

RECEIVED: 7/23/20	REVIEWER: DM	TYPE: OLM	APP NO: pDM2020952833
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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

**ADMINISTRATIVE APPLICATION CHECKLIST**

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

<b>Applicant:</b> COG Operating, LLC	<b>OGRID Number:</b> 229137
<b>Well Name:</b> Black Pearl I Federal IH	<b>API:</b> 30-025-42292
<b>Pool:</b> Lea; Bone Spring	<b>Pool Code:</b> 37570

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

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

A. Location – Spacing Unit – Simultaneous Dedication

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

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

[ I ] Commingling – Storage – Measurement

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

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

☐ WFX    ☐ PMX    ☐ SWD    ☐ IPI    ☐ EOR    ☐ PPR
**2) NOTIFICATION REQUIRED TO:** Check those which apply.

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

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application Content Complete

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

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

Jeanette Barron

Print or Type Name

*Jeanette Barron*  
 Signature

7/23/20  
 Date

575-746-6974

Phone Number

jbarron@concho.com

e-mail Address



July 23, 2020

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

Re: Application for Administrative Approval  
Off-lease Measurement – Oil Only

Dear Mr. McClure,

COG Operating LLC, respectfully requests approval for off-lease measurement – Oil only for the following wells:

Black Pearl 1 Federal Com 1H  
API# 30-025-42292  
Lea; Bone Spring  
Ut. A, Sec. 1 - T20S-R34E  
Lea County, NM

**Oil Production:**

The oil production from these wells may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County in the event the CTB on lease is over capacity or in the case of battery or pipeline repairs. Oil will remain segregated and will be measured by lact meter when offloading at the Offload Stations.

Notifications have been sent to all working interest owners

Please see the enclosed Administrative Application Checklist, C-107-B Application for Off Lease Measurement, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations.

Thank you for your attention to this matter. If you have questions or need further information, please email me at [jbarron@concho.com](mailto:jbarron@concho.com) or call 575.748.6974.

Sincerely,

A handwritten signature in cursive script that reads "Jeanette Barron".

Jeanette Barron  
Regulatory Technician II

**CORPORATE ADDRESS**

One Concho Center | 600 West Illinois Avenue | Midland Texas 79701  
P 432.683.7443 | F 432.683.7441

**ARTESIA WEST OFFICE**

2208 Main Street | Artesia, New Mexico 88210  
P 575.748.6940 | F 575.746.2096

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: COG Operating LLC

OPERATOR ADDRESS: 2208 W Main Street, Artesia, New Mexico 88210

APPLICATION TYPE:

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

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

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

**(A) POOL COMMINGLING**

Please attach sheets with the following information

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

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

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

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

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Complete Sections A and E.

