



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:
NMNM106370551
3105.2 (NM920)

Reference:
Communitization Agreement
Redtail Federal Com #602H
Section 2: Lots 1-2, S2NE4, SE4
Section 11: E2
Section 14: E2
T.23 S., R.32 E., N.M.P.M.
Lea County, NM

COG Operating, LLC
600 W. Illinois Avenue
Midland, TX 79701

Enclosed is an approved copy of Communitization Agreement NMNM106370551 involving 160.00 acres of Federal land in NMNM77062, 160.00 acres of Federal land in NMNM84728, 320.00 acres of Federal land in NMNM84729 and 319.23 acres of state land, Lea County, New Mexico, which comprise a 959.23 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Lots 1-2, S2NE4 and the SE4 of Sec. 2 and the E2 of Secs. 11 and 14 of T. 23 S., R. 32 E., Lea County, NM, and is effective January 1, 2024. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue. Please direct questions regarding royalty payments and production reports to your primary contacts at the Office of Natural Resources Revenue (ONRR). If unknown, please use ONRR's website, <https://onrr.gov/about/contact>, to identify the correct contact for your company or to find a general contact to get started.

If you have any questions regarding this approval, please contact Leanne Waterman by email at lwaterma@blm.gov or by phone (406) 233-3166. Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

**KYLE
PARADIS**

Digitally signed by
KYLE PARADIS
Date: 2025.06.23
08:38:17 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (P0220-CFO, File Room)
NMSO (NM925, File)
NM STATE LAND COMM.

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 266(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine and certify that the plan of development and operation contemplated in the attached Communitization Agreement is necessary, advisable, and in the public interest for the purpose of more properly conserving the natural resources.
- B. Approve the attached Communitization Agreement NMNM16370551 involving Federal Lease(s) NMNM77062, NMNM84728 and NMNM84729. This Communitization Agreement is in Secs. 2, 11 and 14, T. 23 S., R. 32 E., NMPM, Lea County, New Mexico, for production of oil and gas producible from the Bone Spring Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said Communitization Agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the Communitization Agreement.

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto. In addition, approval of this agreement does not warrant or certify that the State or Patented land descriptions and acreages are consistent with the latest survey for those lands.

This approval is granted subject to the condition that the requirements of Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982 be satisfied for all wells drilled anywhere within the communitized area.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a leases site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for civil penalties for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e)(2).

**KYLE
PARADIS**

Digitally signed by
KYLE PARADIS
Date: 2025.06.23
08:38:46 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Effective: January 1, 2024
Contract No.: NMNM106370551

RECEIVED
MAY 20 2024
BLM, NMSO
SANTA FE

Federal Communitization Agreement

Contract No. NMNM106370551

THIS AGREEMENT entered into as of the **1st day of January, 2024**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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

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

Township 23 South, Range 32 East, N.M.P.M.

Section 2: Lots 1-2, S2NE4, SE4

Section 11: E2

Section 14: E2

Lea County, New Mexico

Containing **959.23** acres, and this agreement shall include only the **3rd Bone Spring Formation, (defined herein as the stratigraphic equivalent of between 11,104' and 12,312' total vertical depth, as seen in the Triste Draw Federal #2 well API 30-025-27708)**, underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Operating LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be

designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 1/6th for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as

to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2024**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within

the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of COG Operating LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., the lessees of record and operating rights owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

**OPERATOR:
COG OPERATING LLC**

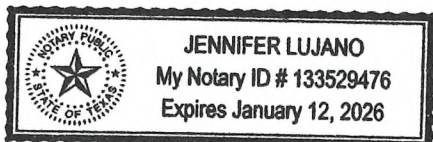
Date: 5-15-24

By: *Ry D Owen*
Ryan D. Owen
Attorney-in-fact *HJM sm*

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said limited liability company.

