



United States Department of the Interior

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



IN REPLY REFER TO:
NM135079
3105.2 (P0220)

Reference:
Communitization Agreement
Marsh Owl Fed Com 1H
T. 26 S., R. 27 E.,
Section 7; Lot 3, NESW, N2SE
Eddy County, NM

September 15, 2015

COG Operating, LLC
One Concho Center
600 West Illinois Avenue
Mid Land, TX 79701

RECEIVED OCD
2015 SEP 18 A 3: 04

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM135079 involving 119.89 acres of Fee land and 40 acres of Federal land in lease NMNM114969, Eddy County, New Mexico, which comprises a 159.89 acre well spacing unit.

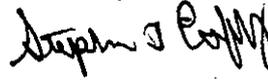
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath sec. 7, Lot 3, NESW, N2SE, T. 26 S., R. 27 E., NMPM, and is effective 07/01/2015. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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

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

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

Sincerely,



Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

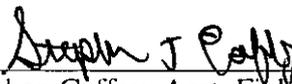
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

- B. Approve the attached Communitization Agreement covering sec. 7: Lot 3, NESW, N2SE, T. 26 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



Stephen Caffey, Asst. Field Mgr.
Authorized Officer

Effective: 07/01/2015

Contract No.: Com. Agr. NM135079



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM135079
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM135079

Date of Completion:	07/17/2015
Date of First Production:	07/28/2015
Field:	Cottonwood Draw
Operator, Well Name & No, API Number:	COG Operating; Marsh Owl Fed Com 1H ; 30-015-43073
Surface Location:	Section 12, T. 26 S., R. 26 E.
Bottom Location:	Section 7, T. 26 S., R. 27 E.
Total Depth:	14,313 MD; 7,522 TVD
Surface Elevation:	3,259 GL
Producing Formation:	Bone spring (9,693 – 14,195)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 887 BBL; Gas 2240 MCF; Water 2,642 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM135079, effective 07/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 7: Lot 3, NESW, N2SE, T. 26 S., R. 27 E., NMPM, and comprises 119.89 acres of Fee land, and 40 acres of Federal land in lease NMNM114969, for a 159.89-acre well spacing unit, whose leases are held by actual production. Penetration point and producing internal begins in Sec. 7; surface location of well not within com agreement boundary.

If you have any questions regarding this memorandum, please email Deborah Ham at dham@blm.gov.

/S/ Deborah Ham
09/15/2015

cc:
ONRR-MS 63230B
First Production File
LLNM (P0220, File Room)