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

Please attached sheets with the following information

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

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

Please attach sheets with the following information

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

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

SIGNATURE: Jeanette Barron

TITLE: Regulatory Technician II

DATE: 7/23/20

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jbarron@concho.com

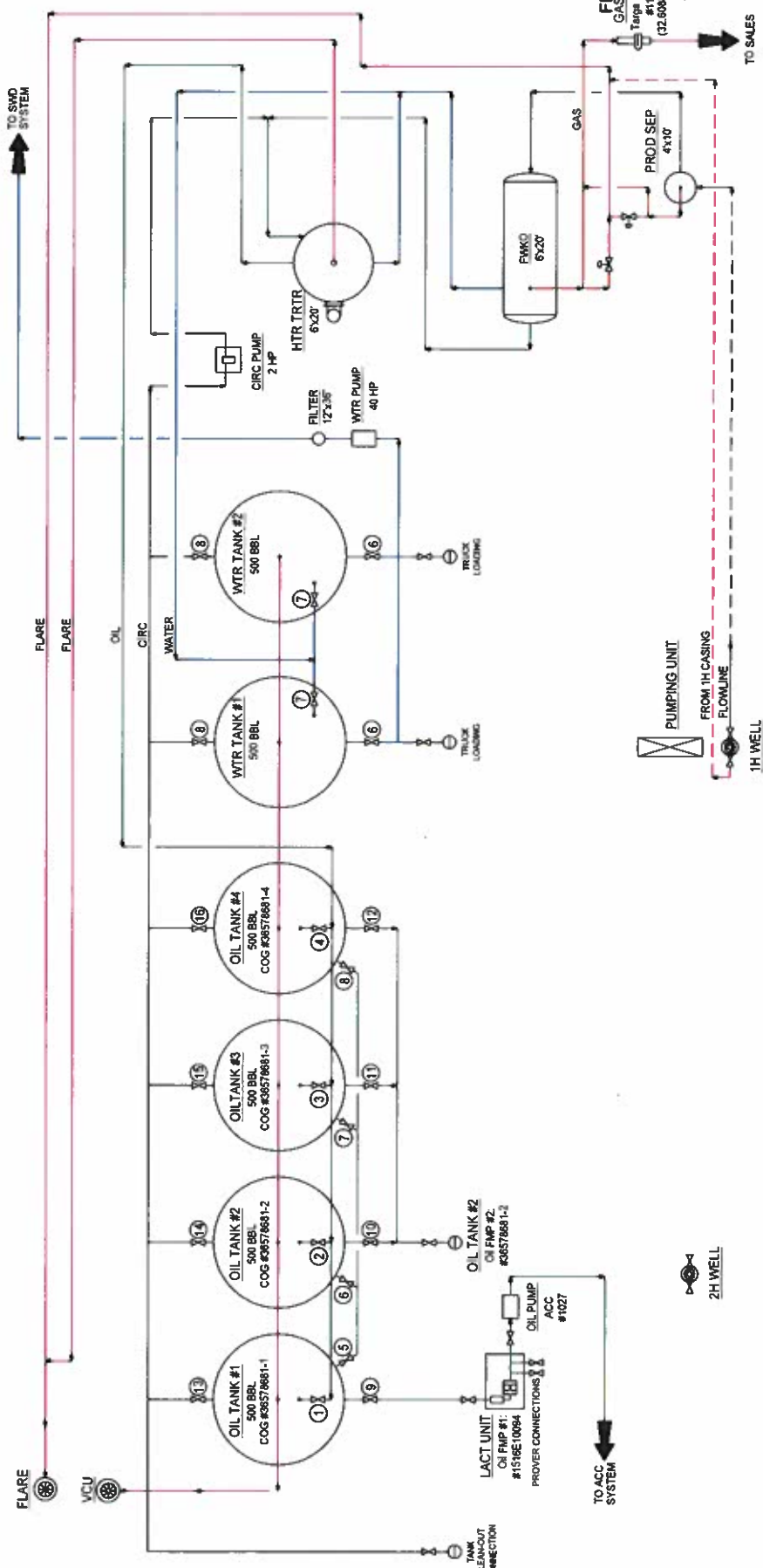


BLACK PEARL 1 FEDERAL COM #11H  
SEC-01/7205/R34E UNIT A  
COORDS: 32.609238, -103.508344  
LEA COUNTY, NM

WELLS:  
BLACK PEARL 1 FEDERAL COM #0011H: 30-025-42292

Production Phase - Oil Tank #1  
- Valve 1 open  
- Valves 2 and 3 closed  
- Valve 4 open

Sales Phase - Oil Tank #1  
- Valve 1 closed  
- Valves 2 and 3 open  
- Valve 4 closed



NOTES

Type of Lease: Federal  
State Lease #: N/A  
Federal lease SHL #: NNNNM128366, NNNNM119279  
CA/Agreement #: NNNNM134272  
Property Code: 317063  
OGRID #: 229137

Ledger for Site Diagram  
Produced Fluid: \_\_\_\_\_  
Produced Oil: \_\_\_\_\_  
Produced Gas: \_\_\_\_\_  
Produced Water: \_\_\_\_\_  
Flare/Vent: \_\_\_\_\_

