



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:

NM136940

3105.2 (P0220)

Reference:

Communitization Agreement

04/20/2017

Solution Fed Com 3H

T. 20 S., R. 30 E.,

Sec. 5: E2W2

Sec. 8: E2NW

Eddy County, NM

COG Operating, LLC

600 West Illinois Avenue

Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136940 involving 159.99 acres of Federal land in lease NMNM114354 and 80 acres of Federal land in lease NMNM0429170, Eddy County, New Mexico, which comprises a 239.99 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.5, E2W2 and Sec. 8, E2NW, T. 20 S., R. 30 E., NMPM, and is effective 08/01/2015. 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.

Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is accurate.

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 Chris Walls at (575) 234-2234 or Deborah Ham at (575) 234-5965.

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

Sincerely,



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

1 Enclosure:
1 - Communitization Agreement

cc:
ONRR, Denver
NM Taxation & Revenue Dept. (Revenue Processing Div.)
NMOCD
Commissioner of Public Lands
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. 5: E2W2 and Sec. 8: E2NW, T. 20 S., R. 30 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 (c) 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: 04/20/2017



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 08/01/2015

Contract No.: Com. Agr. NM136940



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In Reply Refer to
NM136940
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136940

Date of Completion: 09/25/2015
Date of First Production: 09/30/2015
Field: Parkway
Operator, Well Name & No, API Number: COG Operating; Solution Fed Com 3H; 30-015-43227
Surface Location: Sec. 5, Lot 3, T. 20 S., R. 30 E.
Bottom Location: Sec. 8, SENW, T. 20 S., R. 30 E.
Total Depth: 15,567 MD; 8,477 TVD
Surface Elevation: 3,252 GL
Producing Formation: Bone Spring (8,534 – 15,500)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 727 BBL; Gas 550 MCF; Water 1506 BBL
Current Status: Producing Oil Well
Remarks: CA NM136940, effective 08/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.5, E2W2 and Sec. 8, E2NW, T. 20 S., R. 30 E., NMPM, and comprises 159.99 acres of Federal land in lease NMNM114354 and 80 acres of Federal land in lease NMNM0429170 for a 239.99 acre well spacing unit whose leases are held by actual production.

If you have any questions regarding this memorandum, please call Deborah Ham at (575) 234-5965.

/S/ **Deborah Ham**
04/20/2017

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