



United States Department of the Interior

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



3180 (P0220)
NM71975

Reference:
Designation of Successor Operator
Communitization Agreement No. NM71975

Eddy County, New Mexico

MAR 12 2015

CERTIFIED—RETURN RECEIPT REQUESTED
7012 2210 0001 2089 3622

COG Operating, LLC
550 West Texas Avenue, Suite 100
Midland, Texas 79701

Gentlemen:

This office has received and reviewed your Designation of Successor Operator in which your company has agreed to assume all rights, duties, and obligations as the operator of the Communitization Agreement No. NM71975 covering the S/2 of sec. 35, T. 21 S., R. 27 E., NMPM, Eddy County, New Mexico. The instruments are executed by COG Operating, LLC, as operator of the communitized area.

The designation of COG Operating, LLC, as successor operator of the communitized area effective 9/4/2014 is hereby approved.

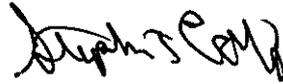
In accordance with this approval, COG Operating, LLC is responsible for all operations and the reporting of all production from the communitized area. Well signs should also reflect COG Operating, LLC, as operator. Please inform all interested principles of such approval.

In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would entitle it to conduct operations under Communitization Agreement No. NM71975.

RECEIVED OGD
2015 MAR 23 P 2:29

If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Caffey". The signature is written in a cursive style with a large, stylized initial "S".

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc:

ONRR (MMS), Denver
NMOCD-Artesia
NM (P0221), CFO I&E
NM (P0220), CFO

Designation of Successor Operator for CA

(Hunker Com #1)

Designation of successor operator, communitization agreement no. **NMNM 71975**, covering the S/2 of Sec. 35, T. 21S., R. 27E., **EDDY** County, **NEW MEXICO**.

This indenture, dated as to the **4th** day of **September, 2014**, by and between **COG OPERATING LLC**, hereinafter designated as "First Party," and the owners of 'communitized working interest, hereinafter designated as "Second Parties,"

Witnesseth: Whereas under the provision of section 17(j) of the Act of February 25, 1920, as amended (74 Stat. 784; 30 U.S.C. 266(J)), the Secretary of the Interior, acting by and through the Authorized Officer, on the **28th** day of **June, 1977**, approved communitization agreement no. **NMNM 71975** whereby **Western Oil Producers, Inc.** is designated as Operator of the communitized area; and

Whereas the designation of a successor operator is now desired pursuant to section No. 3 of the communitization agreement; and

Whereas the First Party has been and hereby is designated by Second Parties as Operator of the communitized area, and said First Party desires to assume all the rights, duties and obligations of Operator under said communitization;

Now, therefore, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Operator of the communitized area under and pursuant to all the terms of communitization agreement no. **NMNM 71975** and the Second Parties covenant and agree that effective as of the date herein specified (Effective date **September 4th, 2014**), and upon receipt of this indenture, properly executed, by the Authorized Officer, the First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Operator, pursuant to the terms and conditions of said communitization agreement, said communitization agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said agreement were expressly set forth in this instrument.

Operator states that they have notified all working interest owners of Communitization Agreement **NMNM 71975**.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

COG Operating LLC

By: Mona D. Ables
Name: Mona D. Ables *MB*
Title: Vice President of Land

John S. ... 2/24/15
(Witness/Date)

[Signature] 2/24/15
(Witness/Date)



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IN REPLY REFER TO:

NM134272

3105.2 (P0220)

Reference:

Black Pearl 1 Federal Com 1H

T. 20 S., R. 34 E.,

Section 1; Lot 1

Lea County, NM

March 19, 2015

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

RECEIVED OGD
2015 MAR 23 P 2:29

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134272 involving 40 acres of Federal land in lease NMNM119279, and 120.88 acres of Federal land in lease NMNM128366 Lea County, New Mexico, which comprises a 160.88 acre well spacing unit.

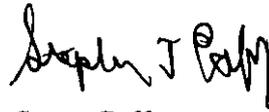
The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec. 1, Lot 1, SENE, SESE, NESE of T. 20 S., R. 34 E., NMPM, and is effective 12/01/14. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

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

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

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

Sincerely,



Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver

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

NMOCD

NM (9200)

NM (P0220-CFO, File Room)

Determination - Approval - Certification

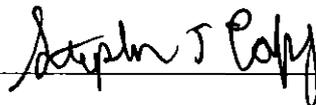
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

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

- B. Approve the attached Communitization Agreement covering Sec. 1, Lot 1, SENE, SESE, NESE of T. 20 S., R. 34 E., NMPM, as to all producible hydrocarbons from the Bone Spring formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) are not met.

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

Approved:



Authorized Officer

Effective: 12/01/14

Contract No.: Com. Agr. NM134272

United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM134272
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134272

Date of Completion: 2/26/15
Date of First Production: 2/26/15
Field: LEA
Operator, Well Name & No, API Number: COG Operating; Black Pearl 1 Fed Com 1H ;
3002542292
Surface Location: Section 1: Lot 1, T. 20 S., R. 34 E.
Total Depth: 15,582 MD; 11,015 TVD
Surface Elevation: 3,695' GL
Producing Formation: Bone Spring (11,107-15,485)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 656 BBL; Gas 597 MCF; Water 621 BBL
Current Status: Producing Oil Well
Remarks: CA NM134272, effective 12/1/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath sec. 1: Lot 1, SENE, SESE, NESE, T. 20 S., R. 34 E., NMPM, and comprises 40 acres of Federal land in lease NMNM119279, and 120.88 acres of Federal land in lease NMNM128366 for a 160.88 well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please email Arthur Morrison at ajmorrison@blm.gov.

/S/ Deborah M Ham
3/19/15

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