

RECEIVED: 8/13/20	REVIEWER: DM	TYPE: CTB	APP NO: pDM2022661554
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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

Applicant: COG Operating, LLC **OGRID Number:** 229137
Well Name: Honey Graham State Com 701H and two other wells **API:** 30-015-46381
Pool: Purple Sage; Wolfcamp (Gas) **Pool Code:** 98220

**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

8/13/20
 Date

575-746-6974

Phone Number

jbarron@concho.com

e-mail Address



August 13, 2020

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

Re: Application for Administrative Approval of Lease Commingle (CTB)

Dear Mr. McClure,

COG Operating LLC respectfully requests approval for lease commingling for the following wells:

Honey Graham State Con 701H	Honey Graham State Con 702H
API# 30-015-46385	API# 30-015-46385
Purple Sage; Wolfcamp (Gas)	Purple Sage; Wolfcamp (Gas)
Ut. A, Sec. 20-T26S-R28E	Ut. D, Sec. 20-T26S-R28E
Eddy County, NM	Eddy County, NM

Honey Graham State Con 703H
API# 30-015-46386
Purple Sage; Wolfcamp (Gas)
Ut. D, Sec. 20-T26S-R28E
Eddy County, NM

Oil Production:

The oil production from all wells will be measured separately by allocation meter prior to being commingled at the Central Tank Battery located in Ut. D, Sec. 20-T26S-R28E. In addition, the oil production from these wells may also 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. In this case the oil will remain segregated and will be measured by lact meter when offloading at said stations.

Gas Production:

The gas production from all wells will be measured separately by allocation meter prior to being commingled and entering a gas flow line to the gas custody transfer meter at the Central Tank Battery located in Ut. D, Sec. 20-T26S-R28E. The ETC gas sales meter # 57601.

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



All owners of interest have been notified by certified mail that should they have an objection to this surface commingling, they must file a formal protest with the NMOCD within 20 days of the date of this application. Proof of owner notification and copy of Public Notice is enclosed.

Please see the enclosed Administrative Application Checklist, C-107B Application for Surface Commingling, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations and communization agreement application.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink 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. Purple Sage; Wolfcamp (Gas) 98220
(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: 8/13/20

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jbarron@concho.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-15-46381	² Pool Code 98220	³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code 38476	⁵ Property Name HONEY GRAHAM STATE COM	
⁷ GRID NO. 229137	⁸ Operator Name COG OPERATING, LLC	⁶ Well Number 701H
		⁹ Elevation 3064'

¹⁰ Surface Location

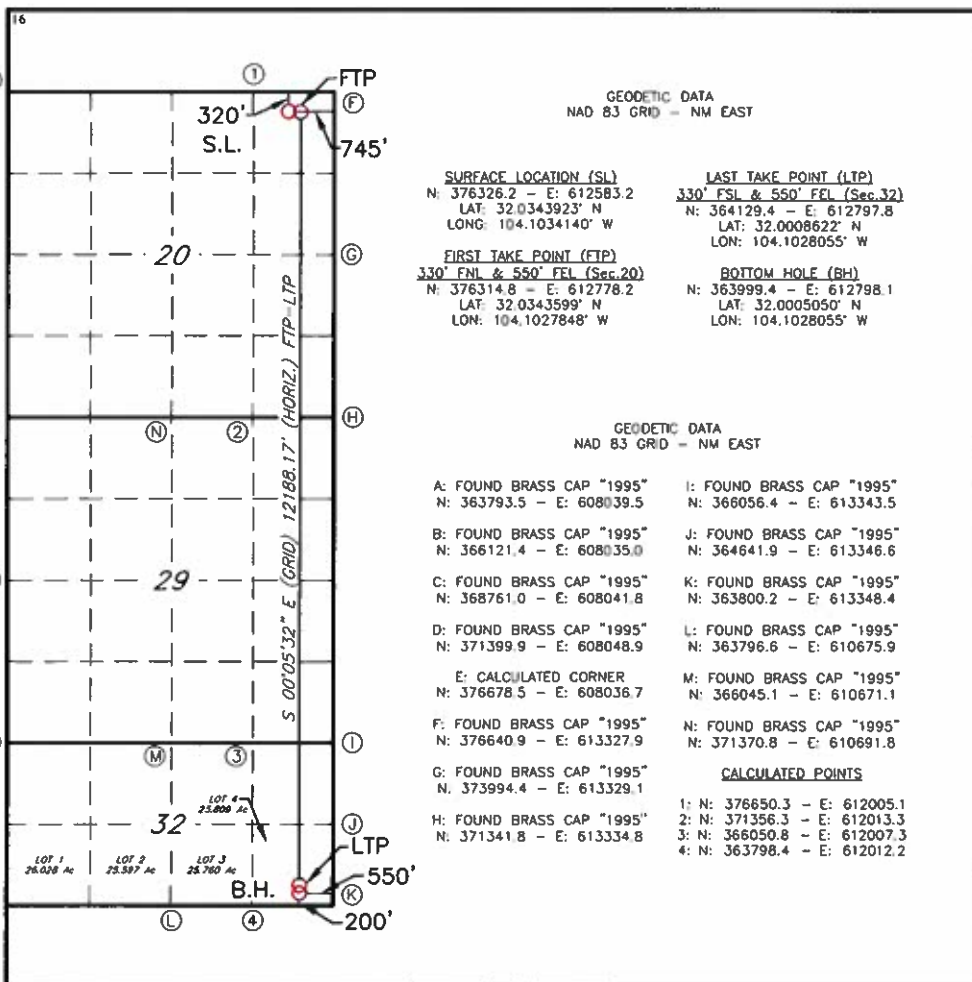
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
A	20	26S	28E		320	NORTH	745	EAST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North South line	Feet from the	East/West line	County
4	32	26S	28E		200	SOUTH	550	EAST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
767.57			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jeanette Barron 8/13/20
Signature Date

Jeanette Barron
Printed Name

jbarron@concho.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

09-06-2019

Date of Survey

Signature and Seal of Professional Surveyor

19680

Certificate Number



Job No.: LS19090863

District I
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Phone: (575) 393-6161 Fax: (575) 393-0720
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46385	² Pool Code 98220	³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)
⁴ Property Code 38476	⁵ Property Name HONEY GRAHAM STATE COM	
⁷ GRID NO. 229137	⁸ Operator Name COG OPERATING, LLC	⁶ Well Number 702H
		⁹ Elevation 3083'