REFERENCE DRAWINGS		REVISIONS		ENGINEERING RECORD	
NO.	TITLE	NO.	DATE	BY	DATE
A	08/02/18	1	08/02/18	OCN	08/02/18
B	08/02/18	2	08/02/18	OCN	08/02/18
C	11/29/18	3	11/29/18	OCN	11/29/18
COG OPERATING LLC SITE SECURITY PLANS LOCATED AT:		ONE CONCHO CENTER 600 WEST LUNAS AVENUE MCKINNEY, TEXAS 75069		LUA COUNTY TERRAPIN PLAZA 205/246	
CONCHO		NORTHERN DELAWARE BASIN ASSET PRODUCTION FACILITIES BLACK PEARL 1 FEDERAL 1H		NEW MEXICO D-1700-81	



# Black Pearl 1 Federal Com Well



- Bone Spring SHL
- Bone Spring BHL
- Targa gas sales meter
- BS CA #NMNM134272

Sec. 1-T20S-R34E  
Lea County, NM

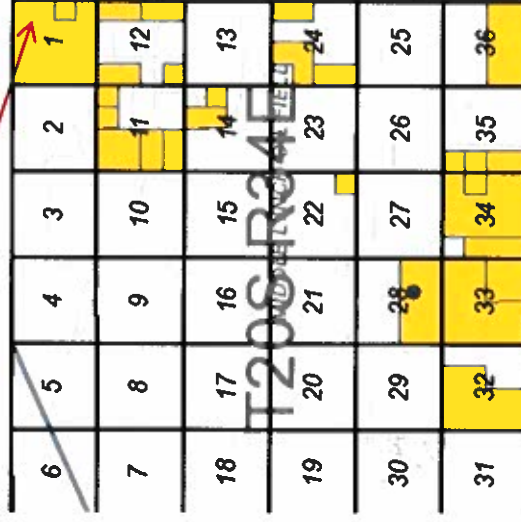
## Black Pearl 1 Fed Com 1H



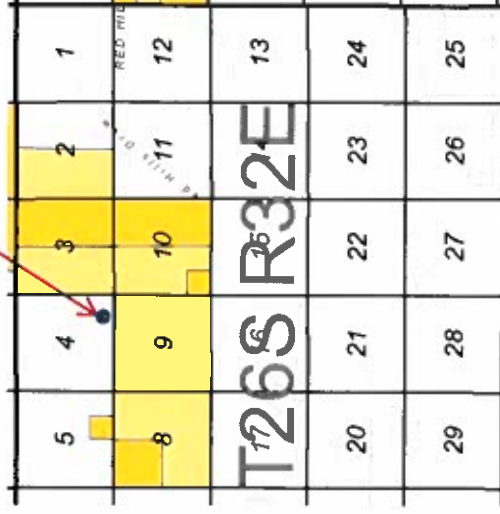
Black Pearl 1 Fed 1H located A-01-20S-34E Lot: 1 190 FNL 990 FEL 32.6091222968264, -103.508520708278

# Black Pearl 1 Fed Com 1H & Red Hills and Jal Offload Station Map

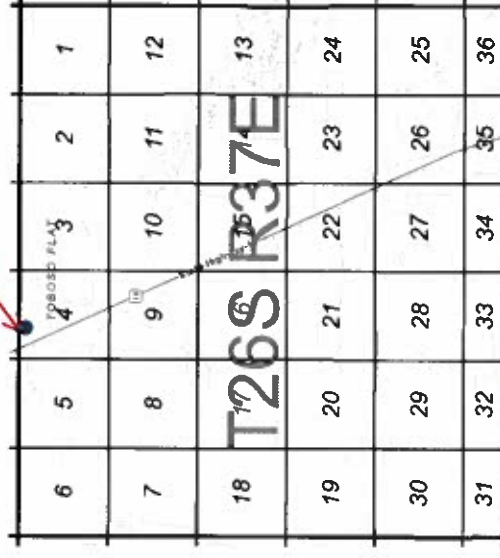
Black Pearl 1 Fed Com 1H  
Lea County, NM



Red Hills Offload Station  
Lea County, NM



Jal Offload Station  
Lea County, NM





Black Pearl 1 Fed Com 1H									
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered	
07.23.20	JB	Advance Energy Partners Hat Mesa LLC	11490 Westheimer Road Suite 950	Houston	TX	77077	7019 2280 0001 1027 2163		
07.23.2	JB	BLM	414 West Taylor	Hobbs	NM	88240	7019 2280 0001 1027 2170		

