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	[C]	App	olication is One	Which Require	s Published	l Legal Not	ice			
	[D]		ification and/or Bureau of Land Manage	Concurrent Ap	proval by E Public Lands, St	BLM or SLC ate Land Office	C			
٩	[E]	For	all of the above	e, Proof of Notif	fication or F	Publication	is Attach	ed, and/or,		
-	[F]	U Wai	ivers are Attach	ned			:			
[3] <b>SUBM</b>	IT ACC	URATE	AND COMPI	LETE INFORM	<b>1ATION R</b>	EQUIRE	) TO PR	OCESS T	HE TYI	PE

OF APPLICATION INDICATED ABOVE.

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[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Netha Aaron	Methe Jarm	Regulatory Analyst	5/12/11
Print or Type Name	Signature	Title	Date
		oaaron@conchoresources.c. e-mail Address	om

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May 19, 2011

COG Operating, LLC Netha Aaron 550 W. Texas Ave., Suite 100 Midland, TX 79701

New Mexico Oil Conservation Division **Richard Ezeanyim** 1220 S St. Francis Drive Santa Fe, New Mexico 87505

Dear Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Off-Lease Measurement on the following well:

#### Hercules Federal Com 1H Chaves County, NM API # 30-005-27999 Surface: 1980 FNL & 330 FWL Sec 15, T15S, R31E, Unit E

This well is producing from the Wildcat; Abo-Wolfcamp (Oil - 97715) Pool. The Off-Lease Measurement facility is located on COG Operating LLC property, at our Hercules Federal Com 2H well site, Sec 15, T15S, R 31E, Unit D. This facility has a dcp Midstream gas sales meter, meter #726141-00.

The Hercules Federal Com 1H has a Communitization Agreement NMNM 125771. This agreement comprises 160.00-acre well spacing unit. It involves 80 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land lease V0-8010.

I have attached proof of notice to all of our working interest owners, a diagram of our battery facility, and a map with lease boundaries showing all well and facility locations.

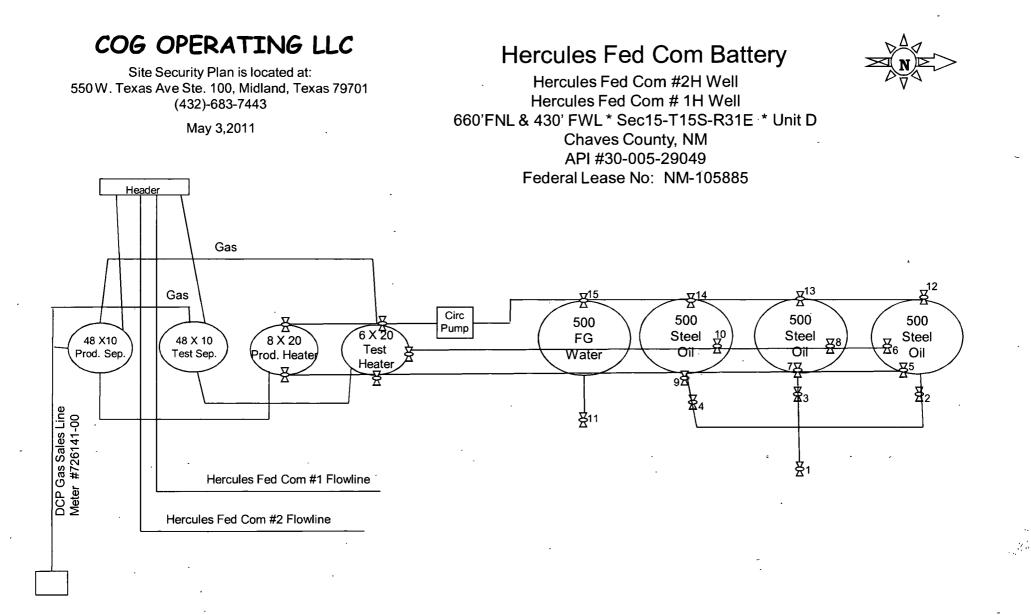
Please contact me at 432-818-2319 should you have any guestions.

Sincerely,

letha Carm

COG Operating, LLC Netha Aaron **Regulatory Analyst** 

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**Production Phase:** 

Valves #1,2,3,4,12,13,14,15 - Closed Valves #5,6,7,8,9 and 10 - Open

### Sales Phase:

Valves #1,2,3 and 4 - Open Valves #12,13,14,15 - Closed Valves #5,6,7,8,9 and 10 - Open

Submit 1 Copy Office	To Appropriate District	_		New Mexi	-			Form C-103
District I		Energy,	Minerals	and Natural	Resources	WELL ADI	NO	October 13, 2009
1625 N. French District II	Dr., Hobbs, NM 88240					WELL API 30-005-2799		
	Ave, Artesia, NM 88210	OIL C	ONSERV	ATION D	IVISION	the second se	Type of Lease	a
District III	<b>D 1 1 1 1 1 1 1 1 1 1</b>	12	220 South	St. Franci	s Dr.	STA'	· · _	FEE
1000 Rio Brazo District IV	s Rd., Aztec, NM 87410		Santa Fe	e, NM 8750	5		& Gas Lease	
	ncis Dr., Santa Fe, NM					•		
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PROPOSALS )		CATION FOR FE	KIVIII (FUKI	VIC-IUI)FOR	ОСП	Hercules Fe		
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						1H		0127
2. Name of	•	COC Openating	ШC			9. OGRID	Number 22	.9137
3. Address of		COG Operating				10 Pool na	me or Wildca	·+
J. Audress (	550 West Texas	Ave Suite 100	Midland	TX 79701	_		o-Wolfcamp	
4		Ave, Suite 100	, 101101010,			11 macut, 110		51110
4. Well Loc		1090 6-	t from the	Month	line and	220 4	Faat from the	West line
	t Letter <u>E</u> :		et from the		line and		feet from the	<u>West</u> line
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	Patrix and a second	II. Elevatio		iether DR, R. 5 GR	KB, RT, GR, etc.	)		
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	Off Lease Measure	mont			THER:		2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	$\bigcirc$ ' $\square$
OTHER:	ribe proposed or comp		s (Clearly			d give pertine	nt dates inclu	iding estimated date
of sta	arting any proposed w osed completion or rec	ork). SEE RUI						
COG Operatii	ng LLC respectfully re	quests approva	l for Off-L	ease Measure	ment on the He	rcules Federa	al Com 1H w	ell.
Operating LL	roducing from the Wil C property, at our Her neter #726141-00.							
	Federal Com 1H has a es 80 acres of Federal							
	d proof of notice to all ell and facility locatio		g interest o	wners, a diag	ram of our batte	ry facility, and	a map with I	lease boundaries
			1		ſ		]	
Spud Date:			Rig F	Release Date:				

I hereby certify that the information above is true and	d complete to the best	of my knowledge and belief.			
SIGNATURE Altra Jam	TITLE	Regulatory Analyst	DATE	5/19/11	
Type or print name For State Use Only	E-mail address:	oaaron@conchoresources.	com PHONE	432-818-2319	
APPROVED BY:	TITLE		DATE		

APPROVED BY:	
Conditions of Approval	(if any):

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#### Affidavit of Fact

STATE OF TEXAS §

COUNTY OF MIDLAND §

Affiant on oath swears that the following statements are true:

My name is Jan Preston Spradlin. I am a Senior Landman for COG Operating LLC. I am familiar with the ownership of the Hercules Federal Com 1H (API 30-005-27999), Hercules Federal Com 2H (API 30-005-29049), both of which are situated in Section 15, Township 15 South, Range 31 East, Chavez County, New Mexico. I hereby confirm that the working interests and royalty interest in these wells are common.

Affiant

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uston Mudli

Jan Preston Spradlin

SUBSCRIBED AND SWORN TO before me on the  $47^{-1}$  day of May, 2011.

×	TRACI CONNER MY COMMISSION EXPIRES August 29, 2014	
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Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on this  $\underline{\mu}^{\mu}$  day of  $\underline{\mu}^{\mu}$ , 2011, by Jan Preston Spradlin, Notary Public for the State of Texas.

TRACI CONNER MY COMMISSION EXPIRES August 29, 2014

Notary Public, State of Texas

(August 2007)	DE	UNITED STATES				OMB N	APPROVED NO. 1004-0135
	BI	UREAU OF LAND MANA NOTICES AND REPO	GEMENT			5. Lease Serial No NMNM105885	July 31, 2010
D ab	o not use thi andoned wel	is form for proposals to II. Use form 3160-3 (AP	drill or to re D) for such p	-enter an proposals.	-	6. If Indian, Allottee	or Tribe Name
su	IBMIT IN TRI	PLICATE - Other instruc	ctions on rev	verse side.		7. If Unit or CA/Agreen	eement, Name and/or No.
1. Type of Well						8 Well Name and No HERCULES FED	
2. Name of Operator COG OPERATIN			NETHA AAR			9 API Well No 30-005-27999-0	00-S1
3a. Address         3b. Phone N           550 WEST TEXAS AVENUE SUITE 100         Ph: 432-8           MIDLAND, TX 79701-4287         Fx: 432-68			). (include area code 18-2319	) .	10. Field and Pool, or		
4. Location of Well (Footage, Sec., T, R., M., or Survey Description)						11. County or Parish,	and State
Sec 15 T15S R3	1E SWNW 19	980FNL 330FWL				CHAVES COU	NTY, NM
12. C	CHECK APPF	ROPRIATE BOX(ES) TO	) INDICATE	NATURE OF	NOTICE, RE	PORT, OR OTHE	R DATA
TYPE OF SUBM	IISSION	TYPE OF ACTION				·····	
Notice of Intent	, '	□ Acidize	Dee	-	Production (Start/Resume)		U Water Shut-Off
🛛 Subsequent Rep	port	<ul> <li>Alter Casing</li> <li>Casing Repair</li> </ul>			Reclama		Well Integrity Other
Final Abandonment Notice		Change Plans	-			arily Abandon	Off-Lease Measure
	•	Convert to Injection	🗖 Plug	g Back	🗖 Water D	isposal	·
following completion testing has been com	n of the involved pleted. Final Ab	operations If the operation re- andonment Notices shall be fil-	sults in a multin	le completion or rec	ompletion in a n	ew interval, a Form 316	e filed within 30 days 50-4 shall be filed once and the operator has
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#### Additional data for EC transaction #107956 that would not fit on the form

#### 32. Additional remarks, continued

The Hercules Federal Com 1H has a Communitization Agreement NMNM 125771. This agreement comprises 160.00-acre well spacing unit. It involves 80 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land lease V0-8010.