¹⁰ Surface Location

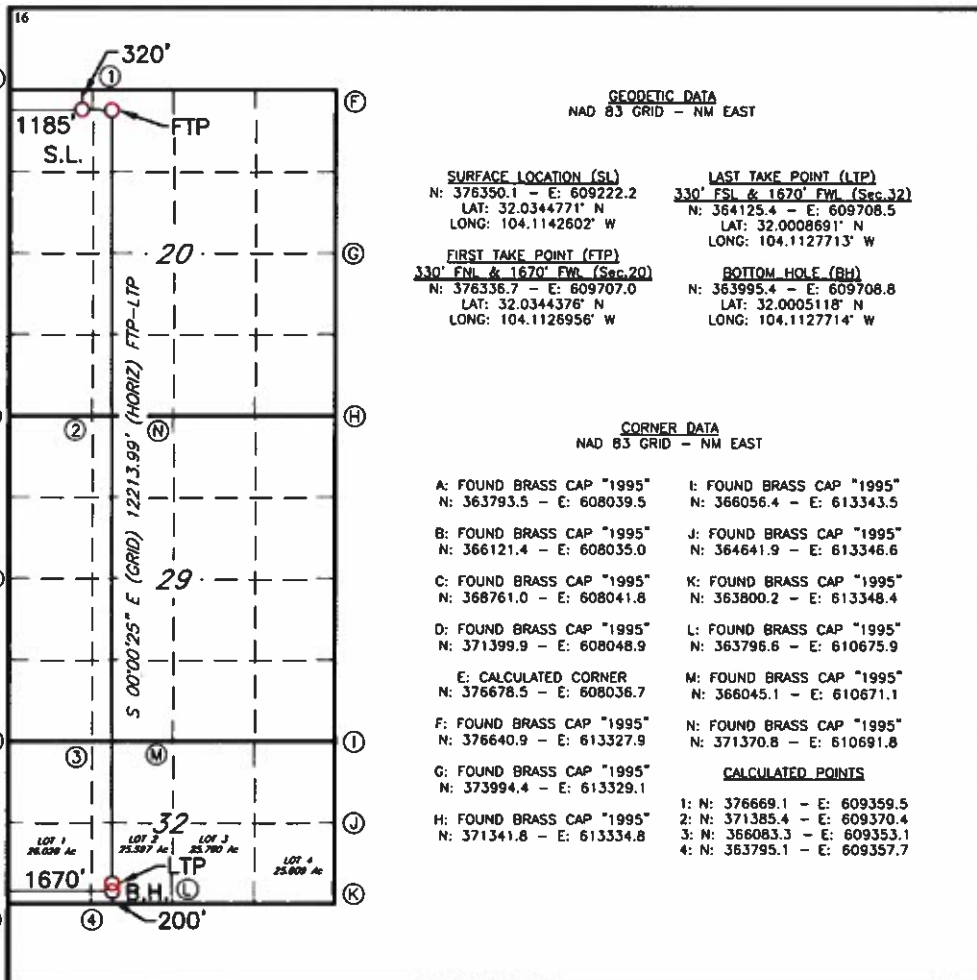
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
D	20	26S	28E		320	NORTH	1185	WEST	EDDY

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	32	26S	28E		200	SOUTH	1670	WEST	EDDY

¹² Dedicated Acres 767.51	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jeanette Barron 8/13/20
Signature Date
Jeanette Barron
Printed Name

jbarron@concho.com
E-mail Address

¹⁸ SURVEYOR CERTIFICATION

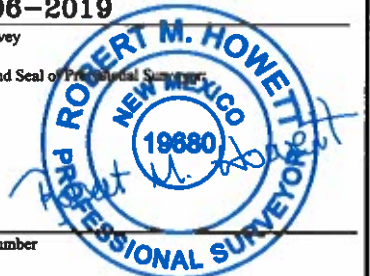
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

09-06-2019

Date of Survey

Signature and Seal of Professional Surveyor

19680
Certificate Number



Job No.: LS19090862

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

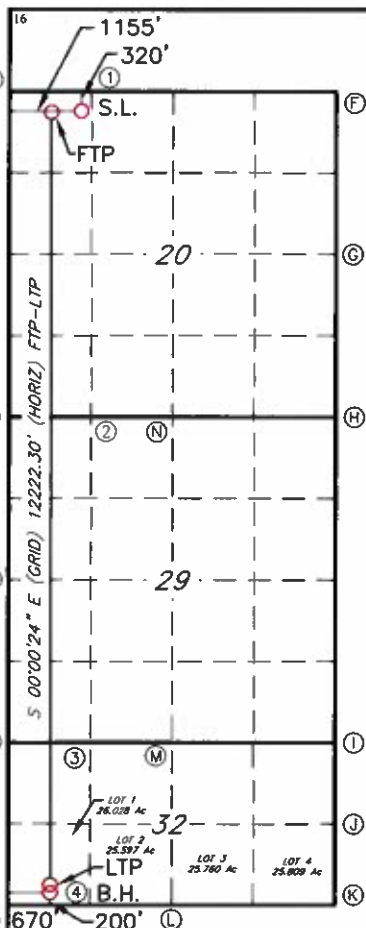
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-46386		² Pool Code 98220		³ Pool Name PURPLE SAGE; WOLFCAMP (GAS)	
⁴ Property Code 38476		⁵ Property Name HONEY GRAHAM STATE COM			⁶ Well Number 703H
⁷ GRID NO. 229137		⁸ Operator Name COG OPERATING, LLC			⁹ Elevation 3084'
¹⁰ Surface Location					
UL or lot no. D	Section 20	Township 26S	Range 28E	Lot Idn	Feet from the 320
				North/South line NORTH	Feet from the 1155
				East/West line WEST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. 1	Section 32	Township 26S	Range 28E	Lot Idn	Feet from the 200
				North/South line SOUTH	Feet from the 670
				East/West line WEST	County EDDY
¹² Dedicated Acres 767.51		¹³ Joint or Infill		¹⁴ Consolidation Code	
				¹⁵ Order No.	

