



ConocoPhillips  
2208 West Main Street  
Artesia, New Mexico 88210  
www.conocophillips.com

June 20, 2024

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

Re: REVISION- Application for Administrative Approval of Surface Commingle (CTB)

Dear Mr. McClure,

COG Production LLC respectfully requests approval for surface commingling for the following wells:

SRO State Com 18H  
API# 30-015-41143  
Hay Hollow; Bone Spring  
Ut. B, Sec.17-T26S-R28E  
Eddy County, NM

SRO State Com 45H  
API# 30-015-39999  
Hay Hollow; Bone Spring  
Ut. A, Sec.17-T26S-R28E  
Eddy County, NM

SRO State Com 65H  
API# 30-015-42129  
Hay Hollow; Bone Spring  
Ut. B, Sec.17-T26S-R28E  
Eddy County, NM

**Oil Production:**

The oil production from all wells will be measured separately by test meter prior to being commingled at the Central Tank Battery located in Ut. A, Sec. 17-T26S-R28E. In the event the CTB is over capacity or in the case of battery or pipeline repairs 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 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 test 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. O, Sec. 8-T24S-R33E.

Well testing will be by separating and measuring the oil and gas production from the well for a minimum of twenty-four consecutive hours.

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 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.

Sincerely,

*Jeanette Barron*

Jeanette Barron  
Regulatory Coordinator

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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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: \_\_\_\_\_ OGRID Number: \_\_\_\_\_  
 Well Name: \_\_\_\_\_ API: \_\_\_\_\_  
 Pool: \_\_\_\_\_ Pool Code: \_\_\_\_\_

**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.**

\_\_\_\_\_  
 Print or Type Name

*Jeanette Barron*

Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Phone Number

\_\_\_\_\_  
 e-mail Address

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. 30215 Hay Hollow; Bone Spring  
(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) Well Test

**(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 Coordinator DATE: 06.13.24

TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974

E-MAIL ADDRESS: jeanette.barron@conocophillips.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  
(As Drilled)

## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-015-41143</b>	<sup>2</sup> Pool Code <b>30215</b>	<sup>3</sup> Pool Name <b>Hay Hollow; Bone Spring</b>
<sup>4</sup> Property Code <b>40112</b>	<sup>5</sup> Property Name <b>SRO State Com</b>	
<sup>6</sup> Well Number <b>45H</b>		
<sup>7</sup> OGRID No. <b>229137</b>	<sup>8</sup> Operator Name <b>COG Operating LLC</b>	
	<sup>9</sup> Elevation <b>3082' GR</b>	

## <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>B</b>	<b>17</b>	<b>26S</b>	<b>28E</b>		<b>190</b>	<b>North</b>	<b>2070</b>	<b>East</b>	<b>Eddy</b>

<sup>11</sup> 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
O	20	26S	28E		373	South	2067	East	Eddy

<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
320			

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

16		<div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; left: 50%; transform: translate(-50%, 0);">190'</div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); border: 1px dashed black; padding: 5px;">SHL</div> </div>	2070'
Sec 17-T26S-R28E			
Sec 20-T26S-R28E	Producing Area 8152-17665' <div style="position: relative; height: 100px;"> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); border: 1px dashed black; padding: 5px;">BHL</div> </div>	<div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; left: 50%; transform: translate(-50%, 0);">190'</div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); border: 1px dashed black; padding: 5px;">BHL</div> </div>	2067'

**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*  
 Signature

**06.20.24**  
 Date

*Jeanette Barron*  
 Printed Name

jeanette.barron@conocophillips.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.*

\_\_\_\_\_  
 Date of Survey

\_\_\_\_\_  
 Signature and Seal of Professional Surveyor:

**REFER TO ORIGINAL PLAT**

\_\_\_\_\_  
 Certificate Number

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

[illegible]

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

☐ AMENDED REPORT  
**(As Drilled)**

Released to Imaging: 11/6/2025 11:20:05 AM

**SRO STATE COM 18H BATTERY**  
NENE SECTION 17, T26S, R28E, UNIT A  
EDDY COUNTY, NM

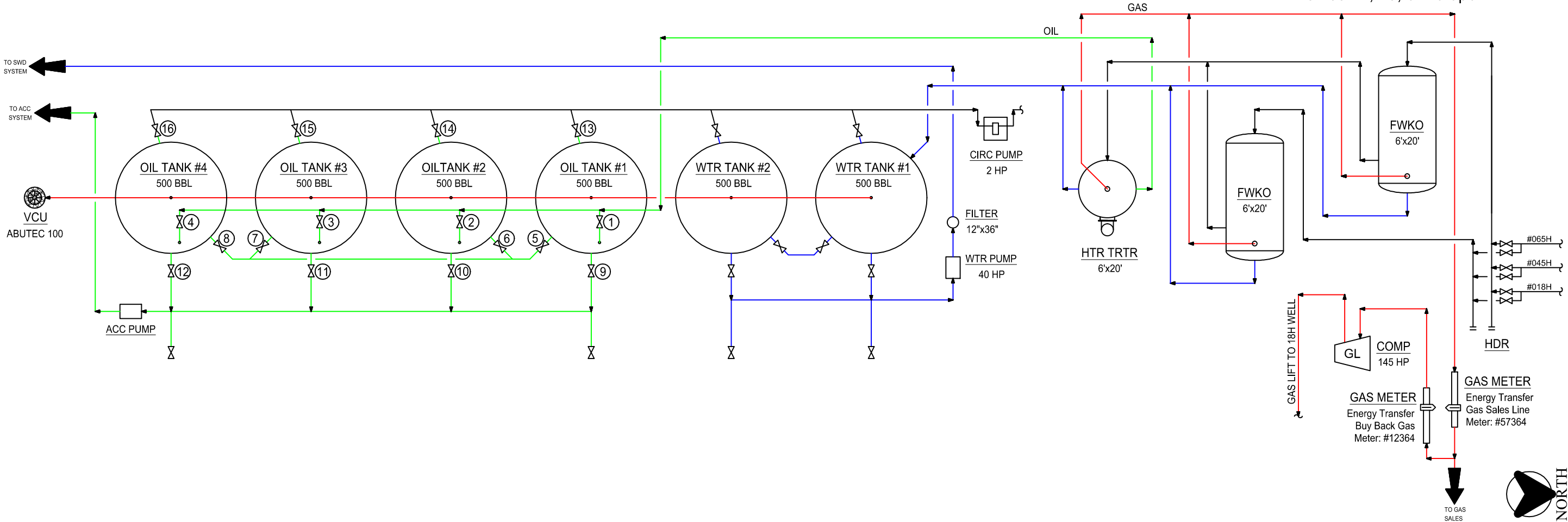
**WELLS:**  
SRO STATE COM #018H: 30-015-39999  
SRO STATE COM #045H: 30-015-41143  
SRO STATE COM #065H: 30-015-42129