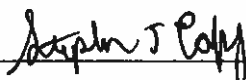
34299

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. 1, Lot 1, SENE, SESE, NESE of T. 20 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 (e) 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:

  
\_\_\_\_\_  
Authorized Officer

Effective: 12/01/14

Contract No.: Com. Agr. NM134272

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**COMMUNITIZATION AGREEMENT**

Contract No. 134272

THIS AGREEMENT entered into as of the date shown in Section 10 hereof 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 20 South, Range 34 East, N.M.P.M.**  
Section 1: Lot 1, SE¼NE¼, SE¼SE¼, NE¼SE¼ (E¼E¼)  
Lea County, New Mexico

containing 160.88 acres, and this agreement shall include only the Bone Spring Formation underlying said lands and the natural gas and associated liquid hydrocarbons, hereafter referred to as "communitized substances," producible from such formation.

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.

Black Pearl I Federal Com #1H

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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.

All proceeds, 8/8ths, attributed to unleased Federal, State, or fee land included within the CA area are to be placed in an interest earning escrow or 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 non-communitized lease production, provided, however, in regard 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 non-communitized 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 December 1, 2014, 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 two (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 sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two (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 occurs 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.

Federal/Federal

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. **Non-Discrimination:** 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.

**NMM-119279**

**OPERATOR  
RECORD TITLE OWNER  
OPERATING RIGHTS OWNER**

**COG OPERATING LLC**Date: 1.5.15

By: Mona D. Ables  
Mona D. Ables *MDA*  
Vice President of Land

**RECORD TITLE OWNER  
OPERATING RIGHTS OWNER**

**CONCHO OIL & GAS LLC**Date: 1.5.15

By: Mona D. Ables  
Mona D. Ables *MDA*  
Vice President of Land

Black Pearl 1 Federal Com #1H

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**NMNM-128366**

**OPERATING RIGHTS OWNER**

**RUBICON OIL & GAS II LLP**

By: [Signature]  
Printed Name: W. Brett Gunn  
Title: President

**ACKNOWLEDGEMENT**

STATE OF Texas §  
§  
COUNTY OF Midland §

This instrument was acknowledged before me on January 5, 2015,  
by Mona D. Ables, Vice President of Land of COG Operating LLC, a Delaware limited liability company, on  
behalf of same.



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

STATE OF Texas §  
§  
COUNTY OF Midland §

This instrument was acknowledged before me on January 5, 2015,  
by Mona D. Ables, Vice President of Land of Concho Oil & Gas LLC, a Texas limited liability company, on  
behalf of same.



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

Black Pearl 1 Federal Com #1H

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Federal/Federal

STATE OF Texas §  
COUNTY OF Midland §

This instrument was acknowledged before me on January 13, 2015,  
by W. Bretton Phillips, as President, on behalf of Rubicon  
Oil & Gas II LLP, a Texas limited partnership