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)
N: 376350.3 - E: 609192.2
LAT: 32.0344780° N
LONG: 104.1143570° W

LAST TAKE POINT (LTP)
N: 364124.2 - E: 608708.7
LAT: 32.0008713° N
LONG: 104.1159966° W

FIRST TAKE POINT (FTP)
N: 376343.8 - E: 608707.3
LAT: 32.0344627° N
LONG: 104.1159219° W

BOTTOM HOLE (BH)
N: 363994.2 - E: 608709.0
LAT: 32.0005140° N
LONG: 104.1159966° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1995"
N: 363793.5 - E: 608039.5

B: FOUND BRASS CAP "1995"
N: 366121.4 - E: 608035.0

C: FOUND BRASS CAP "1995"
N: 368761.0 - E: 608041.8

D: FOUND BRASS CAP "1995"
N: 371399.9 - E: 608048.9

E: CALCULATED CORNER
N: 376678.5 - E: 608036.7

F: FOUND BRASS CAP "1995"
N: 376640.9 - E: 613327.9

G: FOUND BRASS CAP "1995"
N: 373994.4 - E: 613329.1

H: FOUND BRASS CAP "1995"
N: 371341.8 - E: 613334.8

I: FOUND BRASS CAP "1995"
N: 366056.4 - E: 613343.5

J: FOUND BRASS CAP "1995"
N: 364641.9 - E: 613346.6

K: FOUND BRASS CAP "1995"
N: 363800.2 - E: 613348.4

L: FOUND BRASS CAP "1995"
N: 363796.6 - E: 610675.9

M: FOUND BRASS CAP "1995"
N: 366045.1 - E: 610671.1

N: FOUND BRASS CAP "1995"
N: 371370.8 - E: 610691.8

CALCULATED POINTS

1: N: 376669.1 - E: 609359.5
2: N: 371385.4 - E: 609370.4
3: N: 366083.3 - E: 609353.1
4: N: 363795.1 - E: 609357.7

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jeanette Barron 8/13/20
Signature Date

