

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(MASS) Serial Register Page
NMMN105768332

Run Date/Time: 6/8/2022 7:43 AM

Authority	Total Acres	Serial Number
02-25-1920;041STAT0437;30USC181;MINERAL LEASING ACT OF 1920		NMMN105768332
	Case File Jurisdiction	Legacy Serial No
Product Type COMMUNITIZATION AGREEMENT		
Commodity Oil & Gas		Lease Issued Date
Case Disposition PENDING		

CASE DETAILS NMMN105768332

Case Name	C-8359216	Split Estate	Fed Min Interest		
Effective Date	01/01/2022	Split Estate Acres	Future Min Interest	No	
Expiration Date		Royalty Rate	Future Min Interest Date		
Land Type	Federal-All Rights	Royalty Rate Other	Acquired Royalty Interest		
Formation Name	Bone Spring	Approval Date	Held In a Producing Unit	No	
Parcel Number		Sale Date	Number of Active Wells		
Parcel Status		Sales Status			
Participating Area		Total Bonus Amount	0.00	Production Determination	Non-Producing
Related Agreement		Tract Number	Lease Suspended	No	
Application Type		Fund Code	Total Rental Amount		

CASE CUSTOMERS NMMN105768332

Name & Mailing Address	Interest Relationship	Percent Interest
COG OPERATING LLC 600 W ILLINOIS AVE MIDLAND TX 79701-4882	OPERATOR	100.000000

LAND RECORDS NMMN105768332

Mer	Twp	Rng	Sec	Survey Type	Survey Number	Subdivision	District / Field Office	County	Mgmt Agency
23	0260S	0290E	005	Aliquot		W2E2	PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE	EDDY, EDDY, EDDY, EDDY	BUREAU OF LAND MANAGEMENT, BUREAU OF LAND MANAGEMENT
23	0260S	0290E	008	Aliquot		W2E2	PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE, PECOS DISTRICT OFFICE CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE, CARLSBAD FIELD OFFICE	EDDY, EDDY, EDDY, EDDY	BUREAU OF LAND MANAGEMENT, BUREAU OF LAND MANAGEMENT

CASE ACTIONS NMMN105768332

Action Date	Date Filed	Action Name	Action Status	Action Remarks
06/07/2022	06/02/2022	ADD CASE LANDS	APPROVED/ACCEPTED	
06/07/2022	06/02/2022	AGREEMENT FILED	APPROVED/ACCEPTED	

ASSOCIATED AGREEMENT OR LEASE (RECAPITULATION TABLE) INFO NMMN105768332

NO WARRANTY IS MADE BY BLM FOR USE OF THE DATA FOR PURPOSES NOT INTENDED BY BLM
HISTORICAL INFORMATION MAY ONLY BE ACCESSIBLE THROUGH THE MLRS WEBSITE.

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Lease Serial Number	Lease Legacy Serial Number	Case Disposition	Type	Tract No	Commitment Status	Commitment Status Effective Date	Acres	Allocation Percent
NMNM105680605	NMNM 115417	Pending	Federal	01			80.0000	25.000000
NMNM105310146	NMNM 124655	Pending	Federal	02			80.0000	25.000000
NMNM105400791	NMNM 123925	Pending	Federal	03			40.0000	12.500000
NMNM105647723	NMNM 057261	Pending	Federal	04			80.0000	25.000000
		Pending	State	05			40.0000	12.500000

RECEIVED

JUN - 2 2022

BLM, NMSO
SANTA FE



May 26, 2022

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7039 6991 0150

NMNM 105768332

New Mexico State Office
301 Dinosaur Trail
Santa Fe, NM 87508

Re: Communitization Agreement
Hambone Fed Com 502H
W2E2 of Section 5 and W2E2 of Section 8, T26S-R29E
Eddy County, New Mexico

To whom it may concern:

Enclosed are three fully executed copies of the above-referenced Communitization Agreement for your approval.

Upon review and approval, please return one original to my attention. In the meantime, should you have any questions, please do not hesitate to contact Brittany Hull at (432) 688-6609 or Brittany.L.Hull@conocophillips.com.