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I have attached proof of notice to all of our working interest owners, a diagram of our battery facility, and a map with lease boundaries showing all well and facility locations.

#### Revisions to Operator-Submitted EC Data for Sundry Notice #107956

	Operator Submitted	BLM Revised (AFMSS)
Sundry Type:	OLM NOI	OLM SR
Lease:	NMNM105885	NMNM105885
Agreement:		NMNM125711
Operator:	COG OPERATING LLC 550 WEST TEXAS SUITE 100 MIDLAND, TX 79701 Ph: 432-818-2319	COG OPERATING LLC 550 WEST TEXAS AVENUE SUITE 100 MIDLAND, TX 79701-4287 Ph. 432-685-9158
Admin Contact:	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail. oaaron@conchoresources.com	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail: oaaron@conchoresources com
	Ph: 432-818-2319 Fx: 432-685-4396	Ph: 432-818-2319 Fx: 432-685-4396
Tech Contact:	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail: oaaron@conchoresources com	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail: oaaron@conchoresources.com
	Ph: 432-818-2319 Fx: 432-685-4396	Ph <sup>.</sup> 432-818-2319 Fx: 432-685-4396
Location: State: County:	NM CHAVEZ COUNTY	NM CHAVES
Field/Pool:	WILDCAT; ABO, WOLFCAMP	UNDESIGNATED-ABO-WOLFCAMP
Well/Facility	HERCULES FEDERAL COM 1H Sec 15 T15S R31E 1980FNL 330FWL	HERCULES FEDERAL COM 1H Sec 15 T15S R31E SWNW 1980FNL 330FWL

	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<i>сопсно</i>	<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the maliplece, or on the front if space permits.</li> </ul>	A. Signature A. Signature A. Agent Addresse B. Received by (Printed Name) C. Date of Deliver
April 19, 2011	1. Article Addressed to: Chesapeake Operating Inc. Attn: Robert Martin	D. is delivery address different from item 1? APR enter delivery address below: No NAILROOIVI 6
Chesapeake Operating, Ir Attn: Robert Martin	6100 N Western Orighman City OK 73118	3. Service Type Certified Mail  Express Mail Registered  Return Receipt for Merchandis Insured Mail C.O.D.
Certified Mail Article Num	2° Articla Numbér	4. Restricted Delivery? (Extra Fee)         □ Yes           9991.7030         051.7         3884
Re: Request for Off Le		turn Receipt 102595-02-M-154

Mr. Martin:

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Off Lease Measurement and Surface Commingle for the following wells:

#### Hercules Federal Com 2H Chavez County, NM API #: 30-005-29049 Communitization Agreement # NMNM-124864

#### Surface: 660 FNL & 430 FWL Sec 15, T15S, R31E, Unit D

#### Hercules Federal Com 1H Chavez County, NM API# 30-005-27999 Communitization Agreement # NMNM-125711

#### Surface: 1980 FNL & 330 FWL Sec 15, T15S, R31E, Unit E

The battery is located on COG Operating, LLC property, Hercules Federal Com #2H, Sec 15, T15S, R31E, Unit E.

Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Off Lease Measurement and Surface Commingle if no objection has been made within the 20 days after the application has been received.

Sincerely,

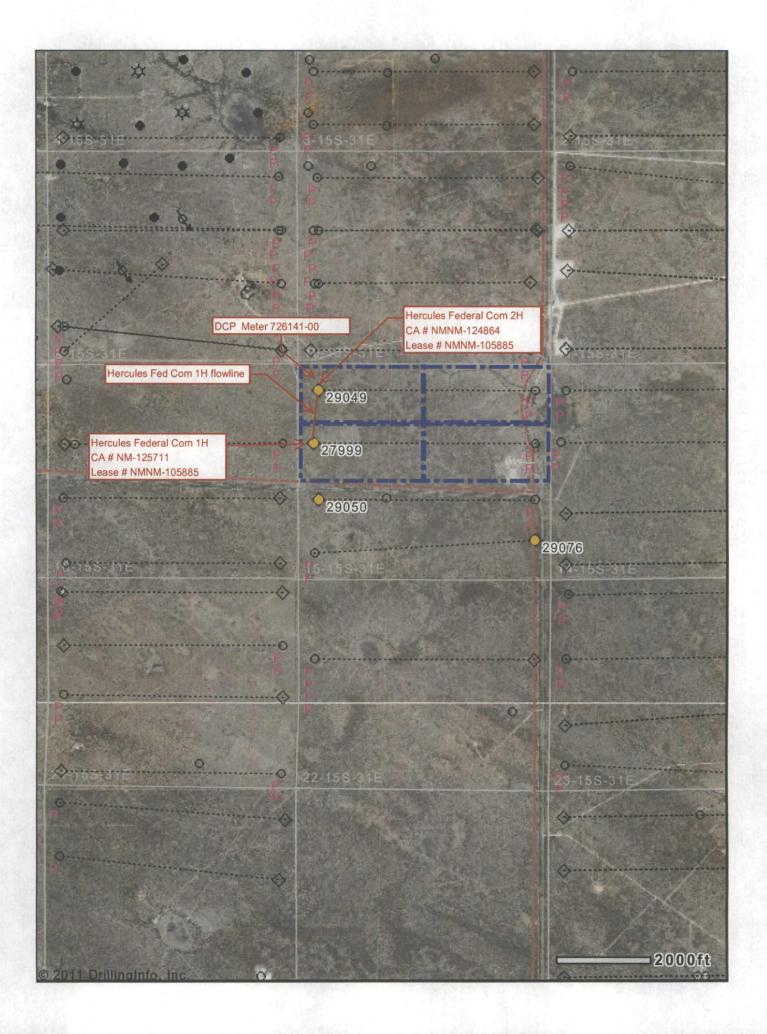
lars

COG Operating LLC Netha Aaron Regulatory Analyst

	Package ID: 9171999991703005173884
	Destination ZIP Code. 73118
Confirmation	Destination ZIP Code. 73118 Customer Reference:
Services	Recipient:
Services	Address:

Electronic Certified First Class Letter PBP Account #: 41592288 Serial #: 1364097

APR 19 2011 3:10pm



# **COG Operating LLC** is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s):

#### Federal Lease No.: SHL – NM-105885, BHL – VO-8010, Com No.:NMNM 125711

Well Name	<u>API No.</u>	Loc: ¼¼ Sec. Twp. Rng.	Formation	<u>BOPD</u>	<u>Oil Gravity</u>	MCFPD	<u>BTU</u>
Hercules Federal Com 1H	30-005-27999	SWNW, Sec.15, T15S, R31E	Wildcat; Abo, Wolfcamp	145	39.1/@60°	250	593

With hydrocarbon production from:

#### Federal Lease No.: SHL - NM-105885, BHL - VO-8010, Com No.NMNM 124864

<u>Well Name</u>	<u>API No.</u>	Loc: ¼¼ Sec. Twp. Rng.	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	. <u>E</u>	BTU	
Hercules Federal Com 2H	30-005-29049	NWNW, Sec.15, T15S, R31E	Wildcat; Abo, Wolfcamp	113	39.3/@60°	167	, <u>5</u>	593	

The storage and measuring facility is located at NWNW, Sec.15, T15S, R31E on Lease No.: NM 105885, Chavez County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:

Oil and Gas are to be measured at individual test facilities, and production allocated based on well tests.

DISTRICT I 1985 N. Presob Dr., Bobbs, FE 88940 DISTRICT II 1991 V. Grand Avgang, Artona, Mil 89810

DISTRICT III 1000 Rie Bresse Rd., Astes, NE 87410

DISTRICT IV 1989 S. St. Presets Dr., Santa Po, Fill 07045

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#### State of New Mexico Energy, Minerals and Naturel Resources Department

Rovisod October 12, 2006 Submit to Appropriate District Office

Form C-102

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

O AMENDED REPORT

State Lease - 6 Copies Pos Lease - 3 Copies

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<b>API</b> 30-00	Number 5-279	99		<b><sup>2001</sup> Cod</b> u 7715		Wildcat; Abo-Wolfcamp			
Property 3734			Property Name HERCULES FEDERAL COM 1H						
OCRID N 2291				C.O.G. OPERATING L.L.C. Biovation 4405'					
		Surface Location							
UL or lot No. E	Section 15	Township 15 S	Range 31 E	Lot Ida	Foot from the 1980	North/South line	Peet from the 330	East/Vest line WEST	County CHAVES
			Bottom	Hole Lo	cation if Diffe	rent From Sur	face		
UL or lot No. H	Section 15	Township 15 S	Renge 31 E	Lot Ida	Peet from the 1923	North/South line	Peol from the	East/Vest line	County CHAVES
Dedicated Acres 160	Joint o	r inful Co	noolidation C	ode Or	der No.		4945		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

.000 6- 	SURFACE LOCATION LAT.: N 33'01'03.72° LONG.: W103'49'01.62" SPC- N.: 734361.3 E.: 699568.5 (NAD-83)	BOTION HOLF LOCATION LAT.: N 33'01'03.87" LONG.: W103'48'07.25" SPC- N.: 734387.685 E.: 704200.263 (NAD-83)	1923'	650°	OPERATOR CERTIFICATION  / Acrety certify that the information contained horoth is true and complete to the bast of my knowledge and belief, and that this organization other around a working information without a start the start of the formation of the start of the propaged belief without or to a wolendary posting order territy island to computer provide a start of the start of the condina start a misserial or working island, or to a wolendary posting order territy island the division.
<u>51</u> 	2' 4401.8'			° <	Kanicia Carrillo Fristed Name SURVEYOR CERTIFICATION
334	0'				I hereby certify that the well location shown on this plot was plotted from field notes of estimic surveys made by no or under my supervision, and that the same is true and correct to the best of my belief JULY 22,2007 Date Surveys and be
		• == == == == == == = = = =             	·		Signature & Territoria Profeeding & Territoria Cartificate No. Gory L. Jones 7977
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	Dedicated Acres	Joint o	r Infill Con	solidation (	Code 0	rder No.			4990		
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NM State Land Office Oil, Gas, & Minerals Division

Hercules Fed Com #14

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#### COMMUNITIZATION AGREEMENT

Contract No. Mu- 125 211

STATE/FEDERAL OR

STATE/FEDERAL/FEE

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 15 South, Range 31 East, N.M.P.M. Section 15: S/2N/2 Chaves County, New Mexico Containing 160 acres, more or less

and this agreement shall include only the Abo and Wolfcamp Formations underlying said lands (hereinafter referred to as "communitized substances") producible from such formation.