Jeanette Barron
Printed Name

jbarron@concho.com
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

09-06-2019

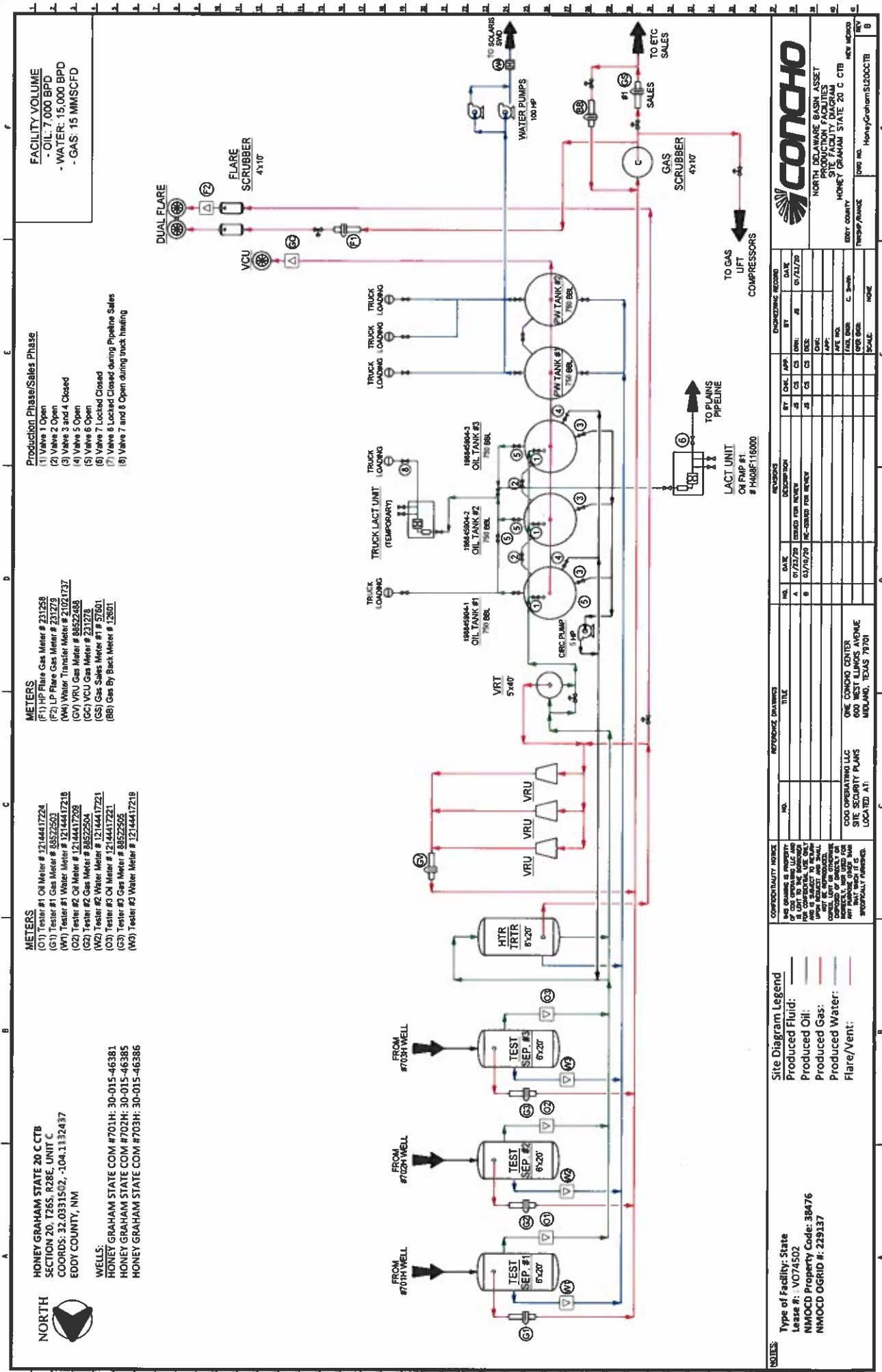
Date of Survey

Signature and Seal of Professional Surveyor

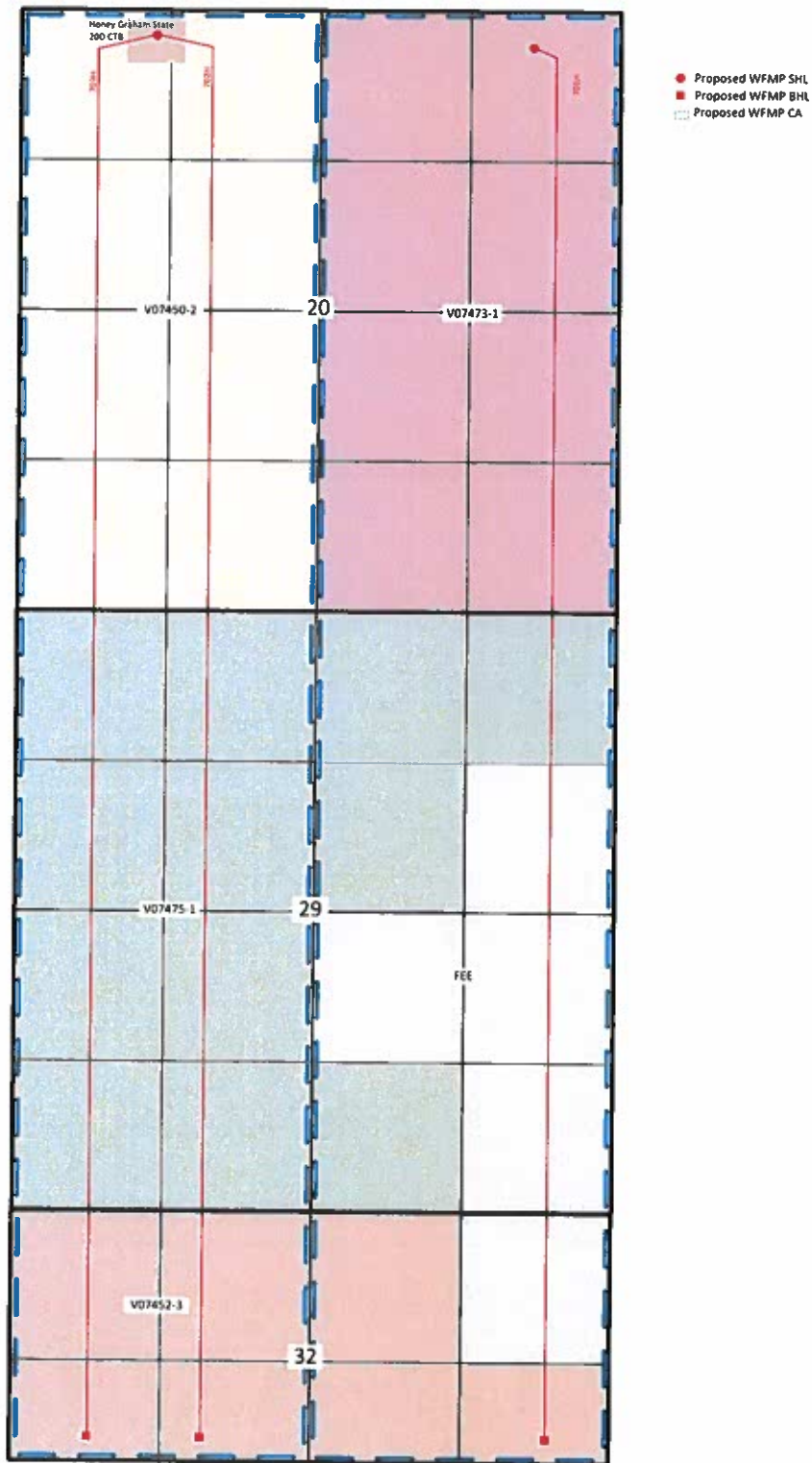
19680

Certificate Number

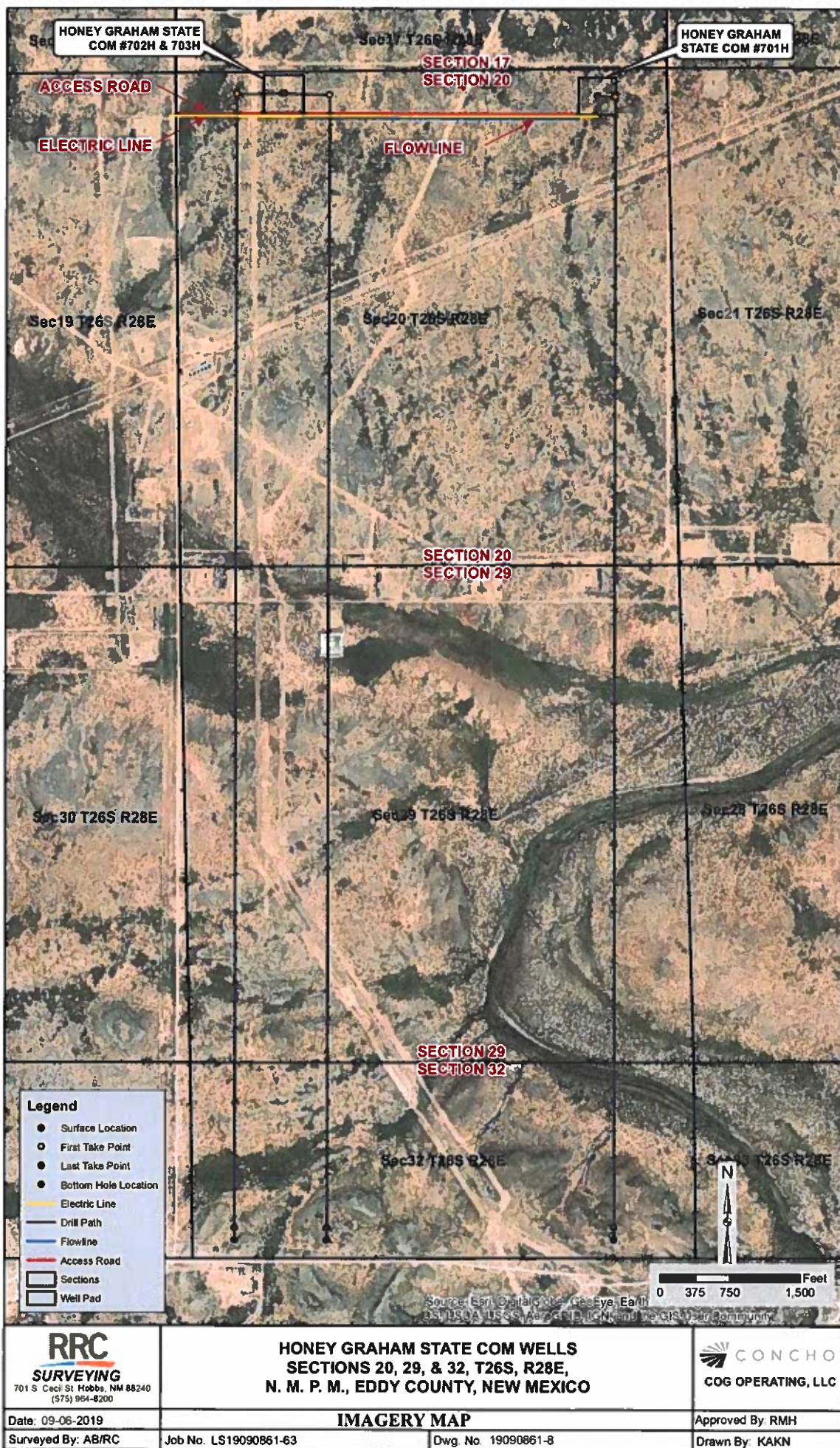
Job No.: LS19090861



Honey Graham State Com Wells

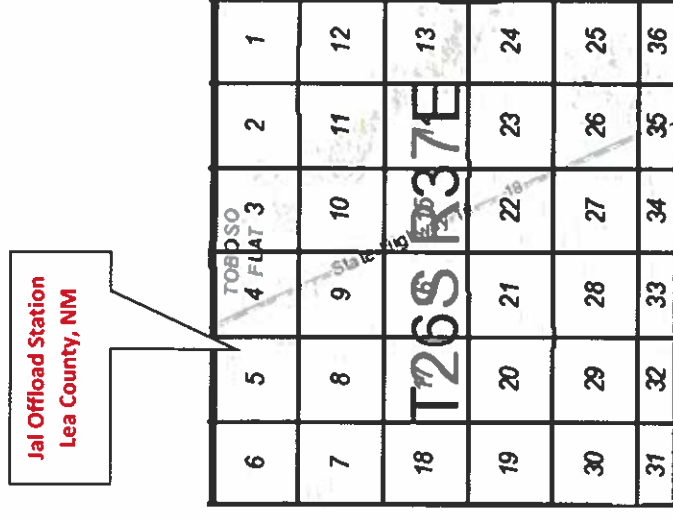
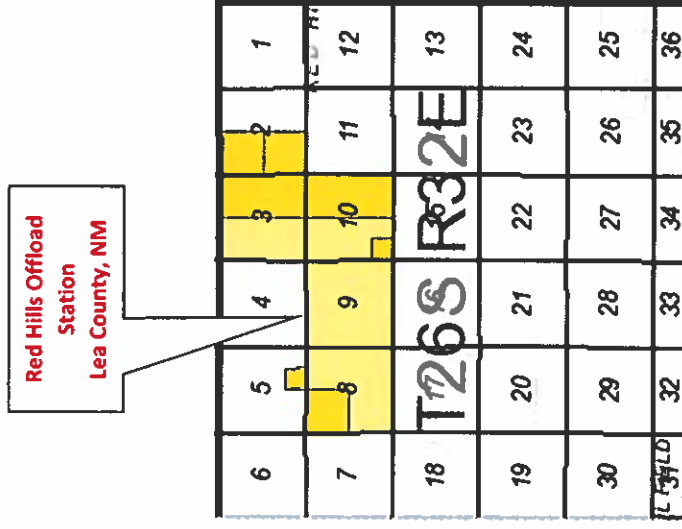
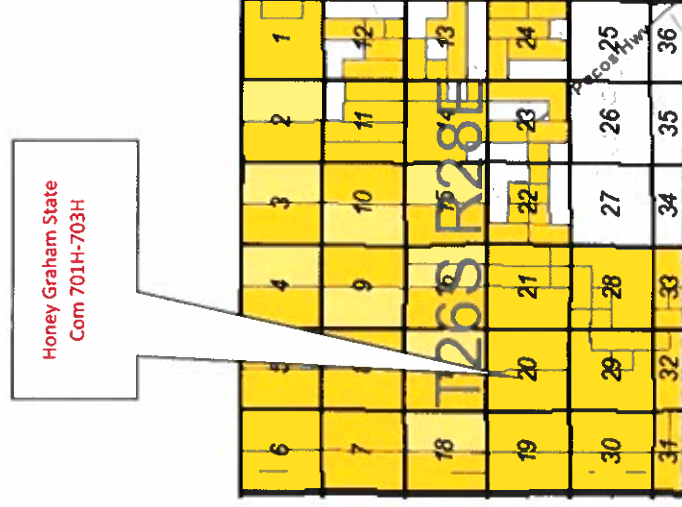


Sec. 32,29,20 -T-26S-R28E
Eddy County, NM



Honey Graham State Com 701H-703H

Red Hills and Jal Offload Station Map



HONEY GRAHAM ST COM 701H-703H CTB								
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered
08.13.20	JB	COMMISSIONER OF PUBLIC LANDS	PO BOX 1148	Santa Fe	NM	87504	7017 3040 0000 3184	
08.13.20	JB	THE ALLAR COMPANY	P O BOX 1567	Graham	TX	76450	7017 3040 0000 3207	
08.13.20	JB	SHARBRO ENERGY LLC	P O BOX 840	Artesia	NM	88211	7017 3040 0000 3191	

ARTESIA DAILY PRESS**LEGAL NOTICES**

COG Operating LLC (COG), 2208 West Main Street, Artesia, New Mexico, 88210, is seeking administrative approval from the New Mexico Oil Conservation Division to commingle the oil and gas production from the Honey Graham State Com 701H-703H wells. Said wells are located in Section 20, Township 26 South, Range 28 East, Eddy County, New Mexico. The Central Tank Battery (CTB) where production will be commingled is located in Ut D, Section 20-T26S-R28E, Eddy County, New Mexico. In the event oil production at the CTB is over capacity or in the case of battery or pipeline repairs, COG is also seeking administrative approval for off-lease measurement at either the Red Hills Off-load Station in Unit O, Section 4-T26S-R32E or the Jal Off-load Station in Unit D, Section 4-T26S-R37E, Lea County, NM. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, New Mexico, 87505, within ten (10) days of this notice. Any interested party with questions or comments may contact Lizzy Laufer (432) 221-0470 llaufer@concho.com at COG Operating LLC, 600 West Illinois, Midland, Texas 79701.