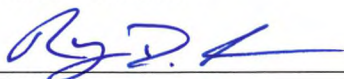


Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

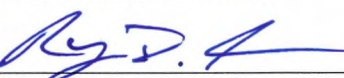
Date: 5-15-24

By: 
Ryan D. Owen
Attorney-In-Fact

*WJM
sm*

CONOCOPHILLIPS COMPANY

Date: 5-15-24

By: 
Ryan D. Owen
Attorney-In-Fact

*WJM
sm*

MARATHON OIL PERMIAN LLC

Date: _____

By: _____
Name: _____
Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____
Name: _____
Title: _____

STRATA PRODUCTION CO.

Date: _____

By: _____
Name: _____
Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: Chase F. Rice
Name: Chase F. Rice
Title: Attorney-In-Fact

CIMAREX ENERGY CO.

Date: _____

By: _____
Name: _____
Title: _____

STRATA PRODUCTION CO.

Date: _____

By: _____
Name: _____
Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____

Name: _____

Bradley Cantrell
Attorney-in-Fact

Title: _____

DP

STRATA PRODUCTION CO.

Date: _____

By: _____

Name: _____

Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

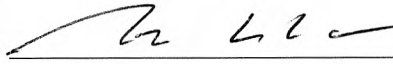
By: _____

Name: _____

Title: _____

STRATA PRODUCTION CO.

Date: 2.22.2024

By: 

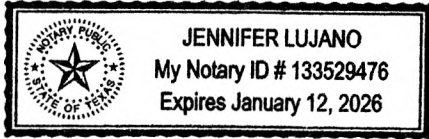
Name: MITCH KRAVALSKAS

Title: VP

ACKNOWLEDGEMENT

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

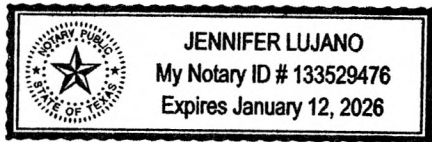
The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **CONOCOPHILLIPS COMPANY**, a Delaware corporation, on behalf of said corporation.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF _____ §
§
COUNTY OF _____ §

The instrument was acknowledged before me on _____, 2024, by _____, as _____, of **MARATHON OIL PERMIAN LLC**, a _____, on behalf of same.

Notary Public - State of _____

EXHIBIT "A"

Plat of communitized area covering **959.23** acres in Lots 1-2, S2NE4, SE4 of Section 2, E2 of Section 11, and the E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, *but only as to the 3rd Bone Spring Formation.*

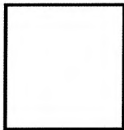
Tract 1:
 Sec 2: Lots 1-2,
 S2NE
 VB-1202-3



Tract 2:
 Sec 2: SE
 VB-1203-3



Tract 3:
 Sec 11: NE
 NMNM 77062



Tract 4:
 Sec 11: SE
 NMNM 84728



Tract 5:
 Sec 14: E2
 NMNM 84729



		39.62	39.61
		40	40
		40	40
Sec. 2		40	40
		40	40
		40	40
Sec. 11		40	40
		40	40
		40	40
Sec. 14		40	40

EXHIBIT "B"

Leases covering communitized area covering Lots 1-2, S2NE4, SE4 of Section 2, E2 of Section 11, and the E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, **but only as to the 3rd Bone Spring Formation.**

Operator of Communitized Area: COG Operating LLC

TRACT 1

Lessor: VB-1202-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: Lots 1-2, S2NE
 Royalty: 18.75%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 2

Lessor: VB-1203-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: SE
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 3

Date: January 1, 1983
 Lessor: NMNM 77062
 Original Lessee: Yates Petroleum Corporation
 Current Lessee: Cimarex Energy Company
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: NE
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 75.000000%
 ConocoPhillips Company 25.000000%

