OPERATOR:  
MARBOB ENERGY CORPORATION

Dean Chumbley  
Dean Chumbley  
Attorney-in-Fact

RD

LESSEES OF RECORD:

MARBOB ENERGY CORPORATION

Dean Chumbley  
Dean Chumbley  
Attorney-in-Fact

RD

Chesapeake Exploration, L.L.C.,  
An Oklahoma limited liability company

By: [Signature]  
Henry J. Hood, Senior Vice President -  
Land and Legal & General Counsel  
Date: May 17, 2010

7/5/11

JZ

me

STATE OF NEW MEXICO

§

CPB

COUNTY OF EDDY

§

This instrument was acknowledged before me on this 29 day of April 2010 by Dean Chumbley, Attorney-in-Fact of Marbob Energy Corporation.

July 5, 2011  
My Commission Expires

Nancy T. Agnew  
Notary Public



OFFICIAL SEAL  
Nancy T. Agnew  
NOTARY PUBLIC-STATE OF NEW MEXICO  
My commission expires: 7/5/11

STATE OF OKLAHOMA §  
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on this 17th day of May, 2010, by Henry J. Hood, as Senior Vice President - Land and Legal & General Counsel of Chesapeake Exploration, L.L.C. on behalf of said limited liability company.

 **GINA PETERSON**  
Notary Public  
State of Oklahoma  
Commission # 08008510 Expires 08/28/12

[Signature]  
Notary Public in and for the State of Oklahoma

EXHIBIT "A"

Attached to and made part of that Communitization Agreement dated April 29, 2010 by and between Marbob Energy Corporation, as Operator, and Marbob Energy Corporation, et al, as Lessees of Record, covering Lot 4, SE/4SW/4, S/2SE/4 of Section 19, Township 26 South, Range 28 East, Eddy County, New Mexico.

Operator of Communitized Area:  
Marbob Energy Corporation

Description of Leases Committed:

**TRACT #1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: Marbob Energy Corporation  
Serial # of Lease: V-7472-1  
Date of Lease: 7/1/2005

Description of Lands  
Committed: Township 26 South, Range 28 East  
Section 19: S/2SE/4  
Eddy County, New Mexico

# of Acres: 80

**TRACT #2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: Chesapeake Exploration, L.L.C.  
Serial # of Lease: V-7449-1  
Date of Lease: 7/1/2005

Description of Lands  
Committed: Township 26 South, Range 28 East  
Section 19: Lot 4, SE/4SW/4  
Eddy County, New Mexico

# of Acres: 80.19



RECAPITULATION

TRACT #	# OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
Lease #1	80	49.94%
Lease #2	80.19	50.06%

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Barron, Jeanette](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Rikala, Ward, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [Lamkin, Baylen, EMNRD](#); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order CTB-1109  
**Date:** Tuesday, October 10, 2023 3:42:22 PM  
**Attachments:** [CTB1109 Order.pdf](#)

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NMOCD has issued Administrative Order CTB-1109 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
30-015-37254	Down South State Com #2H	S/2 N/2	19-26S-28E	30215
30-015-37255	Down South State Com #3H	N/2 S/2	19-26S-28E	30215
30-015-37256	Down South State Com #4H	S/2 S/2	19-26S-28E	30215
30-015-41400	Down South State Com #5H	S/2 S/2	19-26S-28E	30215

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-1109**

**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. 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**

5. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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 or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

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.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**DYLAN M. FUGE**  
**DIRECTOR**

**DATE:** 10/9/23

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **CTB-1109**

Operator: **COG Operating, LLC (229137)**

Central Tank Battery: **Down South State Com 4H Central Tank Battery**

Central Tank Battery Location: **UL O P, Section 19, Township 26 South, Range 28 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 O P, Section 19, Township 26 South, Range 28 East**

### Pools

Pool Name	Pool Code
<b>HAY HOLLOW; BONE SPRING</b>	<b>30215</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>CA Bone Spring NMSLO 203070 PUN 1328931</b>	<b>S/2 N/2</b>	<b>19-26S-28E</b>
<b>CA Bone Spring NMSLO 203141 PUN 1331708</b>	<b>N/2 S/2</b>	<b>19-26S-28E</b>
<b>CA Bone Spring NMSLO 202815 PUN 1311601</b>	<b>S/2 S/2</b>	<b>19-26S-28E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-015-37254</b>	<b>Down South State Com #2H</b>	<b>S/2 N/2</b>	<b>19-26S-28E</b>	<b>30215</b>
<b>30-015-37255</b>	<b>Down South State Com #3H</b>	<b>N/2 S/2</b>	<b>19-26S-28E</b>	<b>30215</b>
<b>30-015-37256</b>	<b>Down South State Com #4H</b>	<b>S/2 S/2</b>	<b>19-26S-28E</b>	<b>30215</b>
<b>30-015-41400</b>	<b>Down South State Com #5H</b>	<b>S/2 S/2</b>	<b>19-26S-28E</b>	<b>30215</b>

**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  
**District IV**  
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 157196

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 157196
	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.	10/10/2023