State/Fed/Fee

# BK 673 PG 371

Revised March 2003

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- 2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitzed area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is August 15, 2010, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**; the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

Thingy K. Dagett By:

Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration, L.L.C.

By: \_

Henry J. Hood Senior Vice President – Land and Legal & General Counsel

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico
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**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution

#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

K. Daggett Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration, L.L.C.

By:

Henry J. Hood Senior Vice President – Land and Legal & General Counsel

State/Fer/Fee

### BK 673 PG 376

#### ACKNOWLEDGEMENTS

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STATE OF TEXAS	
COUNTY OF MIDLAND	

This instrument was acknowledged before me on  $\underbrace{\text{Mpt 22}}_{\text{LLC}, a}$ , 2010, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of said company.

	TRACI CONNER MY COMMISSION EXPIRES August 29, 2014	Notary Public
STATE OF	)	
COUNTY OF	)	

This instrument was acknowledged before me on \_\_\_\_\_\_, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_\_ corporation, on behalf of said corporation.

Notary Public

State/Fed/Fee

#### ACKNOWLEDGEMENTS

#### STATE OF TEXAS

#### COUNTY OF MIDLAND

This instrument was acknowledged before me on <u>1997</u>, 2010, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability commence on behalf of said commany.

X	TRACI CONNER MY COMMISSION EXPIRES August 29, 2014	
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	COMMON
Notary Public	

STATE OF

COUNTY OF

This instrument was acknowledged before me on <u>deftember 27</u>, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L L.C., an Oklahon Linited Linite corporation, on behalf of said corporation.

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Notary Public

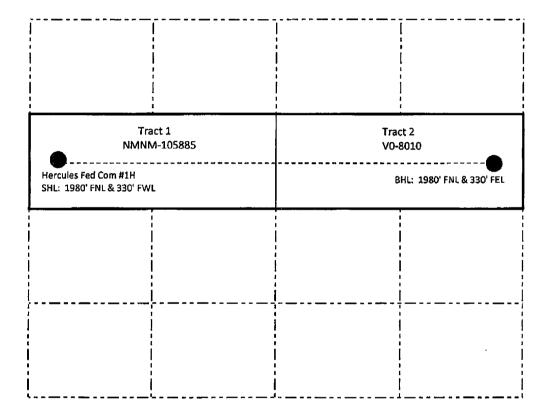
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# BK 673 PG 378

#### EXHIBIT A

To Communitization Agreement dated August 15, 2010, embracing the S/2N/2 of Section 15, Township 15 South, Range 31 East, N.M P.M., Chaves County, New Mexico



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#### EXHIBIT B

To Communitization Agreement dated August 15, 2010, embracing

the S/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico

Operator of Communitized Area: COG Operating LLC

#### DESCRIPTION OF LEASES COMMITTED

100.00%

#### TRACT NO. 1

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NMNM-105885
March 1, 2001
10 years
USA Bureau of Land Management
Chalfant Properties, Inc.
COG Oil & Gas LP Chesapeake Exploration LP

Description of Land Committed:	Township 15 South, Range 31 East, N.M.P.M. Section 15: S/2NW/4 Chaves County, New Mexico		
Number of Acres: 80.00			
Royalty Rate: 1/8th			
Name and Percent ORRI Owners:	Harvey E. Yates Company	2.50%	
Name and Percent WI Owners:	COG Oil & Gas LP	50.00%	
	Chesapeake Exploration LP	50.00%	

#### TRACT NO. 2

Lease Serial No.:	V0-8010		
Lease Date:	May 1, 2007		
Lease Term:	5 years		
Lessor:	State of New Me	exico	
Original Lessee:	COG Oil & Gas	LP	
Present Lessee:	COG Oil & Gas	LP	
Description of La	nd Committed:	Township 15 South, Range 31 East, N.M.P.M Section 15: S/2NE/4 Chaves County, New Mexico	<u>.</u>
Number of Acres	80.00		
Royalty Rate:	1/6th		
Name and Percen	t ORRI Owners:	None	
Name and Percent	t WI Owners:	COG Oil & Gas LP	100%

State/Fed/Fee

# BK 673 PG 380

### RECAPITULATION

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Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	80.00	<u>50.00%</u>
Total	160.00	100.00%

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ONLINE version December 2004

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State/Fed/Fee

# BK 673 PG 381

#### **NEW MEXICO STATE LAND OFFICE**

#### CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC Hercules Federal Com Well No. 1 Chaves County, New Mexico S2N2, Séction 15, Township 15 South, Range 31 East Abo & Wolfcamp

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced agreement, dated **August 15, 2010** which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said agreement, the Commissioner finds.

(a)

That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.

(b) That under the proposed agreement, the State of New Mexico will receive its fair

share of the recoverable oil or gas in place under its lands in the area.

(c) That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.

(d)

That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE. by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46. 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I. the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said agreement. This approval is subjective all of the provisions of the aforesaid statutes.

WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22nd day of October, 2010

COMMISSIONER OF PUBLIC LANDS of the State of New Mexico



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT Pecos District Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-2019 www.nm.blm.gov



IN REPLY REFER TO: NM-NM-125771 3105.2 (PNM0130)

NOV 2 2 2010

RETURN RECEIPT REQUESTED CERTIFIED MAIL— 7006 3450 0001 4285 4689

Concho Attn: Laura Reyna 550 West Texas Ave, Suite 100 Midland, TX 79701

Dear Ms. Reyna<sup>.</sup>

Enclosed is one approved copy of Communitization Agreement NMNM125771involving 80.00 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land in Chaves County, New Mexico. The Communitization Agreement comprises a 160.00-acre well spacing unit.

This agreement communitizes all rights as to oil, natural gas and associated hydrocarbons producible from the Abo and Wolfcamp Formations from the S<sup>1</sup>/<sub>2</sub>N<sup>1</sup>/<sub>2</sub> of section 15, T. 15 S., R. 31 E., N.M.P.M, Chaves County, New Mexico. This Communitization Agreement is effective August 15, 2010. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar, geologist, at (575) 627-0272.

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

Sincerely, (Ingel Mayes

Angel Mayes Assistant Field Manager, Lands and Minerals

1 Enclosure:

1 Communitization Agreement

cc:

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MMS, Denver MS 357B-1, Antoinette Contreraz, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA) Revenue Processing Division - Attention: Manuelita Martinez P. O. Box 2308 Santa Fe, NM 87504

New Mexico State Lands Office Oil, Gas, and Minerals Division P.O. Box 1148 Santa Fe, NM 87504-1148

LLNMP01300, Com Agreement file NM-125771

LLNMP01300, Lease File NM-105885

LLNMP09210

NMP0130:Acollar:ac:7/27/2009:575-627-0272:CA NM125711 approval letter

# BK 673 PG 384

#### **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 wellspacing 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 S½N½ of section 15, T. 15 S., R.
 31 E., N.M.P.M., Chaves County, New Mexico, as to oil, natural gas, and associated hydrocarbons producible from the Abo and Wolfcamp Formations. This approval will become invalid if the public interest requirements under section 3105.23(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: November 17, 2010

Authorized Officer

Effective: August 15, 2010

Contract No.: Com. Agr. NMNM125771





FILE FOR RECORD JAN 12, 2011 AT 11:26 O CLOCK AM FILE FOR RECORD JAN 12, 2011 AT 11:26 O CLOCK AM Receipt Number: 334700 Fee: \$35.50 Book 00673 Page 00371Pages 14 To Whom Returned: COG OPERATING LLC LAURA REYNA 550 WEST TEXAS AVE STE 100 MIDLAND, TX 79701

Rhoda C. Coakley, County Clerk

Deputy

#### RATIFICATION AND JOINDER OF COMMUNITIZATION AGREEMENT

The undersigned party has received a true copy of Communitization Agreement dated August 15, 2010, which communitizes the production of gas and associated liquid hydrocarbons produced from the Abo and Wolfcamp formation underlying the S/2N/2 of Section 15, T-15-S, R-31-E, N M P.M, Chaves County, New Mexico

The undersigned party is an Overriding Royalty Interest Owner in one or more of the tracts comprising the communitized area.

The undersigned party desires to adopt, ratify and become a party to the Communitization Agreement and commit to the Communitization Agreement all interest owned or controlled by such party in the communitized area.

NOW, THEREFORE, by the execution hereof, the undersigned party hereby becomes a party to the Communitization Agreement and agrees to be bound by the terms thereof as if such party had signed the original thereof

This ratification and joinder shall be binding upon the undersigned, their heirs, devisees, assigns or successors in interest

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

EXECUTED THIS 30/4 day of Suptember, 2010

5000

HARVEY E. YATES COMPANY

Name Riesi Title 100

STATE OF NEW MEXICO	
COUNTY OF CHAVES	

The foregoing instrument was acknowledged before me this <u>304</u> day of <u>constant to React and and</u>, as <u>any transformed and the second and the</u>

mission expires 2012

Notary Public



STATE OF NEW MEXICO, COUNTY OF CHAVES FILE FOR RECORD JAN 12, 2011 AT 11.26 O CLOCK AM Receipt Number 334700 Fee \$9.00 Book 00873 Page 00385Pages 1 To Whom Returned. COG OPERATING LLC LAURA REYNA 550 WEST TEXAS AVE STE 100

MIDLAND, TX 79701 Rhoda C Coakley, County Clerk Deputy



PATRICK H. LYONS COMMISSIONER

June 7, 2010

COG Operating LLC Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701

Attn: Laura Reyna

Re: Communitization Agreement Approval (Abo & Wolfcamp) <u>Hercules Federal Com Well No. 2</u> N2N2, Section 15, Township 15 South, Range 31 East Chaves County, New Mexico

Dear Ms. Reyna:

The Commissioner of Public Lands has this date approved the Hercules Federal Com Well No. 2 Communitization Agreement for the Abo and Wolfcamp formations effective April 1, 2010. Enclosed are three Certificates of Approval.

The term of the agreement is for two years, and so long thereafter as communitized substances are produced, or can be produced from the communitized area in paying quantities.

If we may be of further service, please contact Jeff Albers at (505) 827-5759.