Sincerely,

COG OPERATING LLC

Tessa Elder
Senior Land Tech – NDB West

Enc.

Federal Communitization Agreement

Contract No. NMNM105768332

THIS AGREEMENT entered into as of the **1st of November, 2021**, 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 26 South, Range 29 East, N.M.P.M.
Section 5: W2E2
Section 8: W2E2
Eddy County, New Mexico

Containing **320.00** acres, and this agreement shall include only the **Bone Spring** Formation underlying said lands and the 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**, 600 W. Illinois Avenue, Midland, TX 79701. All matters of operations shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.

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

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding- or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
- 8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

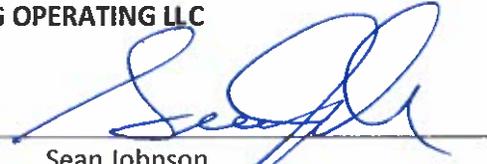
10. The date of this agreement is **November 1, 2021**, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of 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:

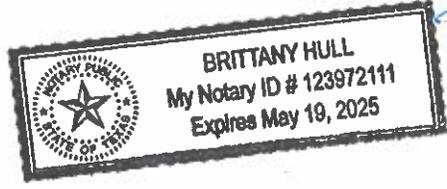
I, the undersigned, hereby certify, on behalf of COG Operating LLC, the Operator of the proposed Communitization Agreement, that all working interest owners (i.e., the lessees of record and operating rights owners) shown on Exhibit "B" attached to the Communitization Agreement are, to the best of my 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.

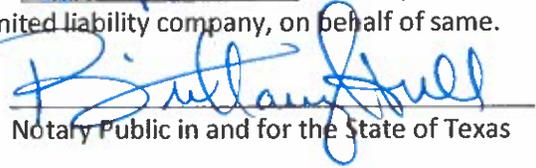
COG OPERATING LLC

By: 
Sean Johnson
Attorney-in-fact AP

STATE OF TEXAS)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on May 17, 2022, by Sean Johnson, Attorney-in-fact of **COG OPERATING LLC**, a Delaware limited liability company, on behalf of same.



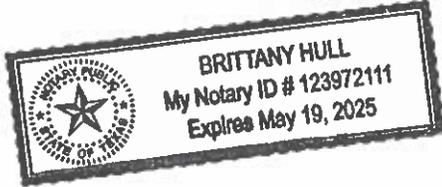

Notary Public in and for the State of Texas

CONCHO OIL & GAS LLC

By: [Signature]
Sean Johnson
Attorney-in-fact *U/A
AR*

STATE OF TEXAS)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on May 17, 2022, by Sean Johnson, Attorney-in-fact of CONCHO OIL & GAS LLC, a Texas limited liability company, on behalf of same.



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

CONCHO OIL & GAS LLC

By: _____
Justin K. Williams
Attorney-in-fact

STATE OF TEXAS)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2021, by Justin K. Williams, Attorney-in-fact of CONCHO OIL & GAS LLC, a Texas limited liability company, on behalf of same.

Notary Public in and for the State of Texas

THE ALLAR COMPANY

[Signature]
By: John Chiles Graham
As: President

STATE OF TEXAS)
COUNTY OF Young)

This instrument was acknowledged before me on October 21, 2021, by John Chiles Graham, as President of THE ALLAR COMPANY, on behalf of same.



Sheila Burt
Notary Public in and for the State of Texas

REGENERATION ENERGY CORPORATION

By: _____
As: _____

STATE OF TEXAS)
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2021, by _____, as _____ of REGENERATION ENERGY CORPORATION, on behalf of same.

Notary Public in and for the State of Texas

CONCHO OIL & GAS LLC

By: _____
Justin K. Williams
Attorney-in-fact

STATE OF TEXAS)
COUNTY OF MIDLAND)

This instrument was acknowledged before me on _____, 2021, by Justin K. Williams, Attorney-in-fact of CONCHO OIL & GAS LLC, a Texas limited liability company, on behalf of same.

Notary Public in and for the State of Texas

THE ALLAR COMPANY

By: _____
As: _____

STATE OF TEXAS)
COUNTY OF _____)

This instrument was acknowledged before me on _____, 2021, by _____, as _____ of THE ALLAR COMPANY, on behalf of same.