**Production Phase - Oil Tank #1**

- Valve 1 open
- Valves 2, 3, and 4 closed
- Valves 5, 6, 7, and 8 open
- Valves 9, 10, 11, and 12 closed
- Valve 13 open
- Valves 14, 15, and 16 closed

**Sales Phase - Oil Tank #1**

- Valve 1 closed
- Valves 2, 3, or 4 open
- Valve 5 closed
- Valves 6, 7, and 8 open
- Valve 9 open
- Valves 10, 11, and 12 closed
- Valve 13 closed
- Valves 14, 15, or 16 open



COG Operating LLC  
Site Security Plans Located At:  
One Concho Center  
600 W. Illinois Ave.  
Midland, TX 79701

**Ledger for Site Diagram**

Produced Fluid: —  
Produced Oil: —  
Produced Gas: —  
Produced Water: —

**NOTES:**

Type of Lease: State  
State Lease #: VO74470002  
Property Code: 40112  
OGRID #: 229137

**CONFIDENTIALITY NOTICE**

THIS DRAWING IS PROPERTY OF COG OPERATING LLC AND IS LENT TO THE BORROWER FOR CONFIDENTIAL USE ONLY AND IS SUBJECT TO RETURN UPON REQUEST AND SHALL NOT BE REPRODUCED, COPIED, LENT OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY, NOR USED FOR ANY PURPOSE OTHER THAN THAT WHICH IT IS SPECIFICALLY FURNISHED.

**REFERENCE DRAWINGS**

NO.	TITLE
A	06/01/12
B	06/27/16
COG OPERATING LLC 600 WEST ILLINOIS AVENUE MIDLAND, TEXAS 79701	

**REVISIONS**

NO.	DATE	DESCRIPTION	BY	CHK.	APP.
A	06/01/12	ISSUE FOR SITE PERMITTING	CRB		
B	06/27/16	UPDATED FOR SRO STATE COM 18H BTY	CMB		

**ENGINEERING RECORD**

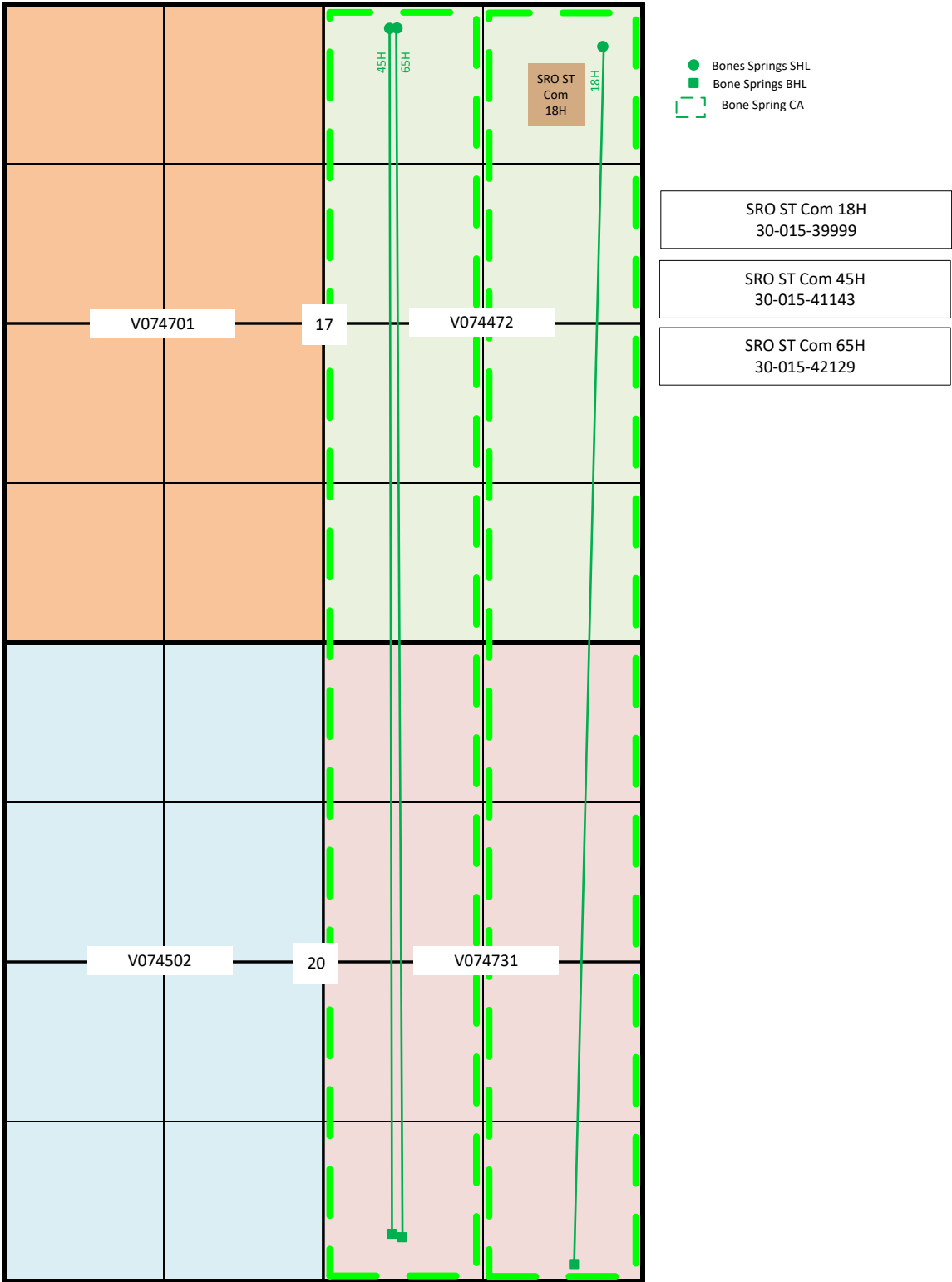
BY	DATE
DRN: CRB	06/01/12
DES: CRB	06/01/12
CHK:	
APP:	
AFE NO:	
FACIL ENGR: C. BLEDSOE	
OPER ENGR: VARIES	
SCALE: NONE	