Published in the Artesia Daily Press, Artesia, NM August 20, 2020.

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 undersigned as follows:

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

Subdivisions

E/2

Of Sect(s) **20, 29, 32** Twnshp **26S** Rng **28E** NMPM **Eddy** County, NM

containing **76752** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **COG Operating LLC** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **COG Operating LLC**.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.


13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

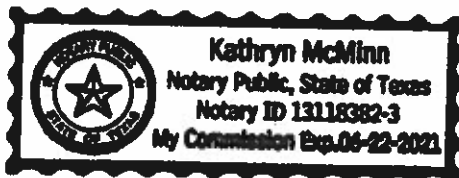
OPERATOR & LESSEE OF RECORD (Tracts 1 and 4)

COG OPERATING LLC

By: 
 Mark A. Carter
 Attorney-in-Fact AR

STATE OF TEXAS)
)
 COUNTY OF MIDLAND)


This instrument was acknowledged before me on July 27th, 2020, by Mark A. Carter, 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

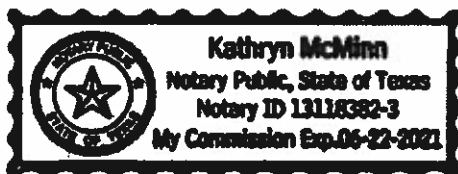
LESSEE OF RECORD (Tracts 1 and 4)

CONCHO OIL & GAS LLC

By: 
 Mark A. Carter
 Attorney-in-Fact AR

STATE OF TEXAS)
)
 COUNTY OF MIDLAND)

This instrument was acknowledged before me on July 27th, 2020, by Mark A. Carter, 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

Honey Graham St Com 701H-703H
 E/2 of Sec 20, 29, 32, 26S-28E, Wolfcamp

LESSEE OF RECORD (Tract 3)

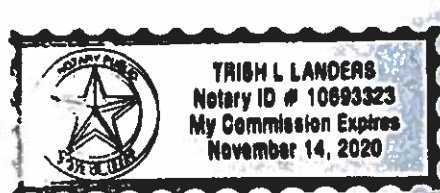
CHISOLM ENERGY OPERATING, LLC

By: *Mike Middlebrook*
Name: Mike Middlebrook
Title: COO *WGS*

STATE OF TEXAS)
COUNTY OF TARRANT)

This instrument was acknowledged before me on Aug 1st, 2019, by
Mike Middlebrook, COO of CHISOLM ENERGY
OPERATING, LLC, a Delaware LLC on behalf of same.

Trish Landers
Notary Public in and for the State of Texas



LESSEE OF RECORD (Tract 2)

EOG RESOURCES, INC.*

LESSEE OF RECORD (Tract 3)

CHISOLM ENERGY OPERATING*

MINERAL INTEREST OWNER

DELAWARE RANCH, INC.*

* Subject to compulsory pooling order no. R-21052, attached.

EXHIBIT "A"

Description of leases committed to communitized area covering
E/2 of Sections 20, 29, and 32, T26S-R28E,
Eddy County, New Mexico

Operator of Communitized Area: COG Operating LLC

TRACT 1

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: COG Operating LLC / Concho Oil & Gas LLC
Lease Number: V0-7473-1
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 20: E2
Eddy County, New Mexico
No. of Acres: 320

TRACT 2

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: EOG Resources, Inc.*
Lease Number: V0-7475-1
Recorded: Unrecorded
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 29: N2NE, SWNE, SWSE
Eddy County, New Mexico
No. of Acres: 160

TRACT 3

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: Chisholm Energy Operating LLC*
Lease Number: V0-7452-3
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 32: Lots 3, 4, NWNE
Eddy County, New Mexico
No. of Acres: 87.57

Honey Graham St Com 701H-703H
E/2 of Sec 20, 29, 32, 26S-28E, Wolfcamp

TRACT 4

Date: March 25, 2009
Lessor: Delaware Ranch, Inc.*
Current Lessee: COG Operating LLC / Concho Oil & Gas LLC
Lease Number: NA (Book 764, Page 1217)
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

Date: August 1, 2011
Lessor: Christine Speidel Fowlkes, et al
Lessee: COG Operating LLC
Lease Number: NA (Book 866, Page 1007)
Recorded: Book: 866, Page: 1007
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

Date: August 1, 2016
Lessor: Frank Blow Fowlkes
Lessee: COG Operating LLC
Lease Number: NA (Book 1088, Page 135)
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

Date: January 1, 2017
Lessor: Edwin H. Fowlkes III, et al

Current Lessee: COG Operating LLC
Lease Number: NA (Book 1091, Page 507)
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

7. **Date:** January 1, 2017
Lessor: J.M. Fowlkes, Jr., et al
Current Lessee: COG Operating LLC
Lease Number: NA (Book 1091, Page 506)
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

8. **Date:** January 25, 2017
Lessor: Patrick K Fowlkes
Current Lessee: COG Operating LLC
Lease Number: NA (Book 1091, 723)
Description: Insofar and only insofar as said lease covers:
Township 26 South, Range 28 East, N.M.P.M.
 Section 29: NWSE, SENE, E2SE
 Section 32: NENE
 Eddy County, New Mexico
No. of Acres: 200

RECAPULATION

Tract No.	No. of Acres Committ	Percentage of Interest In Communitized
1	320.00	41.69%
2	160.00	20.84%
3	87.57	11.41%
4	200.00	26.06%
TOTAL	767.57	100.00%

Honey Graham St Com 701H-703H
 E/2 of Sec 20, 29, 32, 26S-28E, Wolfcamp

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION TO
CONSIDER:**

**CASE NO. 20928
ORDER NO. R-21052**

**APPLICATION OF COG OPERATING LLC FOR
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 12, 2019, at Santa Fe, New Mexico, before Examiner Dylan Coss.

NOW, on this 29th day of January 2020, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

- (1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.
- (2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".
- (3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.
- (4) EOG Resources Inc entered an appearance. No other party appeared or otherwise opposed the case.
- (5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
 - (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.
 - (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance

instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.

- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooled depth interval within the Unit.

(11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" hereto is incorporated herein by this reference and made a part of this order for all purposes.