Sincerely,

PATRICK H. LYONS COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director Oil, Gas & Minerals Division (505) 827-5744 PHL/JB/ja Enclosures

#### -State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM-University • Rio Grande Improvement • Miners' Hospital of NM •NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute•NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

### BK 667 PG 688

#### **NEW MEXICO STATE LAND OFFICE**

#### CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC Hercules Federal Com Well No. 2 Chaves County, New Mexico N2N2, Section 15, Township 15 South, Range 31 East Abo & Wolfcamp

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced agreement, dated **April 1, 2010** which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 7th day of June, 2010.

COMMISSI

COMMISSIONER OF PUBLIC LANDS of the State of New Mexico



AUG 1 1 2010



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT Pecos District Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-2019 www.nm.blm.gov



IN REPLY REFER TO: NM-NM-124864 3105.2 (PNM0130)

RETURN RECEIPT REQUESTED CERTIFIED MAIL— 7008-1830-0002-6036-2642

Concho Attn: Laura Reyna 550 West Texas Ave, Suite 100 Midland, TX 79701

Dear Ms. Reyna:

Enclosed is one approved copy of Communitization Agreement NMNM124864 involving 80.00 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land in Chaves County, New Mexico. The Communitization Agreement comprises a 160.00-acre well spacing unit.

This agreement communitizes all rights as to oil, natural gas and associated hydrocarbons producible from the Abo and Wolfcamp Formations from the N½N½ of section 15, T. 15 S., R. 31 E., N.M.P.M., Chaves County, New Mexico. This Communitization Agreement is effective April 1, 2010. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar, geologist, at (575) 627-0272.

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

Sincerely.

Angel Mayes Assistant Field Manager, Lands and Minerals

1 Enclosure:

1 Communitization Agreement

# BK 667 PG 690

MMS, Denver MS 357B-1, Antoinette Contreraz, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA) Revenue Processing Division - Attention: Manuelita Martinez P. O. Box 2308 Santa Fe, NM 87504

New Mexico State Lands Office Oil, Gas, and Minerals Division P.O. Box 1148 Santa Fe, NM 87504-1148

LLNMP01300, Com Agreement file NM-124864

LLNMP01300, Lease File NM-105885

LLNMP09210

cc:

NMP0130:Acollar:ac:7/27/2009:575-627-0272:CA NM124864 approval letter

**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 wellspacing 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 N½N½ of section 15, T. 15 S., R.
 31 E., N.M.P.M., Chaves County, New Mexico, as to oil, natural gas, and associated hydrocarbons producible from the Abo and Wolfcamp Formations. This approval will become invalid if the public interest requirements under section 3105.23(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: August 3, 2010

Jujes

Authorized Officer

Effective: April 1, 2010

#### Contract No.: Com. Agr. NMNM124864

#### COMMUNITIZATION AGREEMENT

BK 667 PG 692

#### Contract No.

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 15 South, Range 31 East, N.M.P.M. Section 15: N/2N/2 Chaves County, New Mexico Containing 160 acres, more or less

and this agreement shall include only the Abo and Wolfcamp Formations underlying said lands (hereinafter referred to as "communitized substances") producible from such formation.

State/Fed/Fee .

## BK 667 PG 693

- 2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitzed area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is April 1, 2010, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of. production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

State/Fed/Fee

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. Nondiscrimination: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

Gregory K Daggett

Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration, L.L.C.

By: \_\_\_

Henry J. Hood Senior Vice President - Land and Legal & General Counsel

ONLINE version December 2004

State/Fed/Fee

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#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

Gregory K Daggett Attorney-in-Fact Lessee of Record: Chesapeake Exploration, I By: Henry J. Hood

Senior Vice President – Land and Legal *Cos* & General Counsel

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#### ACKNOWLEDGEMENTS

## STATE OF TEXAS

COUNTY OF

#### COUNTY OF MIDLAND

This instrument was acknowledged before me on April 5, 2010, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LEC, a Delaware limited liability company on behalf of said company

	TRACI CONNER Iotary Public, State of Texas My Commission Expires August 29, 2010	y.	Notary Public	CORNO 2	
STATE OF		)			i

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This instrument was acknowledged before me on \_\_\_\_\_\_, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_\_ corporation, on behalf of said corporation.

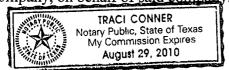
Notary Public

State/Fed/Fee

#### ACKNOWLEDGEMENTS

### STATE OF TEXAS

#### COUNTY OF MIDLAND



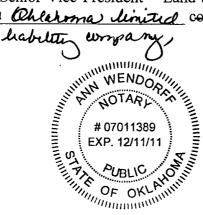
) ANO 2 Notary Public

STATE OF

#### COUNTY OF

This instrument was acknowledged before me on <u>April 15</u>, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an <u>Chlehrma limited</u> corporation, on behalf of said corporation. company

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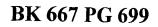


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## EXHIBIT A

Plat of communitized area covering the N/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M. Chaves County, New Mexico

	ct 1 1-105885	Trac V0-	ct 2 8010
Hercules Fed #2H SL' 660' FNL & 430' FWL			BH: 660' FNL & 330' FEL
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#### EXHIBIT B To Communitization Agreement dated Appl 1

2010, embracing

the N/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico

Operator of Communitized Area: COG Operating LLC

#### **DESCRIPTION OF LEASES COMMITTED**

#### TRACT NO. 1

Lease Serial No .:	NMNM-105885			
Lease Date:	March 1, 2001			
Lease Term:	10 years			
Lessor:	USA Bureau of	USA Bureau of Land Management		
Original Lessee:	Chalfant Properties, Inc.			
Present Lessee:	COG Oil & Gas LP Chesapeake Exploration LP			
Description of La	nd Committed:	Township 15 South, Range 31 East, N.M.P.M. Section 15: N/2NW/4 Chaves County, New Mexico		

Number of Acres: 80.00		
Royalty Rate: 1/8th		
Name and Percent ORRI Owners:	Harvey E. Yates Company	2.50%
Name and Percent WI Owners:	COG Oil & Gas LP Chesapeake Exploration LP	50.00% <u>50.00%</u> 100.00%

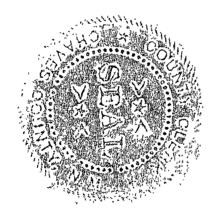
#### TRACT NO. 2

Lease Serial No.:	V0-8010		
Lease Date:	May 1, 2007		
Lease Term:	5 years		
Lessor:	State of New Mex	kico	
Original Lessee:	COG Oil & Gas I	P	
Present Lessee:	COG Oil & Gas I	LP	
Description of La	nd Committed:	Township 15 South, Range 31 East, N.M.P.M. Section 15: N/2NE/4 Chaves County, New Mexico	
Number of Acres:	80.00		
Royalty Rate:	1/6th		
Name and Percent	t ORRI Owners:	None	
Name and Percent	t WI Owners:	COG Oil & Gas LP	100%

State/Fed/Fee

## RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	80.00	<u>50.00%</u>
Total-	160.00	100.00%





STATE OF NEW MEXICO, COUNTY OF CHAVES FILE FOR RECORD SEP 17, 2010 AT 12:04 O CLOCK PM Receipt Number: 331465 Fee: \$35.50 Book 00667 Page 00698Pages 14 To Whom Returned: COG OPERATING LLC LAURA REYNA 550 W TEXAS AVE STE 100 MIDLAND, TX 79701

Rhoda C. Coakley, County Clerk all Deputy Bv

State/Fed/Fee

8

Submit 1 Copy To Appropriate District Sta	ate of New Mexico	Form C-103
Office	nerals and Natural Resources	October 13, 2009
1625 N French Dr , Hobbs, NM 88240		WELL API NO. 30-005-27999
1301 W Grand Ave, Artesia, NM 88210 OIL CON	SERVATION DIVISION	5. Indicate Type of Lease
1000 Pro Prozos Pd Artes NM 97410	South St. Francis Dr.	STATE FEE
District IV Santa Fe, NM	nta Fe, NM 87505	6. State Oil & Gas Lease No
87505		
SUNDRY NOTICES AND REPOI		7. Lease Name or Unit Agreement Name
DIFFERENT RESERVOIR USE "APPLICATION FOR PERMI		Hercules Federal Com
PROPOSALS) 1. Type of Well: Oil Well Gas Well Ot	her	8. Well Number
		1H 9. OGRID Number 229137
2 Name of Operator COG Operating LL	С	9. OOKID Number 229137
3. Address of Operator		10. Pool name or Wildcat
550 West Texas Ave, Suite 100, M	idland, TX 79701	Wıldcat; Abo-Wolfcamp 97715
4. Well Location		
		<u>330</u> feet from the <u>West</u> line NMPM Chavez County
	nship 15S Range 31E how whether DR, RKB, RT, GR, etc.	5
* * ** * * * * * * * * * *	4405 GR	and the second
12. Check Appropriate Box	to Indicate Nature of Notice,	Report or Other Data
NOTICE OF INTENTION TO	· SUB	SEQUENT REPORT OF:
PERFORM REMEDIAL WORK D PLUG AND ABA		
TEMPORARILY ABANDON 🔲 CHANGE PLAN		LLING OPNS 🔲 P AND A 🔄
		ГЈОВ 🗌
OTHER Surface Commingle		
13. Describe proposed or completed operations. (		
<ul> <li>13. Describe proposed or completed operations. ( of starting any proposed work). SEE RULE 1 proposed completion or recompletion.</li> </ul>	9.15.7.14 NMAC. For Multiple Cor	npletions: Attach wellbore diagram of
<ul> <li>13. Describe proposed or completed operations. ( of starting any proposed work). SEE RULE 1 proposed completion or recompletion.</li> <li>COG Operating LLC respectfully requests approval for</li> </ul>	9.15.7.14 NMAC. For Multiple Cor	npletions: Attach wellbore diagram of es Federal Com 1H, Communitization
<ul> <li>13. Describe proposed or completed operations. ( of starting any proposed work). SEE RULE 1 proposed completion or recompletion.</li> <li>COG Operating LLC respectfully requests approval for Agreement # NMNM-125711 and Hercules Federal C</li> </ul>	9.15.7.14 NMAC. For Multiple Cor r Surface Commingle on the Hercule Com 2H, Communitization Agreement	npletions: Attach wellbore diagram of es Federal Com 1H, Communitization nt # NMNM-124864
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May 19, 2011

COG Operating, LLC Netha Aaron 550 W. Texas Ave., Suite 100 Midland, TX 79701

New Mexico Oil Conservation Division Richard Ezeanyim 1220 S St. Francis Drive Santa Fe, New Mexico 87505

Dear Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Surface Commingle on the following wells:

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The Hercules Federal Com 2H has a Communitization Agreement NMNM 124864. This agreement comprises 160.00-acre well spacing unit. It involves 80 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land lease V0-8010.