NEW MEXICO BASIN ASSET  
PRODUCTION FACILITIES  
SITE FACILITY DIAGRAM  
SRO STATE COM 18H BATTERY

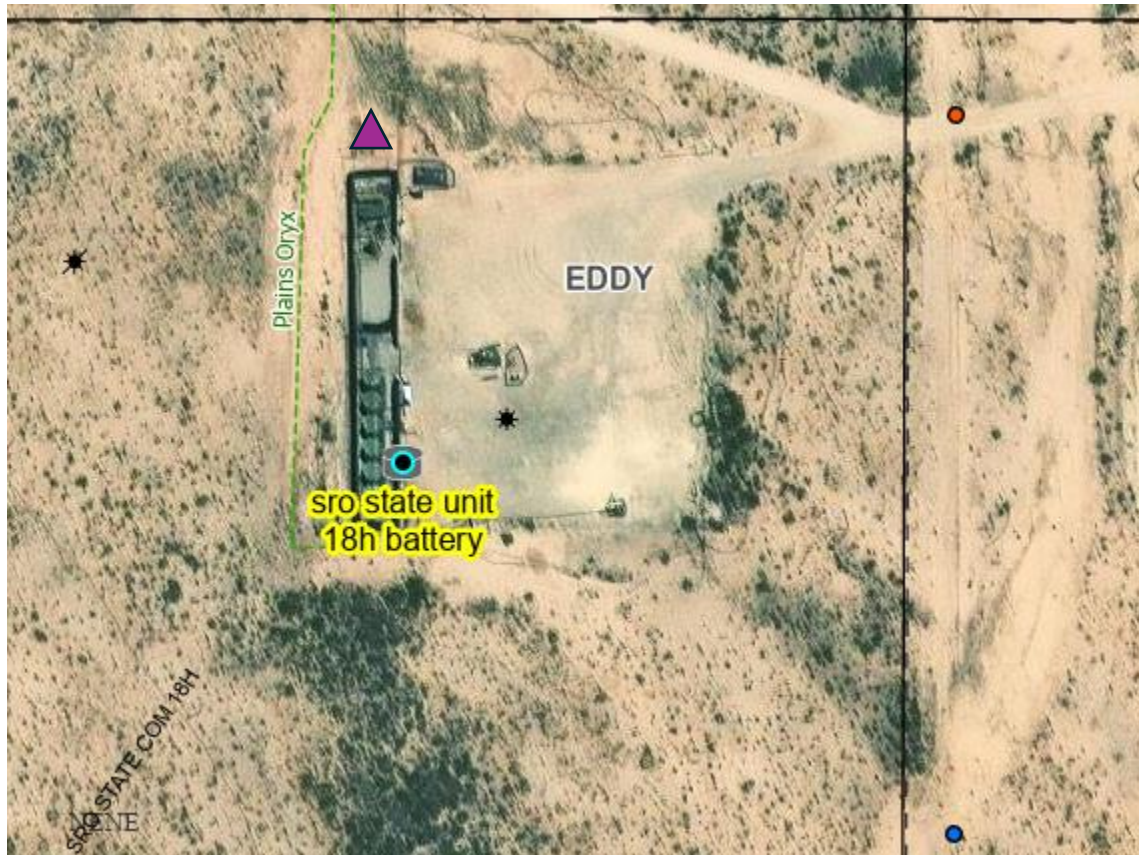
EDDY COUNTY	NEW MEXICO
TWN/SHIP/RANGE MULTIPLE	DWG NO. D-1700-81-005
	REV B

SRO STATE COM 18H CTB



Sec 17, 20 T26S-R28E  
Eddy County NM

SRO ST COM 18H, 45H & 65H



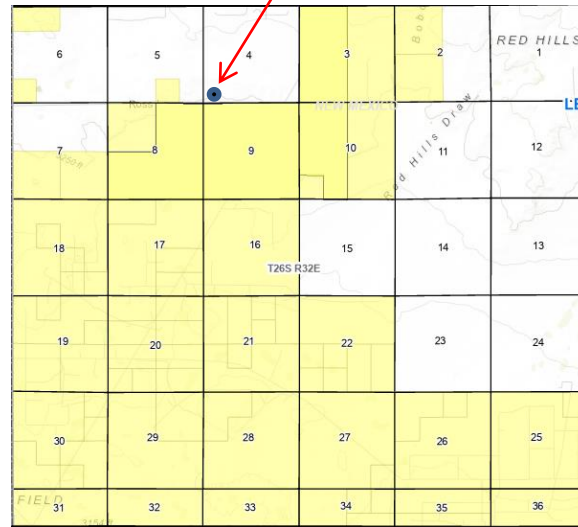


# SRO St Com 18H, 45H & 65H & Red Hills and Jal Offload Station Map

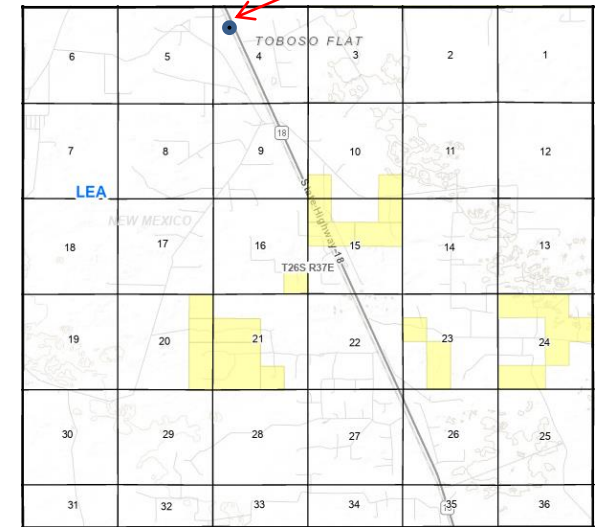
SRO St Com 18H, 45H & 65H  
Eddy County, NM



Red Hills Offload Station  
Lea County, NM



Jal Offload Station  
Lea County, NM



SRO ST COM 18H, 45H & 65H CTB								
Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered
06.20.24	JB	THE ALLAR COMPANY	PO BOX 1567	GRAHAM	TX	76450-7567	7020 1810 0000 1415 3463	
06.20.24	JB	OXY Y 1	5 Greenway Plaza, Suite 110	HOUSTON	TX	77046	7020 1810 0000 1415 3487	
06.20.24	JB	CHEVRON USA INC	6301 Deauville Blvd	Midland	TX	79706	7020 1810 0000 1415 3456	
06.20.24	JB	EOG RESOURCES INC	5509 Champions Dr	Midland	TX	79706	7020 1810 0000 1415 3470	
06.20.24	JB	SLO	PO BOX 1148	Santa Fe	NM	87504-1148	7020 1810 0000 1415 3494	
06.20.24	JB	EG3 Inc	PO BOX 1567	GRAHAM	TX	76450	7020 1810 0000 1415 3524	
06.20.24	JB	NESTEGG ENERGY CORPORATION	238 SIERRA VISTA RD	ARTESIA	NM	88210	7020 1810 0000 1415 3500	
06.20.24	JB	CROWNROCK MINERALS LP	PO BOX 51933	MIDLAND	TX	79710	7020 1810 0000 1415 3531	
06.20.24	JB	CORNERSTONE FAMILY TRUST	PO BOX 558	PEYTON	CO	80831	7020 1810 0000 1415 3517	



## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
 SRO State Com Well No. 65H  
 Vertical Extent: Bone Spring  
Township 26 South, Range 28 East, NMPM  
 Section 17 : W2E2  
 Section 20 : W2E2  
 Eddy County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2014**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **24th day of September, 2014**.



*Ray Powell*  
 \_\_\_\_\_  
 COMMISSIONER OF PUBLIC LANDS  
 of the State of New Mexico

ATTN: KELLY EUCHIK  
 COG OPERATING LLC  
 600 W ILLINOIS AVE  
 MIDLAND TX 79701-9808



SRO State Com #65H

ONLINE VERSION

NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2007

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY )<sup>SS)</sup>

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **April 1, 2014**, 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 lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State 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 area on an acreage or other basis found by the Commissioner 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 **Bone Spring** formation (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:

2014 SEP 22 AM 8 33



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

**Township 26 South, Range 28 East, N.M.P.M.**

**Section 17: W/2 E/2**

**Section 20: W/2 E/2**

**Eddy County, New Mexico**

Containing **320.00** 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 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, 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. 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.