ORRI Owners: Of Record

TRACT 4

Date: December 1, 1984

Lessor: NMNM 84728

Original Lessee: Permian Hunter Corporation

Current Lessee: COG Operating LLC

Recording: Unrecorded

Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: SE

Royalty: 16.67%

WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%

ORRI Owners: Of Record

TRACT 5

Date: June 1, 1990

Lessor: NMNM 84729

Original Lessee: Esping-Creson

Current Lessee: COG Operating LLC

Recording: Unrecorded

Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 14: E2

Royalty: 12.50%

WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%

ORRI Owners: Of Record

RECAPITULATION

TRACT NUMBER	NUMBER OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
1	159.23	16.5998%
2	160.00	16.6800%
3	160.00	16.6800%
4	160.00	16.6800%
5	320.00	33.3601%
TOTAL	959.23	100.0000%



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

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3105.2 (NM920)

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Section 14: E2E2
T.23 S., R.32 E., N.M.P.M.
Lea County, NM

COG Operating, LLC
600 W. Illinois Avenue
Midland, TX 79701

Enclosed is an approved copy of Communitization Agreement NMNM106370338 involving 80.00 acres of Federal land in NMNM77062, 80.00 acres of Federal land in NMNM84728, 160.00 acres of Federal land in NMNM84729 and 159.61 acres of state land, Lea County, New Mexico, which comprise a 479.61 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath Lot 1, SE4NE4 and the E2SE4 of Sec. 2 and the E2E2 of Secs. 11 and 14 of T. 23 S., R. 32 E., Lea County, NM, and is effective January 1, 2024. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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PARADIS**

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KYLE PARADIS
Date: 2025.06.23
08:41:16 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (P0220-CFO, File Room)
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NM STATE LAND COMM.

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Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 266(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine and certify that the plan of development and operation contemplated in the attached Communitization Agreement is necessary, advisable, and in the public interest for the purpose of more properly conserving the natural resources.
- B. Approve the attached Communitization Agreement NMNM106370338 involving Federal Lease(s) NMNM77062, NMNM84728 and NMNM84729. This Communitization Agreement is in Secs. 2, 11 and 14, T. 23 S., R. 32 E., NMPM, Lea County, New Mexico, for production of oil and gas producible from the Wolfcamp Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said Communitization Agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the Communitization Agreement.

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto. In addition, approval of this agreement does not warrant or certify that the State or Patented land descriptions and acreages are consistent with the latest survey for those lands.

This approval is granted subject to the condition that the requirements of Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982 be satisfied for all wells drilled anywhere within the communitized area.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a leases site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for civil penalties for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e)(2).

**KYLE
PARADIS**

Digitally signed by KYLE PARADIS
Date: 2025.06.23 08:41:47 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Effective: January 1, 2024
Contract No.: NMNM106370338

MAY 20 2024

BLM, NMSO
SANTA FE

Federal Communitization Agreement

Contract No. NMNM106370338

THIS AGREEMENT entered into as of the **1st day of January, 2024**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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

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

Township 23 South, Range 32 East, N.M.P.M.

Section 2: Lot 1, SE4NE4, E2SE4

Section 11: E2E2

Section 14: E2E2

Lea County, New Mexico

Containing **479.61** acres, and this agreement shall include only the **Wolfcamp** Formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Operating LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 1/6th for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2024**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.

- 13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

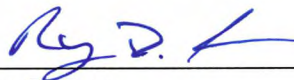
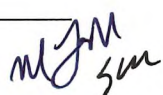
IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of COG Operating LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., the lessees of record and operating rights owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

**OPERATOR:
COG OPERATING LLC**

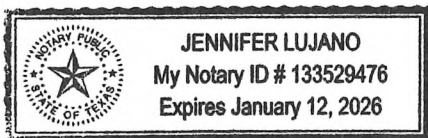
Date: 5-15-24

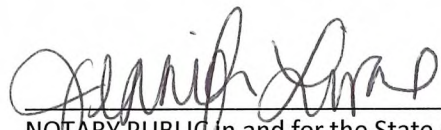
By: 
Ryan D. Owen
Attorney-in-fact 

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.





