



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:

NM136936

3105.2 (P0220)

Reference:

Communitization Agreement

04/19/2017

Blue Jay Fed Com 2H

T. 20 S., R. 35 E.,

Sec. 18: E2E2

Lea County, NM

COG Operating, LLC
600 West Illinois Avenue
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM136936 involving 120 acres of Federal land in lease NMNM119759 and 40 acres of Federal land in lease NMNM132077, Lea County, New Mexico, which comprises a 160 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath Sec.18, E2E2, T. 20 S., R. 35 E., NMPM, and is effective 09/01/2016. 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.

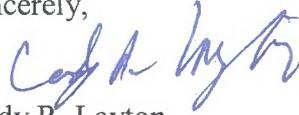
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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

A handwritten signature in blue ink, appearing to read "Cody R. Layton".

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

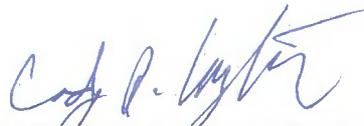
Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- 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. 18: E2E2, T. 20 S., R. 35 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: 04/19/2017



Cody R. Layton
Assistant Field Manager,
Lands and Minerals

Effective: 09/01/2016

Contract No.: Com. Agr. NM136936



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Carlsbad, New Mexico 88220-6292
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In Reply Refer to
NM136936
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM136936

Date of Completion: 03/10/2017
Date of First Production: 03/15/2017
Field: Wildcat
Operator, Well Name & No, API Number: COG Operating; Blue Jay Fed Com 2H; 30-025-43533
Surface Location: Sec. 18, SESE, T. 20 S., R. 35 E.
Bottom Location: Sec. 18, NENE, T. 20 S., R. 35 E.
Total Depth: 16,178 MD; 11,371 TVD
Surface Elevation: 3,685 GL
Producing Formation: Bone Spring (11,684– 15,963)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 247 BBL; Gas 340 MCF; Water 1947 BBL
Current Status: Producing Oil Well

Remarks: CA NM136936, effective 09/01/2016, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec.18, E2E2, T. 20 S., R. 35 E., NMPM, and comprises 120 acres of Federal land in lease NMNM119759 and 40 acres of Federal land in lease NMNM132077 for a 160 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**
04/19/2017

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