5. 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.

6. The commencement, completion, and continued operation or production of a well or wells for 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.

7. 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.

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

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 lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of

2024 SEP 22 PM 8 33



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: Mona D. Ables  
Mona D. Ables  
Vice President of Land 

2024 SEP 22 AM 8 33

## ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  § ss.  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on April 9, 2014, by Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability Company, on behalf of same.



8.29.17  
My Commission Expires

Brittany Hull  
Notary Public in and for the State of Texas

## LESSEES OF RECORD:

### COG Operating LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land (M) JPS

### Concho Oil & Gas LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land (M) JPS

2014 SEP 22 AM 8 33

2014 SEP 22 AM 8 33

LESSEES OF RECORD:

(Continued)

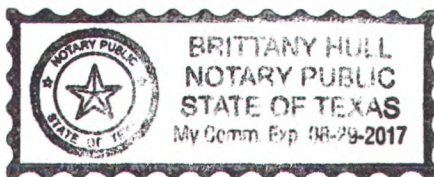
Chevron U.S.A. Inc.

By: [Signature]  
Its: D. L. SLEEPER  
ATTORNEY-IN-FACT

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  § ss.  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on April 9, 2014, by Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability Company, on behalf of same.



8.29.17  
My Commission Expires

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

ONLINE version  
December 2007

State/State  
State/Fee

2014 SEP 22 AM 8 33

[Signature]



## LESSEES OF RECORD:

(Continued)

Chevron U.S.A. Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF TEXAS

§

§ ss.

COUNTY OF MIDLAND

§

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability  
Company, on behalf of same.

8.29.17

My Commission Expires

A handwritten signature in blue ink that reads "Brittany Hull".

Notary Public in and for the State of Texas



ACKNOWLEDGEMENT

(Continued)

STATE OF TEXAS                   §  
  § ss.  
COUNTY OF MIDLAND         §

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **Concho Oil & Gas LLC**, a Texas Limited Liability  
Company, on behalf of same.

8.29.17  
My Commission Expires



Brittany Hull  
Notary Public in and for the State of Texas

STATE OF \_\_\_\_\_ §  
  § ss.  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2014,  
by \_\_\_\_\_, as \_\_\_\_\_, of **Chevron U.S.A. Inc.**, a  
\_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

**ACKNOWLEDGEMENT**  
(Continued)

STATE OF TEXAS           §  
                                     § ss.  
COUNTY OF MIDLAND   §

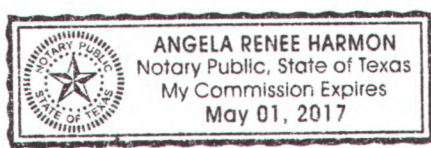
This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **Concho Oil & Gas LLC**, a Texas Limited Liability  
Company, on behalf of same.