NOTARY PUBLIC in and for the State of Texas

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

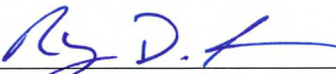

COG OPERATING LLC

Date: 5-15-24

By: 
Ryan D. Owen
Attorney-In-Fact 

CONOCOPHILLIPS COMPANY

Date: 5-15-24

By: 
Ryan D. Owen
Attorney-In-Fact 

MARATHON OIL PERMIAN LLC

Date: _____

By: _____
Name: _____
Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____
Name: _____
Title: _____

STRATA PRODUCTION COMPANY

Date: _____

By: _____
Name: _____
Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: Chase F. Rice
Name: Chase F. Rice
Title: Attorney-In-Fact

CIMAREX ENERGY CO.

Date: _____

By: _____
Name: _____
Title: _____

STRATA PRODUCTION COMPANY

Date: _____

By: _____
Name: _____
Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____

Name: **Bradley Cantrell**

Title: **Attorney-in-Fact**

OP

STRATA PRODUCTION COMPANY

Date: _____

By: _____

Name: _____

Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

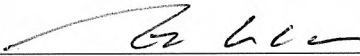
By: _____

Name: _____

Title: _____

STRATA PRODUCTION COMPANY

Date: 2.22.2024

By: 

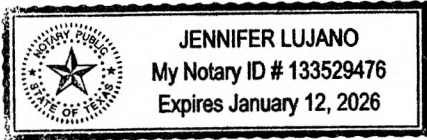
Name: MITCH KRAKAUSKAS

Title: VP

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

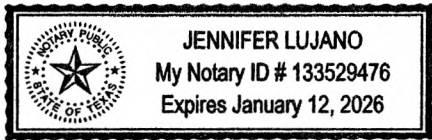
The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **CONOCOPHILLIPS COMPANY**, a Delaware corporation, on behalf of said corporation.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF _____ §
§
COUNTY OF _____ §

The instrument was acknowledged before me on _____, 2024, by _____, as _____, of **MARATHON OIL PERMIAN LLC**, a Delaware limited liability company, on behalf of said limited liability company.

Notary Public - State of _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The instrument was acknowledged before me on _____, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.

NOTARY PUBLIC in and for the State of Texas

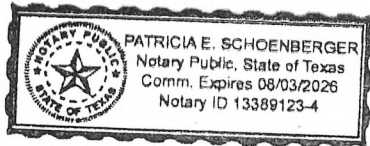
STATE OF TEXAS §
§
COUNTY OF MIDLAND §

The instrument was acknowledged before me on _____, 2024, by Ryan D. Owen, as attorney-in-fact of **CONOCOPHILLIPS COMPANY**, a Delaware corporation, on behalf of said corporation.

NOTARY PUBLIC in and for the State of Texas

STATE OF Texas §
§
COUNTY OF Harris §

The instrument was acknowledged before me on March 11th, 2024, by Chase F. Rice, as Attorney-In-Fact, of **MARATHON OIL PERMIAN LLC**, a Delaware limited liability company, on behalf of said limited liability company.

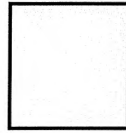


Patricia E. Schoenberger
Notary Public - State of Texas

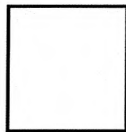
EXHIBIT "A"

Plat of communitized area covering **479.61** acres in Lot 1, SE4NE4, E2SE4 of Section 2, E2E2 of Section 11, and the E2E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, *but only as to the Wolfcamp Formation*

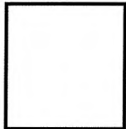
Tract 1:
Sec 2: Lots 1,
SE4NE4
VB-1202-3



Tract 2:
Sec 2: E2SE4
VB-1203-3



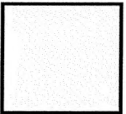
Tract 3:
Sec 11: E2NE4
NMNM 77062



Tract 4:
Sec 11: E2SE4
NMNM 84728



Tract 5:
Sec 14: E2E2
NMNM 84729



			39.61
			40
			40
Sec. 2			40
			40
			40
			40
Sec. 11			40
			40
			40
			40
Sec. 14			40

