



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



IN REPLY REFER TO:

NM134079

3105.2 (P0220)

Reference:

Running Buffalo 1 Fed Com 1H

T. 21 S., R. 28 E.,

Section 1: Lots 1,8,9,16 and the NESE

Eddy County, NM

February 9, 2015

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM134079 involving 147.18 acres of Federal land in lease NMNM115409, and 40 acres of Federal land in lease NMNM115407, Eddy County, New Mexico, which comprises a 187.18 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the NESE, and Lots 1, 8, 9, and 16, of sec. 1, T. 21 S., R. 28 E., NMPM, and is effective 6/15/14. 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.

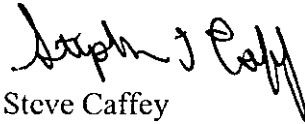
Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Caffey", written in a cursive style.

Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

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

NMOCD

NM (9200)

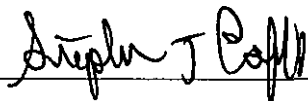
NM (P0220-CFO, File Room)

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 the NESE, and Lots 1, 8, 9, and 16, of sec. 1, T. 21 S., R. 28 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: 6/15/14

Contract No.: Com. Agr. NM134079



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Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM134079
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM134079

| | |
|--|--|
| Date of Completion: | 9/9/14 |
| Date of First Production: | 9/13/14 |
| Field: | WC015 G05 S202935P; BS |
| Operator, Well Name & No, API Number: | COG Operating; Running Buffalo 1 Fed Com 1H; 3001541538 |
| Surface Location: | Section 1: Lots 1,8,9,16 and the NESE, T. 21 S., R. 28 E. |
| Total Depth: | 13,617 MD; 8,568 TVD |
| Surface Elevation: | 3,449' GL |
| Producing Formation: | Bone Spring (8,812 – 13,520) |
| Well Capable of Production in Paying Quantities: | Yes |
| Initial Daily Production: | Oil 412 BBL; Gas 362 MCF; Water 1,314 BBL |
| Current Status: | Producing Oil Well |
| Remarks: | CA.NM134079, effective 6/15/14, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Section 1: Lots 1,8,9,16 and the NESE, T. 21 S., R. 28 E., NMPM, and comprises 147.18 acres of Federal land in lease NMNM115409, and 40 acres of Federal land in lease NMNM115407 for a 187.18 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/ Arthur Morrison
February 9, 2015

cc:
ONRR-MS 63230B
First Production File
L.LNM (P0220. File Room)