I have attached proof of notice to all of our working interest owners, a diagram of our battery facility, and a map with lease boundaries showing all well and facility locations.

Please contact me at 432-818-2319 should you have any questions.

Sincerely,

Netha laron

COG Operating, LLC Netha Aaron Regulatory Analyst

#### Affidavit of Fact

STATE OF TEXAS §

COUNTY OF MIDLAND

Affiant on oath swears that the following statements are true:

§

My name is Jan Preston Spradlin. I am a Senior Landman for COG Operating LLC. I am familiar with the ownership of the Hercules Federal Com 1H (API 30-005-27999), Hercules Federal Com 2H (API 30-005-29049), both of which are situated in Section 15, Township 15 South, Range 31 East, Chavez County, New Mexico. I hereby confirm that the working interests and royalty interest in these wells are common

Affiant

uston Mudli

Jan Preston Spradlin

SUBSCRIBED AND SWORN TO before me on the  $\frac{19^{44}}{100}$  day of May, 2011.



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Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on this 4000 Jay of May, 2011, by Jan Preston Spradlin, Notary Public for the State of Texas.

TRACI CONNER COMMISSION EXPIRES MY August 29, 2014

Notary Public, State of Texas

Form 3160-5 (August 2007) UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT					OMB		OVED 04-0135 31, 2010
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an				NMNM105885			
abandoned v	well. Use form 3160-3 (APD)	for such p	roposals.		6 If Indian, Allottee	e or Trib	be Name
SUBMIT IN T	RIPLICATE - Other instructi	ons on rev	erse side.		7 If Unit or CA/Ag	reement	, Name and/or No
I Type of Well	Other	,			8 Well Name and N HERCULES FE		_ COM 1H
2 Name of Operator COG OPERATING LLC		ETHA AAR			9 API Well No 30-005-27999	1-00-S'	1
3a Address 550 WEST TEXAS AVENU MIDLAND, TX 79701-4287	E SUITE 100	3b Phone No Ph 432-81 Fx 432-685			10 Field and Pool, UNDESIGNA		bratory BO-WOLFCAMP
4 Location of Well , (Footage, Sec	, T, R, M, or Survey Description)				11 County or Paris	h, and S	tate
Sec 15 T15S R31E SWNW	/ 1980FNL 330FWL				CHAVES CO	JNTY,	NM
12. CHECK AI	PPROPRIATE BOX(ES) TO	INDICATE	NATURE OF N	JOTICE, RE	EPORT, OR OTH	ER D	АТА
TYPE OF SUBMISSION			TYPE OF	ACTION			
□ Notice of Intent		🗖 Dee	pen	Product	ion (Start/Resume)		Water Shut-Off
_	Alter Casing	-	ture Treat	🗖 Reclama	ation		Well Integrity
Subsequent Report	Casing Repair	—	Construction	□ Recomp			Other urface Commingling
Final Abandonment Notice	<ul> <li>Change Plans</li> <li>Convert to Injection</li> </ul>	-	Plug and Abandon		•		
Attach the Bond under which the following completion of the invol testing has been completed. Final determined that the site is ready for COG Operating LLC respen- Hercules Federal Com 1H Chaves County, NM API # 30-005-27999 Communitization Agreemer Surface: 1980 FNL & 330 I Hercules Federal Com 2H Chavez County, NM API # 30-005-29049 Communitization Agreemer	ctfully requests approval for S ht # NMNM-125711 FWL Sec 15, T15S, R31E, Un ht # NMNM-124864 WL Sec 15, T15S, R31E, Uni g is true and correct Electronic Submission #10	t D	a file with BLM/BIA e completion or reco equirements, includ mingle on the fol	Required sub impletion in a r ing reclamation lowing wells	sequent reports shall l lew interval, a Form 3 i, have been completed s	be filed 160-4 st d, and the <b>2</b>	within 30 days hall be filed once
	Committed to AFMSS for proc	essing by D		5/11/2011 (11	,		
Name (Printed/Typed) NETHA	AARON		Title AUTHO	RIZED REP	RESENTATIVE		
Signature (Electron	nc Submission)		Date 05/10/20		-		
	THIS SPACE FOR	R FEDERA		OFFICE US	SE	<u> </u>	T
_Approved By_DAVID_R GLASS				<u>um engin</u> e	ER		Date 05/11/2011
Conditions of approval, if any, are attacertify that the applicant holds legal or which would entitle the applicant to co	equitable title to those rights in the s	ot warrant or ubject lease	Office Roswell				
Title 18 U S C Section 1001 and Title States any false, fictitious or fraudule	43 U S C Section 1212, make it a cr ent statements or representations as to	time for any pe any matter wi	rson knowingly and thin its jurisdiction.	willfully to ma	ke to any department	or agenc	cy of the United

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#### Additional data for EC transaction #107968 that would not fit on the form

7. If Unit or CA/Agreement, Name and No., continued

NMNM124864 NMNM125711

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#### 32. Additional remarks, continued

The Hercules Federal Com 1H has a Communitization Agreement NMNM 125771 This agreement comprises 160.00-acre well spacing unit. It involves 80 acres of Federal land in oil and gas lease NM-105885 and 80 00 acres of State land lease V0-8010

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I have attached proof of notice to all of our working interest owners, a diagram of our battery facility, and a map with lease boundaries showing all well and facility locations

#### Revisions to Operator-Submitted EC Data for Sundry Notice #107968

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	Operator Submitted	BLM Revised (AFMSS)
Sundry Type	SURCOM NOI	SURCOM SR
Lease	NMNM105885	NMNM105885
Agreement		NMNM124864 NMNM125711
Operator	COG OPERATING LLC 550 WEST TEXAS SUITE 100 MIDLAND, TX 79701 Ph 432-818-2319	COG OPERATING LLC 550 WEST TEXAS AVENUE SUITE 100 MIDLAND, TX 79701-4287 Ph 432-685-9158
Admın Contact	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail oaaron@conchoresources com	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail oaaron@conchoresources.com
	Ph 432-818-2319 Fx 432-685-4396	Ph 432-818-2319 Fx 432-685-4396
Tech Contact	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail oaaron@conchoresources com	NETHA AARON AUTHORIZED REPRESENTATIVE E-Mail oaaron@conchoresources.com
	Ph 432-818-2319 Fx 432-685-4396	Ph 432-818-2319 Fx 432-685-4396
Location State County	NM CHAVEZ COUNTY	NM CHAVES
Field/Pool	WILDCAT, ABO, WOLFCAMP	UNDESIGNATED-ABO-WOLFCAMP
Well/Facility	HERCULES FEDERAL COM 1H Sec 15 T15S R31E 1980FNL 330FWL	HERCULES FEDERAL COM 1H Sec 15 T15S R31E SWNW 1980FNL 330FWL

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DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO

ABOVE THIS LINE FOR DIVISION USE ONLY

#### NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



## **ADMINISTRATIVE APPLICATION CHECKLIST**

TH	IIS CHECKLIST IS MA	NDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	[DHC-Down [PC-Poe	
[1]	TYPE OF AP [A]	PLICATION - Check Those Which Apply for [A]         Location - Spacing Unit - Simultaneous Dedication         NSL       NSP         SD       Hercules Federal Com 1H API#30-005-27999
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
	[D]	Other: Specify
[2]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or □ Does Not Apply Working, Royalty or Overriding Royalty Interest Owners
	[B]	Offset Operators, Leaseholders or Surface Owner
	[C]	Application is One Which Requires Published Legal Notice
	[D]	Notification and/or Concurrent Approval by BLM or SLO. US Bureau of Land Management - Commissioner of Public Lands, State Land Office
	[E]	For all of the above, Proof of Notification or Publication is Attached, and/or,
	[F]	Waivers are Attached
[3]	SUBMIT ACC	CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE

OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Netha Aaron	Atte	Clarm	Regulatory Analyst	5/12/11
Print or Type Name	Signature	0	Title	Date
			oaaron@conchoresources	s.com

e-mail Address

	SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
, CONCHO	<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse</li> </ul>	A∵Signature □ Agent X □ Addresse
	so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Deliver
April 19, 2011	1. Article Addressed to: Chego a la Ve Operating Foc.	D. Is delivery address different from item 1? IADER, entred deligent address below: No
	Chesapeake Operating Inc. Attn: Robert Martin	MAILROOM 6
Chesapeake Operating, I Attn: Robert Martin 6100 N. Western Oklahoma City, OK 73118	OVICHOMA (ithe OK 73118	3. Service Type E Certified Mail Express Mail Registered Return Receipt for Merchandis Insured Mail C.O.D.
Oklahoma City, OK 731 R		4. Restricted Delivery? (Extra Fee)
Certified Mail Article Num	(Transfer from service label)	9991 7030 0517 3884
Re: Request for Off Le	PS Form 3811, February 2004 Domestic Re	turn Receipt - 102595-02-44-15

Mr. Martin.

This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Off Lease Measurement and Surface Commingle for the following wells:

#### Hercules Federal Com 2H Chavez County, NM API #: 30-005-29049 Communitization Agreement # NMNM-124864

Surface: 660 FNL & 430 FWL Sec 15, T15S, R31E, Unit D

#### Hercules Federal Com 1H Chavez County, NM API# 30-005-27999 Communitization Agreement # NMNM-125711

#### Surface: 1980 FNL & 330 FWL Sec 15, T15S, R31E, Unit E

The battery is located on COG Operating, LLC property, Hercules Federal Com #2H, Sec 15, T15S, R31E, Unit E.

Should your company have any objection, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Off Lease Measurement and Surface Commingle if no objection has been made within the 20 days after the application has been received.