EXHIBIT "B"

Leases covering communitized area covering Lot 1, SE4NE4, E2SE4 of Section 2, E2E2 of Section 11, and the E2E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico; **but only as to the Wolfcamp Formation**

Operator of Communitized Area: COG Operating LLC

TRACT 1

Lessor: VB-1202-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: Lots 2, SE4NE4
 Royalty: 18.75%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 2

Lessor: VB-1203-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: E2SE4
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 3

Date: January 1, 1983
 Lessor: NMNM 77062
 Original Lessee: Yates Petroleum Corporation
 Current Lessee: Cimarex Energy Company
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: E2NE4
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 75.000000%
 ConocoPhillips Company 25.000000%
 ORRI Owners: Of Record

TRACT 4

Date: December 1, 1984
 Lessor: NMNM 84728
 Original Lessee: Permian Hunter Corporation
 Current Lessee: Strata Production Co.
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: E2SE4
 Royalty: 16.67%
 WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%
 ORRI Owners: Of Record

TRACT 5

Date: June 1, 1990
 Lessor: NMNM 84729
 Original Lessee: Esping-Creson
 Current Lessee: Strata Production Co.
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 14: E2E2
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%
 ORRI Owners: Of Record

RECAPITULATION

TRACT NUMBER	NUMBER OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
1	79.61	16.5989%
2	80.00	16.6802%
3	80.00	16.6802%
4	80.00	16.6802%
5	160.00	33.3604%
TOTAL	479.61	100.0000%



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
New Mexico State Office
301 Dinosaur Trail
Santa Fe, New Mexico 87508
<https://www.blm.gov/new-mexico>

In Reply Refer To:
NMNM106370489
3105.2 (NM920)

Reference:
Communitization Agreement
Redtail Federal Com #703H
Section 2: Lot 2, SW4NE4, W2SE4
Section 11: W2E2
Section 14: W2E2
T.23 S., R.32 E., N.M.P.M.
Lea County, NM

COG Operating, LLC
600 W. Illinois Avenue
Midland, TX 79701

Enclosed is an approved copy of Communitization Agreement NMNM106370489 involving 80.00 acres of Federal land in NMNM77062, 80.00 acres of Federal land in NMNM84728, 160.00 acres of Federal land in NMNM84729 and 159.62 acres of state land, Lea County, New Mexico, which comprise a 479.62 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath Lot 2, SW4NE4 and the W2SE4 of Sec. 2 and the W2E2 of Secs. 11 and 14 of T. 23 S., R. 32 E., Lea County, NM, and is effective January 1, 2024. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue. Please direct questions regarding royalty payments and production reports to your primary contacts at the Office of Natural Resources Revenue (ONRR). If unknown, please use ONRR's website, <https://onrr.gov/about/contact>, to identify the correct contact for your company or to find a general contact to get started.

If you have any questions regarding this approval, please contact Leanne Waterman by email at lwaterma@blm.gov or by phone (406) 233-3166. Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

**KYLE
PARADIS**

Digitally signed by
KYLE PARADIS
Date: 2025.06.23
08:39:45 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
NM (P0220-CFO, File Room)
NMSO (NM925, File)
NM STATE LAND COMM.

DETERMINATION - APPROVAL - CERTIFICATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 266(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine and certify that the plan of development and operation contemplated in the attached Communitization Agreement is necessary, advisable, and in the public interest for the purpose of more properly conserving the natural resources.
- B. Approve the attached Communitization Agreement NMNM106370489 involving Federal Lease(s) NMNM77062, NMNM84728 and NMNM84729. This Communitization Agreement is in Secs. 2, 11 and 14, T. 23 S., R. 32 E., NMPM, Lea County, New Mexico, for production of oil and gas producible from the Wolfcamp Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said Communitization Agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the Communitization Agreement.

Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto. In addition, approval of this agreement does not warrant or certify that the State or Patented land descriptions and acreages are consistent with the latest survey for those lands.