8.29.17  
My Commission Expires  
Brittany Hull  
Notary Public in and for the State of Texas

STATE OF Texas       §  
                                     § ss.  
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 11<sup>th</sup>, 2014,  
by D.L. SLEEPER as ATTORNEY IN FACT, of **Chevron U.S.A. Inc.**, a  
PENNSYLVANIA CORPORATION on behalf of same.



May 01, 2017  
My Commission Expires  
Angela Renee Harmon  
Notary Public in and for the State of Texas

**EXHIBIT "A"**

Plat of communitized area covering 320.00 acres in Sections 17 & 20 of T26S - R28E, N.M.P.M.  
Eddy County, New Mexico

**SRO State Com #65H**

		● Tract 1: V0-7447 (Sec 17: W/2 E/2)	
SEC 17			
SEC 20		Tract 2: V0-7473 (Sec. 20: W/2 E/2)	
		●	

**NOTE: Show well location and tract numbers, show lots with acreage.**

ONLINE version  
December 2007

State/State  
State/Fee

2019 SEP 22 AM 8 33 8



State/State or  
State/Fee Communitization

## EXHIBIT "B"

Attached to and made a part of that Communitization Agreement, dated **April 1, 2014**, covering the W/2 E/2 of Section 17 and the W/2 E/2 of Section 20, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

OPERATOR of Communitized Area: COG Operating LLC

### DESCRIPTION OF LEASES COMMITTED:

#### TRACT NO. 1

Serial No. of Lease: V0-7447  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Original Lessee of Record: Chalfant Properties, Inc.  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 17: W/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

#### TRACT NO. 2

Serial No. of Lease: V0-7473  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Original Lessee of Record: Marbob Energy Corporation  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 20: W/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	160.00	50.0000000%
No. 2	<u>160.00</u>	<u>50.0000000%</u>
	320.00	100.000000%

RECEPTION NO: 1411068 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 10/20/2014 8:33 AM  
BOOK 0996 PAGE 1137 *Molina*  
DARLENE ROSPRIM, COUNTY CLERK



ONLINE version  
December 2007

State/State  
State/Fee

2014 SEP 22 AM 8 33

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## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
SRO State Com Well No. 18H (Bone Spring)  
Township 26 South, Range 28 East, NMPM  
Section 17 : E2E2  
Section 20 : E2E2  
Eddy County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated March 1, 2014, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 1st day of March, 2014.



*Ray Powell*  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico

ATTN BECKY ZINDEL LCC-661  
COG OPERATING LLC  
600 W ILLINOIS AVE  
MIDLAND TX 79701-9808



BOOK

973 PAGE 0040

ONLINE VERSION

NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2007

## COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss)

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **March 1, 2014**, 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 lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State 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 area on an acreage or other basis found by the Commissioner 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 **Bone Spring** formation (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:

2014 FEB 12 PM 12 44

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

**Township 26 South, Range 28 East, N.M.P.M.**

**Section 17: E/2 E/2**

**Section 20: E/2 E/2**

**Eddy County, New Mexico**

Containing 320.00 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 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, 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. 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.



BOOK 973 PAGE 0042

5. 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.
6. The commencement, completion, and continued operation or production of a well or wells for 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.
7. 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.
8. **COG Operating LLC shall be the Operator of said communitized area and all matters of operation shall be determined and performed by COG Operating LLC.**
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 lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of

ONLINE version  
December 2007State/State  
State/Fee

3



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: Mona D. Ables  
Mona D. Ables  
Vice President of Land

2014 FEB 12 PM 12 44

BOOK 973 PAGE 0044

**LESSEES OF RECORD:****COG Operating LLC**Mona D. Ables

By: Mona D. Ables

Its: Vice President of Land

jw gpo

**Concho Oil & Gas LLC**Mona D. Ables

By: Mona D. Ables

Its: Vice President of Land

jw gpo

**Chevron U.S.A. Inc.**P.L. SLEEPER

By: P.L. SLEEPER

Its: ATTORNEY IN FACT

sm

**ACKNOWLEDGEMENT**

STATE OF TEXAS

§

§ ss.

COUNTY OF MIDLAND

§

This instrument was acknowledged before me on December 5, 2013, by  
 Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability  
 Company, on behalf of same.



2-14-2015  
 My Commission Expires

Laura R. Reyna  
 Notary Public in and for the State of Texas

ONLINE version  
 December 2007

State/State  
 State/Fee

5

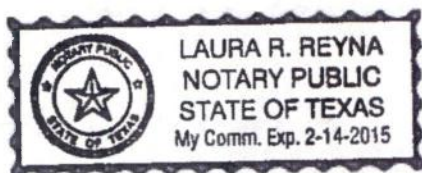
BOOK 973 PAGE 0045

# ACKNOWLEDGEMENT

(Continued)

STATE OF TEXAS §  
 COUNTY OF MIDLAND § ss.  
 §

This instrument was acknowledged before me on December 5, 2013, by Mona D. Ables, Vice President of Land, of Concho Oil & Gas LLC, a Texas Limited Liability Company, on behalf of same.