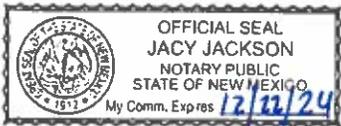
Notary Public in and for the State of Texas

REGENERATION ENERGY CORPORATION ^{RM}

Raye Miller
By: _____
As: _____

^{New Mexico}
STATE OF ~~TEXAS~~)
^{Eddy}
COUNTY OF _____)

This instrument was acknowledged before me on December 21, 2021, by Raye Miller, as President of REGENERATION ENERGY CORPORATION, on behalf of same.



Jacy Jackson
Notary Public in and for the State of ~~Texas~~ ^{New Mexico}

Federal CA - Hambone Fed Com #502H Com unit
Sec. 5: W2E2 & Sec. 8: W2E2, T26S-R29E, Bone Spring

LIST OF PARTIES TO FEDERAL COMMUNITIZATION AGREEMENT:

Working Interest Owners:

COG Operating LLC	Signature attached
Concho Oil & Gas LLC	Signature attached
MRC Permian Company	Subject to Compulsory Pooling Order R-22095

TRACT 1 – NMNM 115417

Lessee of Record per SRP:	COG Operating LLC	Signature attached
	Concho Oil & Gas LLC	Signature attached

ORRI Owner: Nestegg Energy Corporation, Lynn S. Charuk, Mitchel E. Cheney

TRACT 2 – NMNM 124655

Lessees of Record:	The Allar Company	Signature attached
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ORRI: The Allar Company, EG3, Inc., Wing Resources IV, LLC

TRACT 3 – NMNM 123925

Lessees of Record:	COG Operating LLC	Signature attached
	Concho Oil & Gas LLC	Signature attached

ORRI Owners: Nestegg Energy Corporation

TRACT 4 – NM 057261

Lessees of Record:	Regeneration Energy Corporation	Signature attached
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ORRI Owners: Rebecca Ann Picou and Mary Lee Picou, Co- Trustees of the Mary Lee Harang Picou Revocable Living Trust dated April 14, 2000, Fortis Minerals II, LLC, Wing Resources IV, LLC, Pegasus Resources, LLC, TD Minerals LLC, Pony Oil Operating, LLC, McMullen Minerals, LLC, James E. Guy

TRACT 5 – State Lease VB-2345

Lessees of Record:	MRC Permian Company	Subject to Compulsory Pooling Order R-22095
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ORRI Owners: N/A

EXHIBIT "A"

Plat of communitized area covering the W2E2 of Section 5, and the W2E2 of Section 8,
T26S, R29E, Eddy County, New Mexico

