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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:
NMNM137695
3105.2 (P0220)

APR 03 2018 PM02:47

03/29/2018

Reference:
Communitization Agreement
Skull Cap Fed Com #22H
T. 24 S., R. 35 E., N.M.P.M.
Section 32: W2SE
T. 25 S., R. 35 E., N.M.P.M.
Section 05: W2E2
Lea County, NM

COG Operating LLC
Attn: Melissa Dimit
600 W Illinois Avenue
One Concho Center
Midland, TX 79701

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137695 involving 40 acres of Federal land in lease NMNM132948, 80 acres of State land and 120.70 acres of Fee land, Lea County, New Mexico, which comprise a 240.70 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfbone formation beneath the W2SE of Section 32, T. 24 S., R. 35 E., NMPM and the W2E2 of Section 05, T. 25 S., R. 35 E, NMPM, Lea County, NM, and is effective November 1, 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.

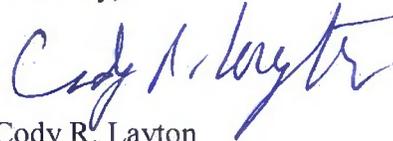
Approval of this agreement does not constitute an adjudication of any state, local government, or private interests, and does not constitute a warranty or certification that the information supplied by the party submitting this agreement regarding any private, state, or local government interests is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

NM (9200)

NM (P0220-CFO, File Room)

NM State Land Comm. (Only CA with "State" or "Fee" acreage)

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:

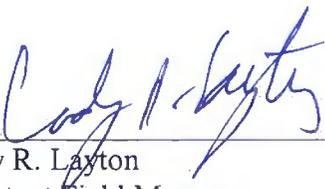
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 W2SE of Section 32, T. 24 S., R. 35 E., NMPM, and the W2E2 of Section 05, T. 25 S., R. 35 E., NMPM, as to all producible hydrocarbons from the Wolfbone formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (c) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- 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: 03/29/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: November 1, 2016

Contract No.: Com. Agr. NMNM137695



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM137695
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137695

Date of Completion: 12/18/2016
Date of First Production: 12/31/2016
Field: WC-025 G-09 S243532M
Operator, Well Name & No, API Number: COG Operating; Skull Cap Fed Com 22H; 30-025-43299
Surface Location: Sec. 32, NWSE, T. 24 S., R. 35 E.
Bottom Location: Sec. 5, SWSE, T. 25 S., R. 35 E.
Total Depth: 20,175 MD; 12,581 TVD
Surface Elevation: 3,286 GL
Producing Formation: Wolfbone (11,154 – 15,365)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 10 BBL; Gas 0 MCF; Water 2819 BBL
Current Status: Producing Oil Well

Remarks: CA NM137695, effective 09/01/2016, communitizes production of all gas and fluid hydrocarbons in the Wolfbone formation beneath Sec. 32, W2SE, T. 24 S., R. 35 E. and Sec. 5, W2E2, T. 25 S., R. 35 E., NMPM, and comprises 80 acres of State lands, 120.70 acres of Fee lands and 40 acres of Federal land in lease NMNM132948 for a 240.70 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**
03/29/2018

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