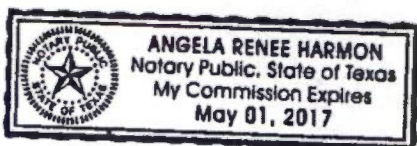


2-14-2015  
 My Commission Expires

Laura R. Reyna  
 Notary Public in and for the State of Texas

STATE OF Texas §  
 COUNTY OF Harris § ss.  
 §

This instrument was acknowledged before me on February 14, 2013, by D.L. Sleeper, as attorney-in-fact, of Chevron U.S.A. Inc., a Pennsylvania Corporation, on behalf of same. 4/12



May 01, 2017  
 My Commission Expires

Angela Renee Harmon  
 Notary Public in and for the State of Texas

ONLINE version  
 December 2007

State/State  
 State/Fee

6



BOOK 9/3 PAGE 0046

**EXHIBIT "A"**

Plat of communitized area covering 320.00 acres in Sections 17 & 20 of T26S - R28E, N.M.P.M.  
Eddy County, New Mexico

**SRO State Com #18H**

			Tract 1: V-7447 (Sec. 17: E/2 E/2) ●
SEC 17			
SEC 20			Tract 2: V0-7473 (Sec. 20: E/2 E/2)
			●

**NOTE: Show well location and tract numbers, show lots with acreage.**

ONLINE version  
December 2007

State/State  
State/Fee

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BOOK 973 PAGE 0047

State/State or  
State/Fee Communitization**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement, dated **March 1, 2014**, covering the E/2 E/2 of Section 17 and the E/2 E/2 of Section 20, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

OPERATOR of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Serial No. of Lease: V-7447  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Original Lessee of Record: Chalfant Properties, Inc.  
Current Lessee of Record: Chevron U.S.A. Inc.  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 17: E/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

**TRACT NO. 2**

Serial No. of Lease: V0-7473  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Lessee of Record: COG Operating LLC / Concho Oil & Gas LLC  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 20: E/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

ONLINE version  
December 2007State/State  
State/Fee

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BOOK 973 PAGE 0048

**RECAPITULATION**

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	160.00	50.000000%
No. 2	<u>160.00</u>	<u>50.000000%</u>
	320.00	100.0000%

RECEPTION NO: 1403260 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 03/31/2014 8:23 AM  
BOOK 0973 PAGE 0039 *Molina*  
DARLENE ROSPRIM, COUNTY CLERK



2014 FEB 12 PM 12 44

ONLINE version  
December 2007State/State  
State/Fee

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## NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

## COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC  
 SRO State Com Well No. 65H  
 Vertical Extent: Bone Spring  
Township 26 South, Range 28 East, NMPM  
 Section 17 : W2E2  
 Section 20 : W2E2  
 Eddy County, New Mexico

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced Agreement dated **April 1, 2014**, which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said Agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this **24th day of September, 2014**.



*Ray Powell*  
 \_\_\_\_\_  
 COMMISSIONER OF PUBLIC LANDS  
 of the State of New Mexico

ATTN: KELLY EUCHIK  
 COG OPERATING LLC  
 600 W ILLINOIS AVE  
 MIDLAND TX 79701-9808



SRO State Com #65H

ONLINE VERSION

NM State Land Office  
Oil, Gas, & Minerals Division

STATE/STATE OR  
STATE/FEE  
Revised March 2007

COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO )  
COUNTY OF EDDY )<sup>SS)</sup>

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of **April 1, 2014**, 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 lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State 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 area on an acreage or other basis found by the Commissioner 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 **Bone Spring** formation (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:

2014 SEP 22 AM 8 33



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

**Township 26 South, Range 28 East, N.M.P.M.**

**Section 17: W/2 E/2**

**Section 20: W/2 E/2**

**Eddy County, New Mexico**

Containing **320.00** 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 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, 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. 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.



5. 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.

6. The commencement, completion, and continued operation or production of a well or wells for 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.

7. 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.

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

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 lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of

2024 SEP 22 PM 8 33



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: Mona D. Ables  
Mona D. Ables  
Vice President of Land  

2024 SEP 22 AM 8 33

## ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  § ss.  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on April 9, 2014, by Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability Company, on behalf of same.



8.29.17  
My Commission Expires

Brittany Hull  
Notary Public in and for the State of Texas

## LESSEES OF RECORD:

### COG Operating LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land   Ⓜ️ JP

### Concho Oil & Gas LLC

BY: Mona D. Ables  
Mona D. Ables  
Vice President of Land   Ⓜ️ JP

2014 SEP 22 AM 8 33

2014 SEP 22 AM 8 33

LESSEES OF RECORD:

(Continued)

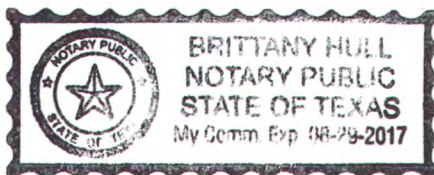
Chevron U.S.A. Inc.

By: [Signature]  
Its: D. L. SLEEPER  
ATTORNEY-IN-FACT

ACKNOWLEDGEMENT

STATE OF TEXAS           §  
  § ss.  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability  
Company, on behalf of same.



8.29.17  
My Commission Expires

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

ONLINE version  
December 2007

State/State  
State/Fee

2014 SEP 22 AM 8 33

[Signature]



## LESSEES OF RECORD:

(Continued)

Chevron U.S.A. Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

## ACKNOWLEDGEMENT

STATE OF TEXAS

§

§ ss.

COUNTY OF MIDLAND

§

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **COG Operating LLC**, a Delaware Limited Liability  
Company, on behalf of same.

8.29.17

My Commission Expires

A handwritten signature in blue ink that reads "Brittany Hull".

Notary Public in and for the State of Texas



ACKNOWLEDGEMENT

(Continued)

STATE OF TEXAS                   §  
   § ss.  
COUNTY OF MIDLAND         §

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **Concho Oil & Gas LLC**, a Texas Limited Liability  
Company, on behalf of same.

8.29.17  
My Commission Expires



Brittany Hull  
Notary Public in and for the State of Texas

STATE OF \_\_\_\_\_ §  
   § ss.  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on \_\_\_\_\_, 2014,  
by \_\_\_\_\_, as \_\_\_\_\_, of **Chevron U.S.A. Inc.**, a  
\_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
My Commission Expires

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_

# ACKNOWLEDGEMENT

(Continued)

STATE OF TEXAS           §  
                                     § ss.  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on April 9, 2014, by  
Mona D. Ables, Vice President of Land, of **Concho Oil & Gas LLC**, a Texas Limited Liability  
Company, on behalf of same.