Sincerely,

COG Operating LLC Netha Aaron Regulatory Analyst

	Package ID: 9171999991703005173884	Electronic Certified
×	Destination ZIP Code: 73118	First Class Letter
Confirmation	Customer Reference:	
Services	Recipient	PBP Account #: 41592288
	Address	Serial #, 1364097
		APR 19 2011 3:10pm

# COG OPERATING LLC

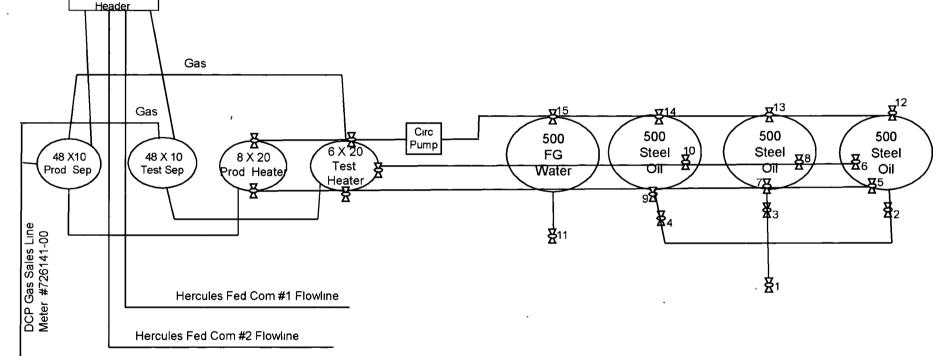
Site Security Plan is located at: 550 W. Texas Ave Ste. 100, Midland, Texas 79701 (432)-683-7443

May 3,2011

# Hercules Fed Com Battery



Hercules Fed Com #2H Well Hercules Fed Com # 1H Well 660'FNL & 430' FWL \* Sec15-T15S-R31E \* Unit D Chaves County, NM API #30-005-29049 Federal Lease No<sup>-</sup> NM-105885

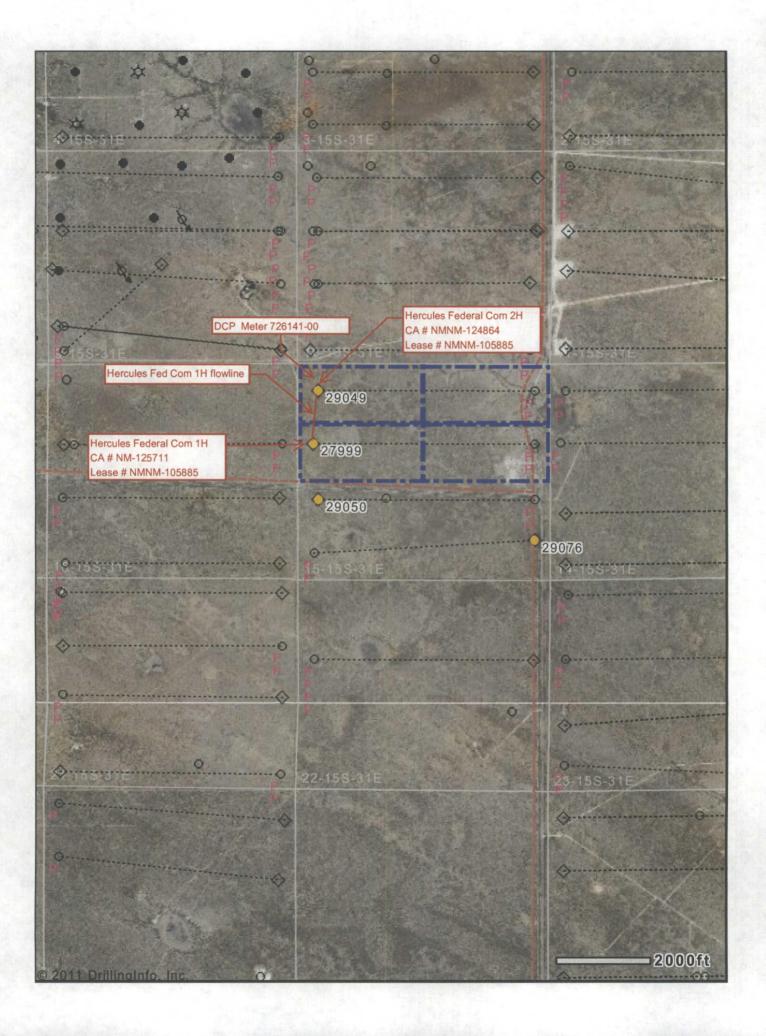


**Production Phase:** 

Valves #1,2,3,4,12,13,14,15 - Closed Valves #5,6,7,8,9 and 10 - Open

# Sales Phase:

Valves #1,2,3 and 4 - Open Valves #12,13,14,15 - Closed Valves #5,6,7,8,9 and 10 - Open



# **COG Operating LLC** is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s):

#### Federal Lease No.: SHL - NM-105885, BHL - VO-8010, Com No.:NMNM 125711

<u>Well Name</u>	<u>API No.</u>	Loc: ¼¼ Sec. Twp. Rng.	<u>Formation</u>	<u>BOPD</u>	Oil Gravity	MCFPD	<u>BTU</u>
Hercules Federal Com 1H	30-005-27999	SWNW, Sec.15, T15S, R31E	Wildcat; Abo, Wolfcamp	145	39.1/@60°	250	593

With hydrocarbon production from:

#### Federal Lease No.: SHL - NM-105885, BHL - VO-8010, Com No.NMNM 124864

Well Name	<u>API No.</u>	Loc: ¼¼ Sec. Twp. Rng.	Formation	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Hercules Federal Com 2H	30-005-29049	NWNW, Sec.15, T15S, R31E	Wildcat; Abo, Wolfcamp	113	39.3/@60°	167	593

The storage and measuring facility is located at NWNW, Sec.15, T15S, R31E on Lease No.: NM 105885, Chavez County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources are as follows:

Oil and Gas are to be measured at individual test facilities, and production allocated based on well tests.

DISTRICT I 1685 N. Presob Br., Bubbs, FM 80840 DISTRICT II 1331 F. Grand Avgaug, Artonia, FM 83816

DISTRICT III 1000 Rio Brezco Rd., Artec, NM 97410 DISTRICT IV 1289 S. St. Francis Sr., Sonto Po, FC 97609

#### State of New Mexico Energy, Minorals and Natural Resources Department

Form C-102 Rovins October 12, 2006 Submit to Appropriate District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

O AMENDED REPORT

State Loase - 6 Copies Por Loase - 3 Copies

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

			WELL LO	CATION	AND ACREA	GE DEDICATI	ON PLAT			
API Number 30-005-27999				Pool Code 7715		Wildca	Pool Name C; Abo-Wo	lfcamp		
Property 3734			.L	HERCU	Property Nam	-			Well Number 1H	
OCRID N 22913				C.O.	Operator Nam G. OPERATIN			Eleve 440		
					Surface Loc	stion				
UL or lot No.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Peet from the	East/West line	County	
E	15	15 S	31 E		1980	NORTH	330	WEST	CHAVES	
			Bottom	Hole Loo	cation If Diffe	rent From Sur	face			
UL or lot No.	Section	Township	Renge	Lot Ida	Peet from the	North/South line	Feet from the	East/Vest line	County	
н	15	15 S	31 E		292371	NORTH	650	W EAST	CHAVES	
Dedicated Acres	Joint e	or infill C	unsolidation (	Code Or	der No.		4945			
NO ALLO	WABLE V					INTIL ALL INTER APPROVED BY		SEN CONSOLID	ATED	
1980.		LONG.; W10 SPC- N.; 7 E.: 81 (NAD-	3°01'03.72° 93°49'01.62" 34361.3 99568.3 -83)	LAT.: N LONG.: W SPC- <sup>N.:</sup> E.: (NAC	<u>OLF LOCATION</u> 33°01'03.87" /103'48'07.25" 734387.685 704200.263 0~83)	1923'	/ harvby or contained harv the bail of my this proporticable interval or unla location purner location purner or to a voluntic computery pool the division.	DR CERTIFICAT right that the inform in in true and comp beneficiary and beild n pilter sum a unit and mineral thieres the proposed below the proposed below at its a centrari with a mineral or working ry pooling agroomed ing order hereinform	nation isto is f and that ting t in the kole istomet	
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12/20/10Signature Date 650' 30 4628' Kanicia Carrillo S/ 8 H. Printed Name 440 7' 4Q1 R SURVEYOR CERTIFICATION (Bernrageleren - **- -** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - **-** - an a state a la seconda da second 330' I hereby certify that the well location shown on this plat was plotted from field notes of S.L. estual surveys made by me or under my supervises, and that the same to true and 4408.4 4403.4 corroct to the best of my bollef 2007 JULY 22 Date Su Signatu Profe (71 Cartificate No. Gary L. Jones 7977 BASIN\_SURVEY S

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1000 Rio Brezos Rd DISTRICT IV	), Aztec, N	M 87410				v Mexico 87505			
1220 S St. Francis Dr	, Santa Fe, J	NM 87505					ň		REPORT
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#### NM State Land Office Oil, Gas, & Minerals Division

#### COMMUNITIZATION AGREEMENT

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Contract No. \_\_\_\_\_ 711

STATE/FEDERAL OR

STATE/FEDERAL/FEE

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

#### WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 15 South, Range 31 East, N.M.P.M. Section 15: S/2N/2 Chaves County, New Mexico Containing 160 acres, more or less

and this agreement shall include only the Abo and Wolfcamp Formations underlying said lands (hereinafter referred to as "communitized substances") producible from such formation.

## BK 673 PG 371

Revised March 2003

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- 2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitzed area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is August 15, 2010, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

## BK 673 PG 374

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

herey K. Daget By: Gregory **N**. Daggett

Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration, L.L.C.

By:

Henry J. Hood Senior Vice President – Land and Legal & General Counsel

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#### **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

Gregbry K. Daggett Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration. L L.C.

By:

Henry J. Hood

Senior Vice President – Land and Legal & General Counsel

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# BK 673 PG 376

#### **ACKNOWLEDGEMENTS**

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STATE OF TEXAS	)	,
COUNTY OF MIDLAI	<i>,</i>	
This instrumen	t was acknowled	lged before me on VIDAT 22 . 2010, by
Gregory K. Daggett.	Attorney-in-Fact	lged before me on $\frac{1}{10000000000000000000000000000000000$
company, on behalf of s	said company.	$\Delta \alpha$
	TRACI CONNER WY COMMISSION EXPIRES August 29, 2014	Notary Public Ohnel
STATE OF	)	
COUNTY OF	)	

This instrument was acknowledged before me on \_\_\_\_\_\_, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_\_ corporation, on behalf of said corporation.