This approval is granted subject to the condition that the requirements of Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982 be satisfied for all wells drilled anywhere within the communitized area.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a leases site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is first measured through permanent metering facilities, whichever first occurs.

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for civil penalties for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3163.2(e)(2).

KYLE
PARADIS

Digitally signed by
KYLE PARADIS
Date: 2025.06.23
08:40:13 -06'00'

Kyle Paradis
Branch Chief of Reservoir Management
Division of Minerals

Effective: January 1, 2024
Contract No.: NMNM106370489

RECEIVED
MAY 20 2024
BLM, NMSO
SANTA FE

Federal Communitization Agreement

Contract No. NMNM106370489

THIS AGREEMENT entered into as of the **1st day of January, 2024**, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

WITNESSETH:

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this agreement:

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

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

Township 23 South, Range 32 East, N.M.P.M.

Section 2: Lot 2, SW4NE4, W2SE4

Section 11: W2E2

Section 14: W2E2

Lea County, New Mexico

Containing **479.62** acres, and this agreement shall include only the **Wolfcamp** Formation underlying said lands and oil and gas hereafter referred to as "communitized substances," producible from such formation(s).

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. The Operator of the communitized area shall be **COG Operating LLC, As Operator, 600 W. Illinois Avenue, Midland, Texas 79701**. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas operating regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

If the communitized area approved in this Agreement contains unleased Federal lands, the value of 1/8th or 1/6th for the Federal lands, of the production that would be allocated to such Federal lands, described above, if such lands were leased, committed and entitled to participation, shall be payable as compensatory royalties to the Federal government. The remaining should be placed into an escrow account set up by the operator. Parties to the Agreement holding working interest in committed leases within the applicable communitized area are responsible for such royalty payments on the volume of the production reallocated from the unleased Federal lands to their communitized tracts as set forth in Exhibit "B" attached hereto. The value of such production subject to the payment of said royalties shall be determined pursuant to the method set forth in 30 CFR Part 1206 for the unleased Federal lands. Payment of compensatory royalties on the production reallocated from the unleased Federal lands to the committed tracts within the communitized area shall fulfill the Federal royalty obligation for such production. Payment of compensatory royalties, as provided herein, shall accrue from the date the committed tracts in the communitized area that includes unleased Federal land receive a production allocation, and shall be due and payable by the last day of the calendar month next following the calendar month of actual production. Payment due under this provision shall end when the Federal tract is leased or when production of communitized substances ceases within the communitized area and the Communitization Agreement is terminated, whichever occurs first.

Any party acquiring a Federal lease of the unleased Federal lands included in the communitized area established hereunder, will be subject to this Agreement as of the effective date of the Federal leases to said party (ies). Upon issuance of the Federal lease and payment of its proportionate cost of the well, including drilling, completing and equipping the well, the acquiring party (ies) shall own the working interest described in the Tract, as described on Exhibit "B", and shall have the rights and obligations of said working interest as to the effective date of the Federal Lease.

6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.

7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is **January 1, 2024**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2- year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon

their respective heirs, executors, administrators, successors, and assigns.

- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination. In connection with the performance of work under this agreement, the operator agrees to comply with all the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Statement of Written Consent by All Named Owners:

I, the undersigned, hereby certify, on behalf of COG Operating LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., the lessees of record and operating rights owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my knowledge, the working interest owners of the Federal or Indian leases subject to the Communitization Agreement, and that the written consents of all the named owners have been obtained and will be made available to the BLM immediately upon request.

**OPERATOR:
COG OPERATING LLC**

Date: 5-15-24

By: *Ryan D. Owen*
Ryan D. Owen
Attorney-in-fact

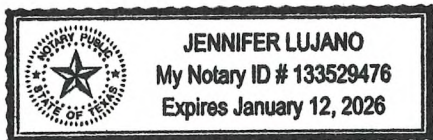
*RJM
5/15/24*

ACKNOWLEDGEMENT

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG Operating LLC**, a Delaware limited liability company, on behalf of said limited liability company.

Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas



WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: 5-15-24

By: Ry D Owen
Ryan D. Owen
Attorney-In-Fact

Handwritten initials: RDO, SM

CONOCOPHILLIPS COMPANY

Date: 5-15-24

By: Ry D Owen
Ryan D. Owen
Attorney-In-Fact

Handwritten initials: RDO, SM

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____

Name: _____

Title: _____

STRATA PRODUCTION COMPANY

Date: _____

By: _____

Name: _____

Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____
Ryan D. Owen
Attorney-In-Fact

MARATHON OIL PERMIAN LLC

Date: _____

By: Chase F. Rice
Name: Chase F. Rice
Title: Attorney-In-Fact

CIMAREX ENERGY CO.

Date: _____

By: _____
Name: _____
Title: _____

STRATA PRODUCTION COMPANY

Date: _____

By: _____
Name: _____
Title: _____

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-in-fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-in-fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

By: _____

Name: **Bradley Cantrell**

Title: **Attorney-in-Fact**

STRATA PRODUCTION CO.

Date: _____

By: _____

Name: _____

Title: _____

dep

WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD

COG OPERATING LLC

Date: _____

By: _____

Ryan D. Owen
Attorney-in-fact

CONOCOPHILLIPS COMPANY

Date: _____

By: _____

Ryan D. Owen
Attorney-in-fact

MARATHON OIL PERMIAN LLC

Date: _____

By: _____

Name: _____

Title: _____

CIMAREX ENERGY CO.

Date: _____

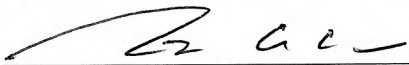
By: _____

Name: _____

Title: _____

STRATA PRODUCTION CO.

Date: 2.22.2024

By: 

Name: MITCH KRAKAWSKAS

Title: VP

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

The instrument was acknowledged before me on _____, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.

NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

The instrument was acknowledged before me on _____, 2024, by Ryan D. Owen, as attorney-in-fact of **CONOCOPHILLIPS COMPANY**, a Delaware corporation, on behalf of said corporation.

NOTARY PUBLIC in and for the State of Texas

STATE OF _____ §
 §
COUNTY OF _____ §

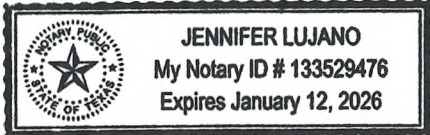
The instrument was acknowledged before me on _____, 2024, by _____, as _____, of **MARATHON OIL PERMIAN LLC**, a Delaware limited liability company, on behalf of said limited liability company.

Notary Public - State of _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

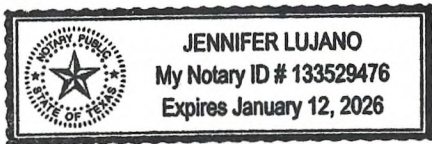
The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of said limited liability company.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

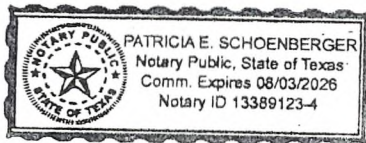
The instrument was acknowledged before me on May 15, 2024, by Ryan D. Owen, as attorney-in-fact of **CONOCOPHILLIPS COMPANY**, a Delaware corporation, on behalf of said corporation.



Jennifer Lujano
NOTARY PUBLIC in and for the State of Texas

STATE OF Texas §
§
COUNTY OF Harris §

The instrument was acknowledged before me on March 11th, 2024, by Chase F. Rice, as Attorney-In-Fact, of **MARATHON OIL PERMIAN LLC**, a Delaware LLC, on behalf of same.



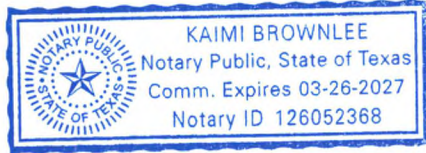
Patricia E. Schoenberger
Notary Public - State of Texas

ACKNOWLEDGEMENTS Cont.