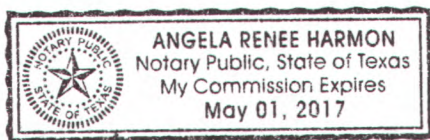


8.29.17  
My Commission Expires

Brittany Hull  
Notary Public in and for the State of Texas

STATE OF Texas       §  
                                     § ss.  
COUNTY OF HARRIS §

This instrument was acknowledged before me on September 11<sup>th</sup>, 2014,  
by D.L. SLEEPER as ATTORNEY IN FACT, of **Chevron U.S.A. Inc.**, a  
PENNSYLVANIA CORPORATION on behalf of same.





May 01, 2017  
My Commission Expires

Angela Renee Harmon  
Notary Public in and for the State of Texas

**EXHIBIT "A"**

Plat of communitized area covering 320.00 acres in Sections 17 & 20 of T26S - R28E, N.M.P.M.  
Eddy County, New Mexico

**SRO State Com #65H**

		 Tract 1: V0-7447 (Sec 17: W/2 E/2)	
<b>SEC 17</b>			
<b>SEC 20</b>		Tract 2: V0-7473 (Sec. 20: W/2 E/2)	
			

**NOTE: Show well location and tract numbers, show lots with acreage.**



State/State or  
State/Fee Communitization**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement, dated **April 1, 2014**, covering the W/2 E/2 of Section 17 and the W/2 E/2 of Section 20, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

OPERATOR of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Serial No. of Lease: V0-7447  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Original Lessee of Record: Chalfant Properties, Inc.  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 17: W/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

**TRACT NO. 2**

Serial No. of Lease: V0-7473  
Date of Lease: July 1, 2005  
Lessor: State of New Mexico acting by and through its Commissioner of Public Lands  
Original Lessee of Record: Marbob Energy Corporation  
Description of Lands Committed: Insofar and only insofar as lease covers  
Township 26 South, Range 28 East, N.M.P.M.  
Section 20: W/2 E/2  
Eddy County, New Mexico  
No. of Acres: 160.00

RECAPITULATION

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
No. 1	160.00	50.000000%
No. 2	<u>160.00</u>	<u>50.000000%</u>
	320.00	100.000000%

RECEPTION NO: 1411068 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 10/20/2014 8:33 AM  
BOOK 0996 PAGE 1137 *Molina*  
DARLENE ROSPRIM, COUNTY CLERK



ONLINE version  
December 2007

State/State  
State/Fee

2014 SEP 22 AM 8 33

10

Tracking Number:

70201810000014153494



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**Delivered, Individual Picked Up at Postal Facility**

SANTA FE, NM 87501

July 10, 2024, 7:11 am

[See All Tracking History](#)

[What Do USPS Tracking Statuses Mean?](#)



**From:** [Barron, Jeanette](#)  
**To:** [Clelland, Sarah, EMNRD](#)  
**Subject:** [EXTERNAL] Re: [EXTERNAL]Action ID 356344 CTB-1126  
**Date:** Monday, May 19, 2025 11:33:50 AM  
**Attachments:** [SRO St Com 18H, 45H & 65H NMOCD CTB Application..pdf](#)

**CAUTION:** This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Thanks Sarah please see revised application.

**Jeanette Barron** | Regulatory Coordinator, Delaware Basin NM | **ConocoPhillips**  
**O:** 575-748-6974 | **C:** 575-909-2803 | 2208 W. Main Street, Artesia, New Mexico

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**From:** Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>  
**Sent:** Friday, May 16, 2025 11:33 AM  
**To:** Barron, Jeanette <Jeanette.Barron@conocophillips.com>  
**Subject:** [EXTERNAL]Action ID 356344 CTB-1126

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To whom it may concern (c/o Jeanette Barron for COG Operating, LLC),

The Division is reviewing the following application:

<b>Action ID</b>	<b>356344</b>
<b>Admin No.</b>	CTB-1126
<b>Applicant</b>	COG Operating, LLC
<b>Title</b>	SRO State Com 18H CTB
<b>Sub. Date</b>	06/20/2024

Please provide the following additional supplemental documents:

- 

Please provide additional information regarding the following:

- C-107B says metering but Process Flow Diagram depicts well testing. Please verify which is accurate.
- Summary letter is confusing as to allocation method as well.

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

**COMMENT**

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at [OCD.Enviro@emnrd.nm.gov](mailto:OCD.Enviro@emnrd.nm.gov) for instructions regarding the submittal process for applications of this type.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

**From:** [Barron, Jeanette](#)  
**To:** [Clelland, Sarah, EMNRD](#)  
**Subject:** Re: [EXTERNAL] Re: [EXTERNAL]Action ID 356344 CTB-1126  
**Date:** Thursday, May 22, 2025 3:39:13 PM  
**Attachments:** [SRO St Com 18H, 45H & 65H NMOCD CTB Application..pdf](#)

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It has been wild!! Soo ready for the three day weekend!

Hope you have a good one!

**Jeanette Barron** | Regulatory Coordinator, Delaware Basin NM | **ConocoPhillips**  
**O:** 575-748-6974 | **C:** 575-909-2803 | 2208 W. Main Street, Artesia, New Mexico

---

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---

**From:** Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>  
**Sent:** Tuesday, May 20, 2025 11:38 AM  
**To:** Barron, Jeanette <Jeanette.Barron@conocophillips.com>  
**Subject:** RE: [EXTERNAL] Re: [EXTERNAL]Action ID 356344 CTB-1126

Hi Jeanette,

Still confused. The C-107B says test meter. I assume that should be well test. Can you please correct that. If that is the case, then we will need rennotice.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**  
State of New Mexico  
Energy, Minerals, and Natural Resources Department  
Oil Conservation Division  
Cell: (505) 537-0627  
[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

