



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:
NMNM137689
3105.2 (P0220)

30-025-41666

MAR 06 2018 AM 09:23

February 26, 2018

Reference:
Communitization Agreement
Sebastian Fed Com #2H
Section 18: E2W2
T. 24 S., R. 34 E., N.M.P.M.
Lea County, NM

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

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NMNM137689 involving 40.00 acres of Federal land in lease NMNM 123528, and 120.00 acres in Fee Land, Lea County, New Mexico, which comprise a 160.00 acre well spacing unit.

The agreement communitizes all rights to all producible hydrocarbons from the Bone Spring formation beneath the E2W2 of Section 18, T. 24 S., R. 34 E, NMPM, Lea County, NM, and is effective June 1, 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, 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,

A handwritten signature in blue ink that reads "Cody R. Layton". The signature is written in a cursive, flowing style.

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:

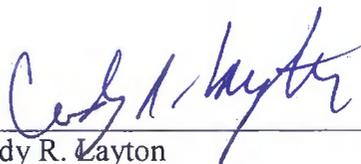
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement 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 E2W2 of Section 18, T. 24 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 (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: 02/26/2018



Cody R. Layton
Assistant Field Manager
Lands and Minerals

Effective: June 1, 2015

Contract No.: Com. Agr. NMNM137689



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In Reply Refer to
NM137689
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM137689

Date of Completion: 06/03/2015
Date of First Production: 06/06/2015
Field: Red Hills
Operator, Well Name & No, API Number: COG Operating; Sebastian Fed Com 2H; 30-025-41666
Surface Location: Sec. 18, NENW, T. 24 S., R. 34 E.
Bottom Location: Sec. 18, SESW, T. 24 S., R. 34 E.
Total Depth: 15,408 MD; 10,927 TVD
Surface Elevation: 3,592 GL
Producing Formation: Bone Spring (10,974 – 15,330)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 1139 BBL; Gas 1479 MCF; Water 2264 BBL
Current Status: Producing Oil Well
Remarks: CA NM137689, effective 06/01/2015, communitizes production of all gas and fluid hydrocarbons in the Bone Spring formation beneath Sec. 18, E2W2, T. 24 S., R. 34 E., NMPM, and comprises 40 acres of Federal land in lease NMNM123528 and 120 acres of Fee land 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

02/26/2018

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