Hambone Fed Com 502H unit

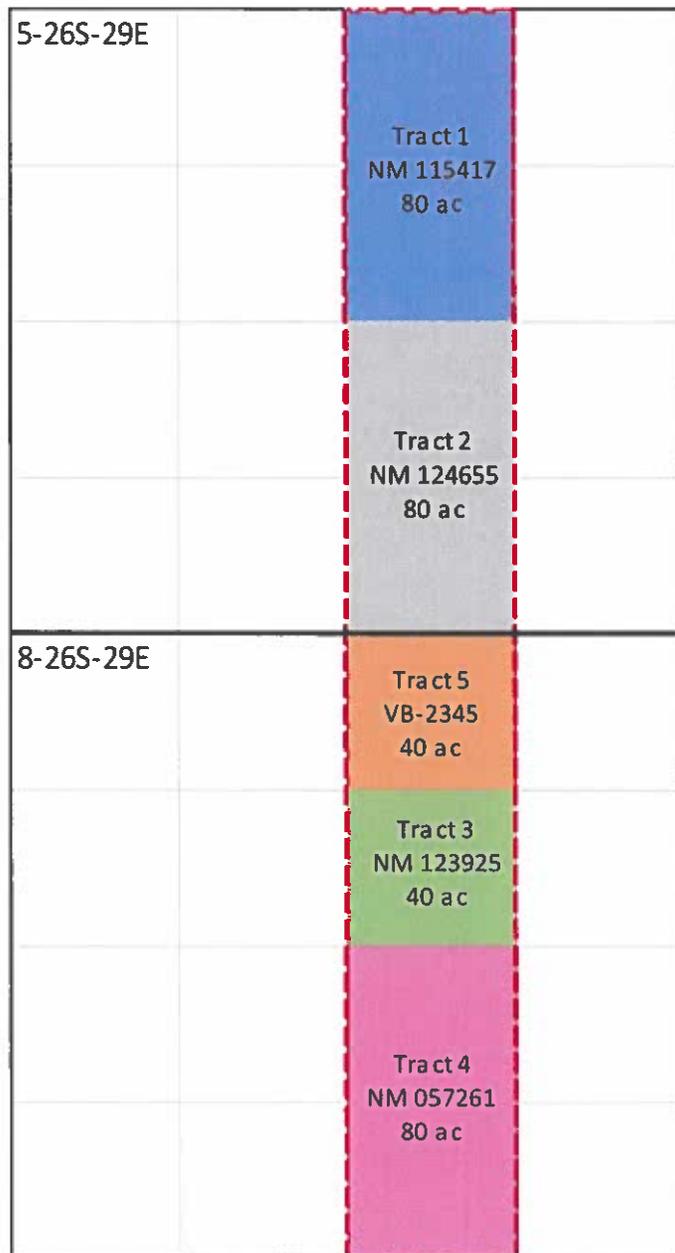


EXHIBIT "B"

Leases covering communitized area covering the W2E2 of Section 5, and the W2E2 of Section 8, T26S, R29E, Eddy County, New Mexico

Operator of Communitized Area: COG Operating LLC

TRACT 1 (Sec. 5: W2NE)

FEDERAL LEASE

80.00 acres

Date: March 1, 2006
 Lessor: USA NMNM 115417
 Current Lessee: COG Operating LLC
 Concho Oil & Gas LLC
 Recorded: N/A
 Description: Insofar and only insofar as to
Township 26 South, Range 29 East, N.M.P.M.
 Section 5: W2NE
 Eddy County, New Mexico
 Royalty: 1/8th

TRACT 2 (Sec. 5: W2SE)

FEDERAL LEASE

80.00 acres

Date: June 1, 2010
 Lessor: USA NMNM 124655
 Current Lessee: The Allar Company
 Recorded: N/A
 Description: Township 26 South, Range 29 East, N.M.P.M.
 Section 5: W2SE
 Eddy County, New Mexico
 Royalty: 1/8th

TRACT 3 (Sec. 8: SWNE)

FEDERAL LEASE

40.00 acres

Date: December 1, 2009
 Lessor: USA NMNM 123925
 Current Lessee: COG Operating LLC
 Concho Oil & Gas LLC
 Recorded: N/A
 Description: Insofar and only insofar as to
Township 26 South, Range 29 East, N.M.P.M.
 Section 8: SWNE
 Eddy County, New Mexico
 Royalty: 1/8th

**TRACT 4 (Sec. 8: W2SE)
FEDERAL LEASE
80.00 acres**

Date: April 1, 1984
Lessor: USA NM 057261
Current Lessee: COG Operating LLC
Recorded: N/A
Description: Insofar and only insofar as to
Township 26 South, Range 29 East, N.M.P.M.
Section 8: W2SE
Eddy County, New Mexico
Royalty: 1/8th

**TRACT 5 (Sec. 8: NWNE)
STATE LEASE VB-2345
Authority to pool granted via State Communitization Agreement and/or Pooling Order
40.00 acres**

RECAPULATION

TRACT NO.	NO. OF ACRES COMMITTED	PERCENT OF INTEREST IN COMMUNITIZED AREA
1	80.00	25.00%
2	80.00	25.00%
3	40.00	12.50%
4	80.00	25.00%
5	40.00	12.50%
TOTAL	320.00	100.00%

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 512654

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 512654
	Action Type: [IM-SD] Well File Support Doc (ENG) (IM-AWF)

CONDITIONS

Created By	Condition	Condition Date
carlos.wilcox	None	10/6/2025