---

**From:** Barron, Jeanette <Jeanette.Barron@conocophillips.com>  
**Sent:** Monday, May 19, 2025 11:33 AM  
**To:** Clelland, Sarah, EMNRD <Sarah.Clelland@emnrd.nm.gov>  
**Subject:** [EXTERNAL] Re: [EXTERNAL]Action ID 356344 CTB-1126

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**Jeanette Barron** | Regulatory Coordinator, Delaware Basin NM | **ConocoPhillips**  
**O:** 575-748-6974 | **C:** 575-909-2803 | 2208 W. Main Street, Artesia, New Mexico

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**From:** Clelland, Sarah, EMNRD <[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)>

**Sent:** Friday, May 16, 2025 11:33 AM

**To:** Barron, Jeanette <[Jeanette.Barron@conocophillips.com](mailto:Jeanette.Barron@conocophillips.com)>

**Subject:** [EXTERNAL]Action ID 356344 CTB-1126

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To whom it may concern (c/o Jeanette Barron for COG Operating, LLC),

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<b>Action ID</b>	<b>356344</b>
<b>Admin No.</b>	CTB-1126
<b>Applicant</b>	COG Operating, LLC
<b>Title</b>	SRO State Com 18H CTB
<b>Sub. Date</b>	06/20/2024

Please provide the following additional supplemental documents:

- 

Please provide additional information regarding the following:

- C-107B says metering but Process Flow Diagram depicts well testing. Please verify which is accurate.
- Summary letter is confusing as to allocation method as well.

Additional notes:

- 

All additional supplemental documents and information may be provided via email and should be done by replying to this email. The produced email chain will be uploaded to the file for this application.

Please note that failure to take steps to address each of the requests made in this email within 10 business days of receipt of this email may result in the Division rejecting the application requiring the submittal of a new application by the applicant once it is prepared to address each of the topics raised.

**COMMENT**

Approval from Division is required prior to conducting work which modifies the well design.

Please contact the Environmental Bureau at [OCD.Enviro@emnrd.nm.gov](mailto:OCD.Enviro@emnrd.nm.gov) for instructions regarding the submittal process for applications of this type.

Thanks,

*Sarah Clelland*

**Petroleum Specialist**

State of New Mexico

Energy, Minerals, and Natural Resources Department

Oil Conservation Division

Cell: (505) 537-0627

[Sarah.Clelland@emnrd.nm.gov](mailto:Sarah.Clelland@emnrd.nm.gov)

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

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY COG OPERATING, LLC**

**ORDER NO. CTB-1126**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. COG Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells as described in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

**CONCLUSIONS OF LAW**

5. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
6. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10 A.(2) NMAC, 19.15.12.10 C.(4)(c) NMAC, and 19.15.12.10 C.(4)(e) NMAC, as applicable.
7. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9 A.(5) NMAC and 19.15.23.9 A.(6) NMAC, as applicable.
8. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10 B.(1) NMAC or 19.15.12.10 C.(1) NMAC, as applicable.
9. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10 B.(3) NMAC and 19.15.12.10 C.(4)(h) NMAC.



10. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production shall be based on the production life of each well as measured for three periods: (a) the initial production period shall be measured from the first production until the earlier of either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the initial production period, the oil and gas production for each well identified in Exhibit A shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well identified in Exhibit A shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and (c) a minimum of one (1) well test per month when the decline rate is less than ten percent (10%) per month.

Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from that well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period

shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period that continues for more than fifteen (15) days until the well commences production.

3. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
4. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8 B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8 E. NMAC.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10 C.(2) NMAC.
6. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
7. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
8. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
9. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**GERASIMOS RAZATOS  
DIRECTOR (ACTING)**

**DATE:** 6-3-2025

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **CTB-1126**

Operator: **COG Operating, LLC (229137)**

Central Tank Battery: **SRO State Com 18H Central Tank Battery**

Central Tank Battery Location: **UL A, Section 17, Township 26 South, Range 28 East**

Central Tank Battery: **Red Hills Offload Station**

Central Tank Battery Location: **UL O, Section 4, Township 26 South, Range 32 East**

Central Tank Battery: **Jal Offload Station**

Central Tank Battery Location: **UL D, Section 4, Township 26 South, Range 37 East**

Gas Title Transfer Meter Location: **UL A, Section 17, Township 26 South, Range 28 East**

### Pools

Pool Name	Pool Code
<b>HAY HOLLOW;BONE SPRING</b>	<b>30215</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>CA Bone Spring SLO 203267 PUN 1337679</b>	<b>E/2 E/2</b>	<b>17-26S-28E</b>
	<b>E/2 E/2</b>	<b>20-26S-28E</b>
<b>CA Bone Spring SLO 203400 PUN 1344209</b>	<b>W/2 E/2</b>	<b>17-26S-28E</b>
	<b>W/2 E/2</b>	<b>20-26S-28E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-015-39999</b>	<b>SRO STATE COM #018H</b>	<b>E/2 E/2</b>	<b>17-26S-28E</b>	<b>30215</b>
		<b>E/2 E/2</b>	<b>20-26S-28E</b>	
<b>30-015-41143</b>	<b>SRO STATE COM #045H</b>	<b>W/2 E/2</b>	<b>17-26S-28E</b>	<b>30215</b>
		<b>W/2 E/2</b>	<b>20-26S-28E</b>	
<b>30-015-42129</b>	<b>SRO STATE COM #065H</b>	<b>W/2 E/2</b>	<b>17-26S-28E</b>	<b>30215</b>
		<b>W/2 E/2</b>	<b>20-26S-28E</b>	



Sante Fe Main Office  
Phone: (505) 476-3441

General Information  
Phone: (505) 629-6116

Online Phone Directory  
<https://www.emnrd.nm.gov/oed/contact-us>

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

CONDITIONS

Action 356344

CONDITIONS

Operator: COG OPERATING LLC 600 W Illinois Ave Midland, TX 79701	OGRID: 229137
	Action Number: 356344
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please email us at <a href="mailto:OCD.Engineer@emnrd.nm.gov">OCD.Engineer@emnrd.nm.gov</a> .	6/3/2025