Notary Public

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State/Fed/Fee

#### ACKNOWLEDGEMENTS

## STATE OF TEXAS

#### COUNTY OF MIDLAND

This instrument was acknowledged before me on <u>topt 22</u>. 2010, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC. a Delaware limited liability correspondence on behalf of said communy.

	TRACI CONNER MY COMMISSION EXPIRES August 29, 2014	
- 6		

CORROC Notary Public

STATE OF

COUNTY OF

This instrument was acknowledged before me on <u>deptember</u> 27. 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an Oklahme Limited Liebility corporation, on behalf of said corporation.

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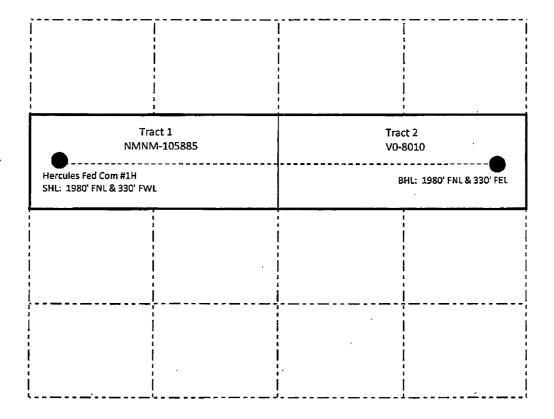
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Notary Public

# BK 673 PG 378

#### EXHIBIT A

To Communitization Agreement dated August 15, 2010, embracing the S/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico



#### **EXHIBIT B**

To Communitization Agreement dated August 15, 2010, embracing

the S/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico

Operator of Communitized Area: COG Operating LLC

#### DESCRIPTION OF LEASES COMMITTED

100.00%

#### TRACT NO. 1

Lease Serial No .:	NMNM-105885					
Lease Date:	March 1, 2001					
Lease Term:	10 years					
Lessor:	USA Bureau of Land Management					
Original Lessee:	Chalfant Properties, Inc.					
Present Lessee:	COG Oil & Gas LP Chesapeake Exploration LP					
Description of La	nd Committed: Township 15 South, Range 31 East, N.M.P.M.					

	Section 15: S/2NW/4 Chaves County, New Mexico	
Number of Acres: 80.00		
Royalty Rate: 1/8th		
Name and Percent ORRI Owners:	Harvey E. Yates Company	2.50%
Name and Percent WI Owners:	COG Oil & Gas LP	50.00%
	Chesapeake Exploration LP	50.00%

#### TRACT NO. 2

Lease Serial No.:	V0-8010				
Lease Date:	May 1, 2007				
Lease Term:	5 years				
Lessor:	State of New Mer	xico			
Original Lessee:	COG Oil & Gas I	LP			
Present Lessee:	COG Oil & Gas I	LP			
Description of Lar	nd Committed:	Township 15 S Section 15: S/ Chaves County	2NE/4	<u>I.M.P.M</u>	
Number of Acres:	80.00		,,		
Royalty Rate:	1/6th				
Name and Percent	ORRI Owners:	None			
Name and Percent	WI Owners:	COG Oil & Ga	as LP		100%

ONLINE version December 2004

State/Fed/Fee

# BK 673 PG 380

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## RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	80.00	<u>50.00%</u>
Total	160.00	100.00%

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#### **NEW MEXICO STATE LAND OFFICE**

#### CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC Hercules Federal Com Well No. 1 Chaves County, New Mexico S2N2, Section 15, Township 15 South, Range 31 East Abo & Wolfcamp

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced agreement, dated **August 15, 2010** which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands

NOW. THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47. New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the terms thereof, and shall remain in full force and effect according to the terms and conditions of said agreement. This approval is subject to all of the provisions of the aforesaid statutes

WHEREOF, this Certificate of Approval is executed, with seal affixed, this 22nd day of October, 2010

COMMISSIONER OF PUBLIC LANDS of the State of New Mexico



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT Pecos District Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-2019 www.nm.blm.gov



IN REPLY REFER TO: NM-NM-125771 3105.2 (PNM0130)

NOV 2 2 2010

RETURN RECEIPT REQUESTED CERTIFIED MAIL— 7006 3450 0001 4285 4689

Concho Attn: Laura Reyna 550 West Texas Ave, Suite 100 Midland, TX 79701

Dear Ms. Reyna:

Enclosed is one approved copy of Communitization Agreement NMNM125771involving 80.00 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land in Chaves County, New Mexico. The Communitization Agreement comprises a 160.00-acre well spacing unit.

This agreement communitizes all rights as to oil, natural gas and associated hydrocarbons producible from the Abo and Wolfcamp Formations from the  $S\frac{1}{2}N\frac{1}{2}$  of section 15, T. 15 S., R. 31 E., N.M.P.M, Chaves County, New Mexico. This Communitization Agreement is effective August 15, 2010. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar, geologist, at (575) 627-0272.

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

Sincerely, IngelMayes

Angel Mayes Assistant Field Manager, Lands and Minerals

1 Enclosure

1 Communitization Agreement

MMS, Denver MS 357B-1; Antoinette Contreraz, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA) Revenue Processing Division - Attention: Manuelita Martinez P. O. Box 2308 Santa Fe, NM 87504

New Mexico State Lands Office Oil, Gas, and Minerals Division P.O. Box 1148 Santa Fe, NM 87504-1148

LLNMP01300, Com Agreement file NM-125771

LLNMP01300, Lease File NM-105885

LLNMP09210

•

cc:

NMP0130:Acollar:ac:7/27/2009:575-627-0272:CA NM125711 approval letter

**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 wellspacing 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 S½N½ of section 15, T. 15 S., R.
 31 E., N.M.P.M., Chaves County, New Mexico, as to oil, natural gas, and associated hydrocarbons producible from the Abo and Wolfcamp Formations. This approval will become invalid if the public interest requirements under section 3105.23(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: November 17, 2010

Authorized Officer

Effective: August 15, 2010

Contract No.: Com. Agr. NMNM125771





STATE OF NEW MEXICO, COUNTY OF CHAVES FILE FOR RECORD JAN 12, 2011 AT 11:26 O CLOCK AM Receipt Number: 334700 Fee: \$35.50 Book 00673 Page 00371Pages 14 To Whom Returned. COG OPERATING LLC LAURA REYNA 550 WEST TEXAS AVE STE 100 MIDLAND, TX 79701

Rhoda C. Coakley, County Clerk

Deputy

#### **RATIFICATION AND JOINDER OF COMMUNITIZATION AGREEMENT**

The undersigned party has received a true copy of Communitization Agreement dated August 15, 2010, which communitizes the production of gas and associated liquid hydrocarbons produced from the Abo and Wolfcamp formation underlying the S/2N/2 of Section 15, T-15-S, R-31-E. N M P.M , Chaves County, New Mexico

The undersigned party is an Overriding Royalty Interest Owner in one or more of the tracts comprising the communitized area

The undersigned party desires to adopt, ratify and become a party to the Communitization Agreement and commit to the Communitization Agreement all interest owned or controlled by such party in the communitized area.

NOW, THEREFORE, by the execution hereof, the undersigned party hereby becomes a party to the Communitization Agreement and agrees to be bound by the terms thereof as if such party had signed the original thereof

This ratification and joinder shall be binding upon the undersigned, their heirs, devisees, assigns or successors in interest

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

EXECUTED THIS 30/4 day of September, 2010

5000

HARVEY E. YATES COMPANY

Name Ries Title

	3	
COUNTY OF CHAVES	9 §	
The foregoing in <u>September</u>	nstrument was acknowledged , 2010, by (25.9 Lett of Harvey E Yates Con	before me this <u>end</u> T. Racol npany, a New Mex

STATE OF NEW MEXICO





Notarv Public

day of as



of Harvey E Yates Company, a New Mexico corporation, on

FILE FOR RECORD JAN 12, 2011 AT 11:26 O CLOCK AM Receipt Number 334700 Fee: \$9 00 Book 00673 Page 00395Pages 1 To Whom Returned: COG OPERATING LLC LAURA REYNA 550 WEST TEXAS AVE STE 100 MIDLAND, TX 79701

Rhoda C Coakley, County Clerk Ø ∠Deputy



**COMMISSIONER'S OFFICE** Phone (505) 827-5760 Fax (505) 827-5766 www.nmstatelands.org

PO BOX 1148 SANTA FE, NEW MEXICO 87504-1148

June 7, 2010

COG Operating LLC Fasken Center, Tower II 550 West Texas Avenue, Suite 100 Midland, Texas 79701

Attn: Laura Reyna

Re Communitization Agreement Approval (Abo & Wolfcamp) Hercules Federal Com Well No. 2 N2N2, Section 15, Township 15 South, Range 31 East Chaves County, New Mexico

Dear Ms. Reyna:

**PATRICK H. LYONS** 

COMMISSIONER

The Commissioner of Public Lands has this date approved the Hercules Federal Com Well No. 2 Communitization Agreement for the Abo and Wolfcamp formations effective April 1, 2010. Enclosed are three Certificates of Approval.

The term of the agreement is for two years, and so long thereafter as communitized substances are produced, or can be produced from the communitized area in paying quantities.

If we may be of further service, please contact Jeff Albers at (505) 827-5759

Sincerely,

PATRICK H. LYONS COMMISSIONER OF PUBLIC LANDS

BY:

JAMI BAILEY, Director Oil, Gas & Minerals Division (505) 827-5744 PHL/JB/ja Enclosures

#### -State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM •NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute•NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

### **NEW MEXICO STATE LAND OFFICE**

#### CERTIFICATE OF APPROVAL

#### COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

COG Operating LLC Hercules Federal Com Well No. 2 Chaves County, New Mexico N2N2, Section 15, Township 15 South, Range 31 East Abo & Wolfcamp

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Communitization Agreement for the development and operation of acreage which is described within the referenced agreement, dated **April 1, 2010** which has been executed, or is to be executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, for the purpose of more properly conserving the oil and gas resources of the State, do hereby consent to and approve the said agreement, and any leases embracing lands of the State of New Mexico within the area shall be and the same are hereby amended to conform with the ferms thereof, and shall remain in full force and effect according to the terms and conditions of said agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 7th day of June, 2010.