STATE OF Texas §

COUNTY OF Midland §

The instrument was acknowledged before me on March 20, 2024, by Bradley Cantrell, as Attorney In-Fact, of **CIMAREX ENERGY CO.**, a Delaware Corporation, on behalf of same.



Kaimi Brownlee
Notary Public - State of Texas

STATE OF _____ §

COUNTY OF _____ §

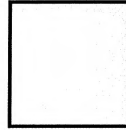
The instrument was acknowledged before me on _____, 2024, by _____, as _____, of **STRATA PRODUCTION CO.**, a _____, on behalf of same.

Notary Public - State of _____

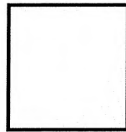
EXHIBIT "A"

Plat of communitized area covering **479.62** acres in Lot 2, SW4NE4, W2SE4 of Section 2, W2E2 of Section 11, and the W2E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, **but only as to the Wolfcamp Formation**

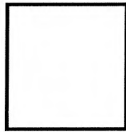
Tract 1:
 Sec 2: Lots 2,
 SW4NE4
 VB-1202-3



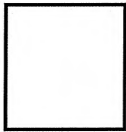
Tract 2:
 Sec 2: W2SE4
 VB-1203-3



Tract 3:
 Sec 11: W2NE4
 NMNM 77062



Tract 4:
 Sec 11: W2SE4
 NMNM 84728



Tract 5:
 Sec 14: W2E2
 NMNM 84729



		39.62	
		40	
		40	
Sec. 2		40	
		40	
		40	
		40	
Sec. 11		40	
		40	
		40	
		40	
Sec. 14		40	

EXHIBIT "B"

Leases covering communitized area covering Lot 2, SW4NE4, W2SE4 of Section 2, W2E2 of Section 11, and the W2E2 of Section 14, Township 23 South, Range 32 East, N.M.P.M., Lea County, New Mexico, **but only as to the Wolfcamp Formation**

Operator of Communitized Area: COG Operating LLC

TRACT 1

Lessor: VB-1202-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: Lots 2, SW4NE4
 Royalty: 18.75%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 2

Lessor: VB-1203-3
 Date: August 1, 2007
 Original Lessee: MGM Oil & Gas Company
 Current Lessee: COG Operating LLC
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 2: W2SE
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 100.000000%
 ORRI Owners: Of Record

TRACT 3

Date: January 1, 1983
 Lessor: NMNM 77062
 Original Lessee: Yates Petroleum Corporation
 Current Lessee: Cimarex Energy Company
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: W2NE
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 75.000000%
 ConocoPhillips Company 25.000000%
 ORRI Owners: Of Record

TRACT 4

Date: December 1, 1984
 Lessor: NMNM 84728
 Original Lessee: Permian Hunter Corporation
 Current Lessee: Strata Production Co.
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 11: W2SE
 Royalty: 16.67%
 WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%
 ORRI Owners: Of Record

TRACT 5

Date: June 1, 1990
 Lessor: NMNM 84729
 Original Lessee: Esping-Creson
 Current Lessee: Strata Production Co.
 Recording: Unrecorded
 Description: Insofar and only insofar as the lease covers:
Township 23 South, Range 32 East, N.M.P.M.
 Section 14: W2E2
 Royalty: 12.50%
 WI Owner Name & Interests: COG Operating LLC 79.166666%
 Marathon Oil Permian LLC 16.666667%
 ConocoPhillips Company 4.166667%
 ORRI Owners: Of Record

RECAPITULATION

TRACT NUMBER	NUMBER OF ACRES COMMITTED	PERCENTAGE OF INTEREST IN COMMUNITIZED AREA
1	79.62	16.6006%
2	80.00	16.6799%
3	80.00	16.6799%
4	80.00	16.6799%
5	160.00	33.3597%
TOTAL	479.62	100.0000%

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

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

CONDITIONS

Action 591233

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 591233
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	6/2/2026