(2) The Unit shall be dedicated to the proposed "Well(s)".

(3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month corresponding to the date of this order, in the year following the date of issuance of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.

(5) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in

the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 30 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit "A") of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs"

reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in blue ink, appearing to read 'Adrienne Sandoval', is written over the printed name.

ADRIENNE SANDOVAL
Director

Exhibit "A"

Applicant: COG Operating LLC
Operator: COG Operating LLC (OGRID 229137)

Spacing Unit: Horizontal Gas
Building Blocks: Half section equivalents
Unit Size: 767.57-acres (more or less)
Orientation of Unit: North to South

Unit Description:

E/2 of Sections 20 and 29 and the N/2NE/4 and Lots 3 and 4 of irregular Section 32,
Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico.

Pooling this Vertical Extent: Wolfcamp formation
Depth Severance? (Yes/No): No

Pool: Purple Sage-Wolfcamp Gas Pool) (Pool Code 98220)
Pool Spacing Unit Size: Half Sections
Governing WellSethacks: Special Rules for the Purple Sage-Wolfcamp Gas Pool
(Division Order No. R-14262)

Proximity Tracts: None Included
Proximity Defining Well: None

Monthly charges for supervision: While drilling: \$7000 While producing: \$700
As the charge for risk: 200 percent of reasonable well costs

There is one proposed well:

Honey Graham State Com 701H Well, (API No. 30-015- None yet assigned)

SHL: 320 feet from the North Line and 745 feet from the East Line (Unit A) of Section 20,
Township 26 South, Range 28 East, NMPM.

BHL: 200 feet from the South Line and 550 feet from the East Line (Lot 4) of Section 32,
Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A Sand or Shale at approx. 9240 feet TVD
Well Orientation: North to South
Completion Location expected to be: standard

**STATE/STATE OR
STATE/FEE**
Revised March 2017

ONLINE Version

Well Name: **Honey Graham State Com**

API #: 30 - -

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **May 1**, 20 **20**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

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 leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Wolfcamp**
formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter
referred to as "said formation") in and under the land hereinafter described cannot be independently
developed and operated in conformity with the well spacing program established for such formation
in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

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 undersigned as follows:

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

Subdivisions **W/2**

Of Sect(s) **20, 29, 32** Twnshp **26S** Rng **28E** NMPM **Eddy** County, NM

containing **76751** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. 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 therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.

3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. COG Operating LLC shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by COG Operating LLC.

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, 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 compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be

terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. 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 instruments, 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.

14. 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.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR

COG OPERATING LLC

By: 
 Mark A. Carter AR
 Attorney-in-Fact

STATE OF TEXAS)
)
 COUNTY OF MIDLAND)

This instrument was acknowledged before me on July 8th, 2020, by Mark A. Carter, 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

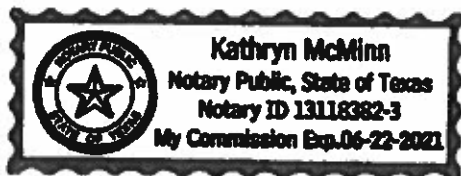
LESSEE OF RECORD (Tract 1)

SRO 3, LLC

By: 
 Mark A. Carter AR
 Attorney-in-Fact

STATE OF TEXAS)
)
 COUNTY OF MIDLAND)

This instrument was acknowledged before me on July 27th, 2020, by Mark A. Carter, Attorney-in-Fact of SRO 3, LLC, a Texas limited liability company, on behalf of same.




 Notary Public in and for the State of Texas

LESSEE OF RECORD (Tract 3)

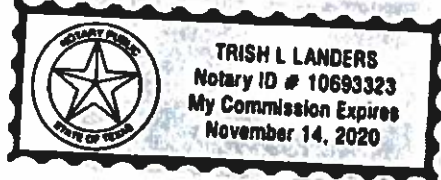
CHISOLM ENERGY OPERATING, LLC

By: *Mike Middlebrook*
Name: Mike Middlebrook ^{us}
Title: Coo

STATE OF TEXAS)
COUNTY OF TARRANT)

This instrument was acknowledged before me on Aug 1st, 2019, by Mike Middlebrook, Coo of CHISOLM ENERGY OPERATING, LLC, a Delaware LLC on behalf of same.

Trish Landers
Notary Public in and for the State of Texas



LESSEE OF RECORD (Tract 2)

EOG RESOURCES, INC.*

LESSEE OF RECORD (Tract 3)

CHISOLM ENERGY OPERATING*

*** Subject to compulsory pooling order no. R-21107, attached.**

EXHIBIT "A"

Description of leases committed to communitized area covering
W/2 of Sections 20, 29, and 32, T26S-R28E,
Eddy County, New Mexico

Operator of Communitized Area: COG Operating LLC

TRACT 1

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: SRO 3, LLC
Lease Number: V0-7450-2
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 20: W2
Eddy County, New Mexico
No. of Acres: 320

TRACT 2

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: EOG Resources, Inc.*
Lease Number: V0-7475-1
Recorded: Unrecorded
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 29: W2
Eddy County, New Mexico
No. of Acres: 320

TRACT 3

Date: July 1, 2005
Lessor: State of New Mexico
Current Lessee: Chisholm Energy Operating LLC*
Lease Number: V0-7452-3
Description: Township 26 South, Range 28 East, N.M.P.M.
Section 32: Lots 1, 2, N2NW
Eddy County, New Mexico
No. of Acres: 127.51

RECAPULATION

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	320.00	41.69%
2	320.00	41.69%
3	127.51	16.62%
TOTAL	767.51	100.00%

Honey Graham St Com 704H-706H
W/2 of Sec 20, 29, 32, 26S-28E, Wolfcamp

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
COG OPERATING LLC**

**CASE NO. 20903
ORDER NO. R-21107**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 14, 2019, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. COG Operating, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the described depth(s) and location(s) in the Unit.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the Surface Location or Bottom Hole Location of a well is changed from the location described in Exhibit A, Operator shall submit an amended Exhibit A, which the Division shall append to this Order.
19. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location before commencing production of the well.
20. The Operator shall commence drilling the initial well within one (1) year after the date of this Order; and (b) for an infill well, no later than thirty (30) days after completion of the well.