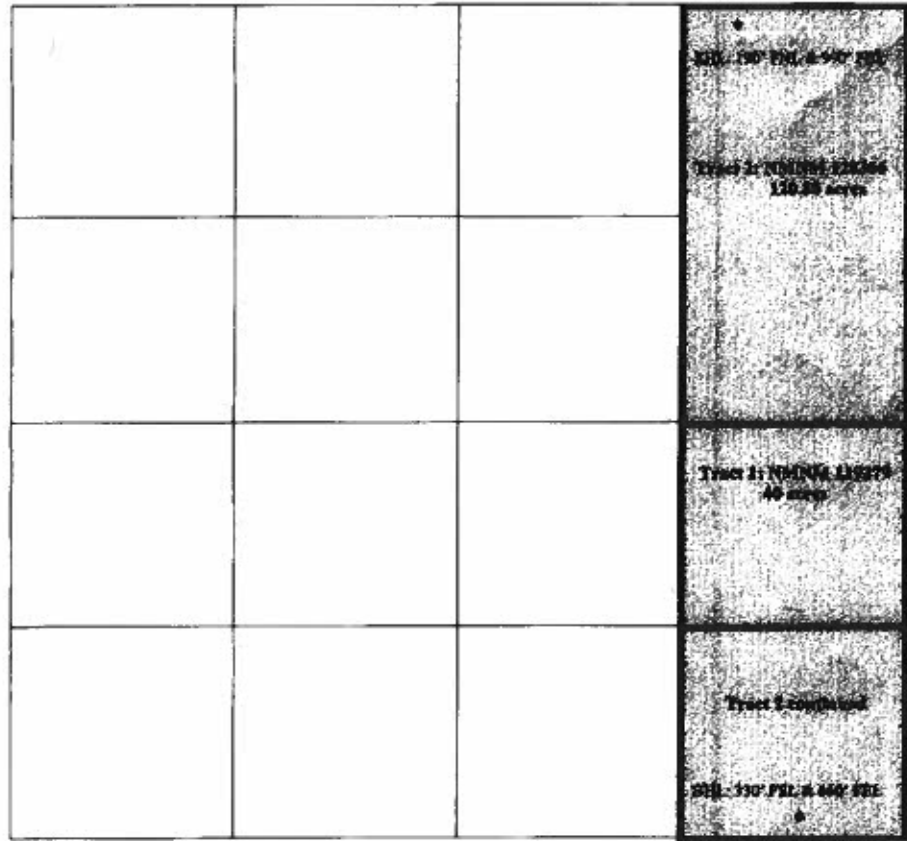
[Signature]  
Notary Public in and for the State of \_\_\_\_\_



Federal/Federal

Plat of communitized area covering  
Section 1: Lot 1, SE¼NE¼, SE¼SE¼, NE¼SE¼ (E¼E¼)  
Lea County, New Mexico

**Black Pearl 1 Federal Com #1H**



Black Pearl 1 Federal Com #1H

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**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated December 1, 2014  
covering Section 1: Lot 1, SE¼NE¼, SE¼SE¼, NE¼SE¼ (E¼E¼)  
Lea County, New Mexico

Operator of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED:**

**Tract No. 1**

Lease Serial Number:	NMNM 119279	
Lease Date:	December 1, 2007	
Lease Term:	Ten (10) years	
Lessor:	United State of America	
Original Lessee:	Marbob Energy Corporation	
Current Lessee:	COG Operating LLC / Concho Oil & Gas LLC	
Description of Land Committed:	<u>Township 20 South, Range 34 East</u> Section 1: NEXSE¼ Lea County, New Mexico	
Number of Acres:	40.0	
Royalty Rate:	12.50%	
WI Owner Names and Interests:	COG Operating LLC	95.000000%
	Concho Oil & Gas LLC	<u>5.000000%</u>
		100.000000%
ORRI Owners:	As of Record	

**Tract No. 2**

Lease Serial Number:	NMNM 128366	
Lease Date:	July 1, 2012	
Lease Term:	Ten (10) years	
Lessor:	United States of America	
Original Lessee:	Rubicon Oil & Gas II LP	
Current Lessee:	Rubicon Oil & Gas II LP	
Description of Land Committed:	Insofar as and only insofar as said lease covers <u>Township 20 South, Range 34 East</u> Section 1: Lot 1, SE¼NE¼, SE¼SE¼ Lea County, New Mexico	
Number of Acres:	120.88	
Royalty Rate:	12.5%	
WI Owner Names and Interests:	COG Operating LLC	46.6779615%
	Rubicon Oil & Gas II LP	<u>53.3220385%</u>
		100.000000%
ORRI Owners:	As of Record	

Black Pearl I Federal Com #1H

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**RECAPITULATION**

Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
No. 1	40.00	24.863252%
No. 2	120.88	75.136748%
	160.88	100.000000%

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

APR 22 2015

at 11:09 o'clock A M  
and recorded in Book 1955  
Page 371  
Pat Chappelle, Lea County Clerk  
By Sandoval Deputy



34299

Black Pearl 1 Federal Com #1H

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