

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



30 025 43286

IN REPLY REFER TO:
NM137034
3105.2 (P0220)

Reference:
Communitization Agreement
Sombrero Fed Com 4H
T. 24 S., R. 34 E.,
Sec. 12: W2SW
Sec. 13: W2W2
Lea County, NM

05/18/2017

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM137034 involving 120 acres of Federal land in lease NMNM123527 and 120 acres of Federal land in lease NMNM77090, Lea County, New Mexico, which comprises a 240 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.12, W2SW and Sec. 13, W2W2, T. 24 S., R. 34 E., NMPM, and is effective 11/01/2016. Approval of this agreement does not warrant or certify that the operator, thereof and other working interest owners hold legal or equitable title to the leases which are committed hereto.

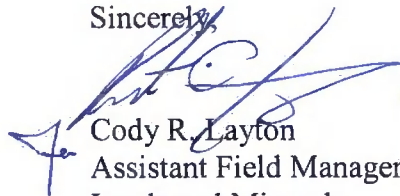
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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

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

If you have any questions regarding this approval, please contact Chris Walls at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,

 acting AFM.
Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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

NMOCD

Commissioner of Public Lands

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

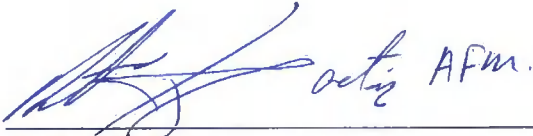
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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. 12: W2SW and Sec. 13: W2W2, T. 24 S., R. 34 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: 05/18/2017


Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 11/01/2016

Contract No.: Com. Agr. NM137034



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In Reply Refer to
NM137034
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137034

Date of Completion:	03/05/2017
Date of First Production:	03/08/2017
Field:	Red Hills
Operator, Well Name & No, API Number:	COG Operating; Sombrero Fed Com 4H; 30-025-43286
Surface Location:	Sec. 13, SWSW, T. 24 S., R. 34 E.
Bottom Location:	Sec. 12, NWSW, T. 24 S., R. 34 E.
Total Depth:	16,640 MD; 9,312 TVD
Surface Elevation:	3,475 GL
Producing Formation:	Bone Spring (9,738 – 16,510)
Well Capable of Production in Paying Quantities:	Yes
Initial Daily Production:	Oil 81 BBL; Gas 75 MCF; Water 3095 BBL
Current Status:	Producing Oil Well
Remarks:	CA NM137034, effective 11/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.12, W2SW and Sec. 13, W2W2, T. 24 S., R. 34 E., NMPM, and comprises 120 acres of Federal land in lease NMNM123527 and 120 acres of Federal land in lease NMNM77090 for a 240 acre well spacing unit whose leases are held by actual production.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ **Deborah Ham**
05/18/2017

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