CASE NO. 20903
ORDER NO. R-21107

Page 2

21. Operator shall comply with the infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC.
22. This Order shall terminate automatically if Operator fails to comply with Paragraphs 20 or 21.
23. Operator shall submit to OCD and each owner of a working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs") no later than: (a) for an initial well, no later than thirty (30) days after the date of this Order; (b) for an infill well proposed by Operator, no later than (30) days after the later of the initial notice period pursuant to 19.15.13.10(B) NMAC or the extension granted by the OCD Director pursuant 19.15.13.10(D) NMAC; or (c) for an infill well proposed by an owner of a Pooled Working Interest, no later than thirty (30) days after expiration of the last action required by 19.15.13.11 NMAC.
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
25. No later than within one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the later of the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.

CASE NO. 20903
ORDER NO. R-21107

Page 3

27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*

CASE NO. 20903
ORDER NO. R-21107

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34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AS/tgw

Date: February 13, 2020



CASE NO. 20903
ORDER NO. R-21107

Exhibit "A"
(Case 20903)

Applicant: COG Operating LLC
 Operator: COG Operating LLC (OGRID 229137)

Spacing Unit: Horizontal Gas
 Building Blocks: Half Section Equivalents
 Unit Size: 767.51 acres (more or less)
 Orientation of Unit: North to South

Unit Description:

W/2 of Sections 20 and 29 and the N/2NW/4 and Lots 1 and 2 of irregular Section 32, Township 26 South, Range 28 East, NMPM. Eddy County, New Mexico.

Pooling this Vertical Extent: Wolfcamp formation
 Depth Severance? (Yes/No): No

Pool: Purple Sage-Wolfcamp Gas Pool (Pool Code 98220)
 Pool Spacing Unit Size: Half Sections
 Governing Well Setbacks: Special Rules for the Purple Sage-Wolfcamp Gas Pool (Division Order No. R-14262)

Proximity Tracts: None Included
 Proximity Defining Well: None

Monthly charges for supervision: While drilling: \$7000 - While producing: \$700
 As the charge for risk: 200 percent of reasonable well costs

Proposed Wells:

Honey Graham State Com 702H Well, (API No. 30-015- 46385)

SHL: 320 feet from the North Line and 1185 feet from the West Line (Unit D) of Section 20, Township 26 South, Range 28 East, NMPM.

BHL: 200 feet from the South Line and 1670 feet from the West Line (Lot 2) of Section 32, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A Sand or Shale at approx. 9220 feet TVD

Well Orientation: North to South

Completion Location expected to be: standard

CASE NO. 20903
 ORDER NO. R-21107

Honey Graham State Com 703H Well, (API No. 30-015-46386)

SHL: 320 feet from the North Line and 1155 feet from the West Line (Unit D) of Section 20, Township 26 South, Range 28 East, NMPM.

BHL: 200 feet from the South Line and 670 feet from the West Line (Lot 1) of Section 32, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A Sand or Shale at approx. 9200 feet TVD

Well Orientation: North to South

Completion Location expected to be: standard

CASE NO. 20903
ORDER NO. R-21107

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August 13, 2020

Commissioner of Public Lands
NM State Land Office
P. O. Box 1148
Santa Fe, NM 87504-1148

RE: Application for CTB and Lease Commingle

Honey Graham State Con 701H
API# 30-015-46385
Purple Sage; Wolfcamp (Gas)
Ut. A, Sec. 20-T26S-R28E
Eddy County, NM

Honey Graham State Con 702H
API# 30-015-46385
Purple Sage; Wolfcamp (Gas)
Ut. D, Sec. 20-T26S-R28E
Eddy County, NM

Honey Graham State Con 703H
API# 30-015-46386
Purple Sage; Wolfcamp (Gas)
Ut. D, Sec. 20-T26S-R28E
Eddy County, NM

To Whom it May Concern:

Please find enclosed check in the amount of \$150.00, which constitutes payment of the required fee for the referenced Lease Commingling application.

If you have any questions, please do not hesitate to contact me at jbarron@concho.com or 575-748-6974.

Sincerely,

A handwritten signature in black ink 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

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Honey Graham State Com 701H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137

API #: 30-015-46381

OPERATOR NAME: COG OPERATING, LLC

OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
2. Commingling application fee of \$150.

CERTIFICATION: To the best of my knowledge,

- All business leases and rights-of-way necessary for conducting the proposed operation on State Trust lands have been applied for or obtained,
- The information submitted with this application is **accurate** and **complete**, and
- No loss will accrue to the state of New Mexico as a result of the proposed operation.

I also understand that **no action** will be taken on this application until the required information and fee are submitted to the State Land Office.

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

Jeanette Barron

Print or Type Name

Jeanette Barron
Signature

Date

8/13/20

575.748.6974

Phone Number

jbarron@concho.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
 Contact the Commingling Manager:
 505.827.5791

Upon approval, the requesting organization will receive an acknowledgment letter from the Commissioner of Public Lands.

**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Honey Graham State Com 702H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137
API #: 30-015-46385

OPERATOR NAME: COG OPERATING, LLC
OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

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

Jeanette Barron

Print or Type Name

Jeanette Barron

Signature

8/13/20

Date

575.748.6974

Phone Number

jbarron@concho.com

e-mail Address

Submit application to:
 Commissioner of Public Lands
 Attn: Commingling Manager
 PO Box 1148
 Santa Fe, NM 87504-1148

Questions?
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**NEW MEXICO
STATE
LAND OFFICE**

**APPLICATION FOR
COMMINGLING AND OFF-LEASE STORAGE
ON STATE TRUST LANDS**



This application form is required for all commingling applications requiring approval by the Commissioner of Public Lands.

Applicant: COG OPERATING, LLC
Well Name: Honey Graham State Com 703H
Pool: Purple Sage; Wolfcamp (Gas)

OGRID #: 229137

API #: 30-015-46386

OPERATOR NAME: COG OPERATING, LLC

OPERATOR ADDRESS: 2208 W. MAIN STREET, ARTESIA, NEW MEXICO

APPLICATION REQUIREMENTS – SUBMIT:

1. New Mexico Oil Conservation Division (NMOCD) application packet (or equivalent information if no application is required by NMOCD),
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Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jeanette Barron

Print or Type Name

Jeanette Barron
Signature

Date

8/13/20

575.748.6974

Phone Number

jbarron@concho.com

e-mail Address

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