COMMISSION

COMMISSIONER OF PUBLIC LANDS of the State of New Mexico

AUG 1 1 2010



# **United States Department of the Interior**

BUREAU OF LAND MANAGEMENT Pecos District Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-2019 www.nm.blm.gov



IN REPLY REFER TO: NM-NM-124864 3105.2 (PNM0130)

RETURN RECEIPT REQUESTED CERTIFIED MAIL--- 7008-1830-0002-6036-2642

Concho Attn: Laura Reyna 550 West Texas Ave, Suite 100 Midland, TX 79701

Dear Ms. Reyna:

Enclosed is one approved copy of Communitization Agreement NMNM124864 involving 80.00 acres of Federal land in oil and gas lease NM-105885 and 80.00 acres of State land in Chaves County, New Mexico. The Communitization Agreement comprises a 160.00-acre well spacing unit.

This agreement communitizes all rights as to oil, natural gas and associated hydrocarbons producible from the Abo and Wolfcamp Formations from the N½N½ of section 15, T. 15 S., R. 31 E., N.M.P.M., Chaves County, New Mexico. This Communitization Agreement is effective April 1, 2010. 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.

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call Al Collar, geologist, at (575) 627-0272.

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

Sincerely,

ngel Mayes

Angel Mayes Assistant Field Manager, Lands and Minerals

1 Enclosure:

1 Communitization Agreement

cc: MMS, Denver MS 357B-1, Antoinette Contreraz, Stacey Kaiser (copy of Exhibits A & B)

NM Taxation & Revenue Dept. (Copy of CA) Revenue Processing Division - Attention: Manuelita Martinez P. O. Box 2308 Santa Fe, NM 87504

New Mexico State Lands Office Oil, Gas, and Minerals Division P.O. Box 1148 Santa Fe, NM 87504-1148

LLNMP01300, Com Agreement file NM-124864

LLNMP01300, Lease File NM-105885

LLNMP09210

NMP0130:Acollar:ac:7/27/2009:575-627-0272:CA NM124864 approval letter

### Determination Approval Certification

1

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 wellspacing 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 N½N½ of section 15, T. 15 S., R.
 31 E., N.M.P.M., Chaves County, New Mexico, as to oil, natural gas, and associated hydrocarbons producible from the Abo and Wolfcamp Formations. This approval will become invalid if the public interest requirements under section 3105.23(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: August 3, 2010

Mayes

Authorized Officer

Effective: April 1, 2010

Contract No.: Com. Agr. NMNM124864

## STATE/FEDERAL OR STATE/FEDERAL/FEE Revised March 2003

BK 667 PG 692

## COMMUNITIZATION AGREEMENT

#### Contract No.

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THIS AGREEMENT, entered into as of the date shown in Section 10 hereof by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto,"

## WITNESSETH:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a federal oil and gas lease, or any portions thereof, with other lands, whether or not owned by the United States, when separate tracts under such federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area, and such communitization or pooling is determined to be in the public interest; and,

WHEREAS, the Commissioner of Public Lands of the State of New Mexico, herein called "the Commissioner", is authorized to consent to and approve agreements pooling state oil and gas leases or any portion thereof, when separate tracts under such state leases cannot be independently developed and operated economically in conformity with well-spacing and gas proration rules and regulations established for the field or area and such pooling is determined to be in the public interest; and,

WHEREAS, the parties hereto own working, royalty, or other leasehold interests, or operating rights under the oil and gas leases and land subject to this agreement which 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,

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of the agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "communitized area") are described as follows:

Township 15 South, Range 31 East, N.M.P.M. Section 15: N/2N/2 Chaves County, New Mexico Containing 160 acres, more or less

and this agreement shall include only the Abo and Wolfcamp Formations underlying said lands (hereinafter referred to as "communitized substances") producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit "B" designating the operator of the communitzed area and showing the acreage, percentage, and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.

- 3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area and three (3) executed copies of a designation of successor operator shall be filed with the Authorized Officer and three (3) additional executed copies thereof shall be filed with the Commissioner.
- 4. Operator shall furnish the Secretary of the Interior, or his authorized representative, and the Commissioner, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties, and such other reports as are deemed necessary to compute monthly the royalty due the United States and the State of New Mexico, as specified in the applicable oil and gas operating regulations.
- 5. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of leasehold bears to the entire acreage interest committed to this agreement.
- 6. The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any federal lease bearing a sliding-or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production.
- 7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.

- 8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
- 9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal and State laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or is such failure results from, compliance with any such laws, orders, rules or regulations.
- 10. The date of this agreement is April 1, 2010, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution of the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of Interior, or his duly authorized representative, and by the Commissioner or his duly authorized representative, and shall remain in force and effect for a period of two (2) years and so long thereafter as communitized substances are produced or can be produced from the communitized area in paying quantities; provided, that the two-year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period; provided further that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of Interior, or his duly authorized representative, and all requirements of the Commissioner, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of the capability of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted and prosecuted with reasonable diligence. As to lands owned by the State of New Mexico, written notice of intention to commence such operations shall be filed with the Commissioner within thirty (30) days after the cessation of such capability of production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.
- 11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal lands shall be subject to approval by the Secretary of the Interior, and as to State of New Mexico lands shall be subject to approval by the Commissioner.

State/Fed/Fee

12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.

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- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

# **Operator and Lessee of Record:**

COG Operating LLC successor in interest to COG Oil & Gas LP

Bv: Attorney-in-Fact

Lessee of Record:

Chesapeake Exploration, L.L.C.

By:

Henry J. Hood Senior Vice President – Land and Legal & General Counsel

ONLINE version December 2004 State/Fed/Fee

- 12. It is agreed by the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is lessor, and in the applicable oil and gas operating regulations of the Department of the Interior. It is further agreed between the parties hereto that the Commissioner shall have the right of supervision over all operations to the same extent and degree as provided in the oil and gas leases under which the State of New Mexico is lessor and in the applicable oil and gas statutes and regulations of the State of New Mexico.
- 13. The agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
- 14. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 15. <u>Nondiscrimination</u>: In connection with the performance of work under this agreement, the Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F. R. 12319), as amended which are hereby incorporated by reference in this agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this agreement as of the day and year first written and have set opposite their respective names the date of execution.

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### **Operator and Lessee of Record:**

COG Operating LLC<sup>`</sup> successor in interest to COG Oil & Gas LP

By: Gregory K Daggett Attorney-in-Fact

Lessee of Record: Chesapeake Exploration, By: Henry J. Hood

Senior Vice President – Land and Legal

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# ACKNOWLEDGEMENTS

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STATE OF TEXAS )	
COUNTY OF MIDLAND )	1
This instrument was acknow	wledged before me on <u>Intil 5</u> , 2010, by
	Fact of COG Operating LLC, a Delaware limited liability
Company, on behalf of said company TRACI CONNER Notary Public, State of Texas My Commission Expires August 29, 2010	Notary Public
STATE OF	)
COUNTY OF	)

This instrument was acknowledged before me on \_\_\_\_\_\_, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_\_ corporation, on behalf of said corporation.

Notary Public

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. . . . . . . . . . . . .

State/Fed/Fee

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### ACKNOWLEDGEMENTS

# STATE OF TEXAS

### COUNTY OF MIDLAND

This instrument was acknowledged before me on <u>for 15</u>, 2010, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of said company.

company, on benan of sale com	2 duy.
TRACI CONNER Notary Public, State of Texas My Commission Expires August 29, 2010	s Not

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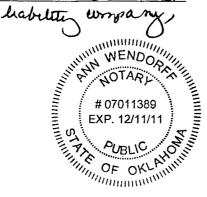
î)

STATE OF

. <sup>17</sup>7 --1 194

### COUNTY OF

This instrument was acknowledged before me on <u>April 15</u>, 2010, by Henry J. Hood, Senior Vice President – Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., an <u>Chlerma limited</u> corporation, on behalf of said corporation. company



and alendo Notary Public

Ser.

## **EXHIBIT A**

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Plat of communitized area covering the N/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M. Chaves County, New Mexico

Tract 1 NMNM-105885	Tract 2 V0-8010	
Hercules Fed #2H SL. 660' FNL & 430' FWL	BH· 660' FNL & 330' FEL	
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# EXHIBIT B To Communitization Agreement dated <u>Appl</u>

\_\_\_\_\_ 2010\_, embracing,

the N/2N/2 of Section 15, Township 15 South, Range 31 East, N.M.P.M., Chaves County, New Mexico

## Operator of Communitized Area: COG Operating LLC

## **DESCRIPTION OF LEASES COMMITTED**

## TRACT NO. 1

NMNM-105885
March 1, 2001
10 years
USA Bureau of Land Management
Chalfant Properties, Inc.
COG Oil & Gas LP Chesapeake Exploration LP

Description of Land Committed	Township 15 South, Range 31 East, N.M.P.M.	
	Section 15: N/2NW/4	
	Chaves County, New Mexico	
Number of Acres: 80.00	-	•
Royalty Rate. 1/8th		ł
Name and Percent ORRI Owners:	Harvey E. Yates Company	2.50%
Name and Percent WI Owners:	COG Oil & Gas LP	50.00%
	Chesapeake Exploration LP	<u>50.00%</u>
		100.00%

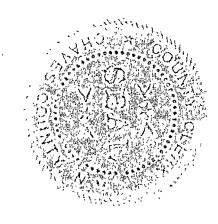
### TRACT NO. 2

Lease Serial No.:	V0-8010		
Lease Date:	May 1, 2007		
Lease Term.	5 years		
Lessor <sup>.</sup>	State of New Mex	rico	
Original Lessee:	COG Oil & Gas I	P	
Present Lessee:	COG Oil & Gas I	P	
Description of La	nd Committed:	Township 15 South, Range 31 East, N.M.P.M. Section 15: N/2NE/4 Chaves County, New Mexico	
Number of Acres: 80.00			
Royalty Rate:	1/6th		•
Name and Percen	t ORRI Owners:	None	4
Name and Percen	t WI Owners:	COG Oil & Gas LP	100%

State/Feo/Fee

## **<u>RECAPITULATION</u>**

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	80.00	<u>50.00%</u>
Total	160.00	100.00%





STATE OF NEW MEXICO, COUNTY OF CHAVES FILE FOR RECORD SEP 17, 2010 AT 12:04 O CLOCK PM Receipt Number: 331465 Fee: \$35.50 Book 00667 Page 00688Pages 14 To Whom Returned: COG OPERATING LLC LAURA REYNA 550 W TEXAS AVE STE 100 MIDLAND, TX 79701

Rhoda C. Coakley, County Clerk

raele Ó l. \_ Deputy By <