

RECEIVED: 7/14/20	REVIEWER: DM	TYPE: OLM	APP NO: pDM2019646335
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Geological & Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** COG Operating, LLC **OGRID Number:** 229137  
**Well Name:** Tatanka Federal Com 4H **API:** 30-025-44570  
**Pool:** WC-025 G-09 S263504N; Wolfcamp **Pool Code:** 98117

### SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
A. Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD  
B. Check one only for [I] or [II]  
[I] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM  
[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders  
B. ☒ Royalty, overriding royalty owners, revenue owners  
C. ☐ Application requires published notice  
D. ☐ Notification and/or concurrent approval by SLO  
E. ☒ Notification and/or concurrent approval by BLM  
F. ☐ Surface owner  
G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
H. ☐ No notice required

#### FOR OCD ONLY

- ☐ Notice Complete  
☐ Application Content Complete

- 3) **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.

Jeanette Barron

Print or Type Name

*Jeanette Barron*  
Signature

Date

7/14/20

575-746-6974

Phone Number

jbarron@concho.com

e-mail Address



July 14, 2020

Attn: Dean McClure  
NM Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application for Administrative Approval  
Off-lease Measurement – Oil Only

Dear Mr. McClure,

COG Operating LLC, respectfully requests approval for off-lease measurement – Oil only for the following wells:

Tatanka Federal Com 4H  
API# 30-025-44570  
WC-025 G-09 S263504M; Wolfcamp  
Ut. P, Sec. 11-T26S-R35E  
Lea County, NM

**Oil Production:**

The oil production from these wells may be transported by truck to either the Red Hills Offload Station, located in Unit O, Section 4-T26S-R32E, or the Jal Offload Station, located in Unit D, Section 4-T26S-R37E, Lea County in the event the CTB on lease is over capacity or in the case of battery or pipeline repairs. Oil will remain segregated and will be measured by lact meter when offloading at the Offload Stations.

Notifications have been sent to all working interest owners

Please see the enclosed Administrative Application Checklist, C-107-B Application for Off Lease Measurement, plats for referenced wells, site facility diagram, maps with lease boundaries showing wells and facility locations.

Thank you for your attention to this matter. If you have questions or need further information, please email me at [jbarron@concho.com](mailto:jbarron@concho.com) or call 575.748.6974.

Sincerely,

A handwritten signature in black ink that reads "Jeanette Barron".

Jeanette Barron  
Regulatory Technician II

**CORPORATE ADDRESS**

One Concho Center | 600 West Illinois Avenue | Midland Texas 79701  
P 432 683 7443 | F 432 683 7441

**ARTESIA WEST OFFICE**

2208 Main Street | Artesia, New Mexico 88210  
P 575 748 6940 | F 575 746.2096

District I

1625 N. French Drive, Hobbs, NM 88240

District II

811 S. First St., Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV1220 S. St Francis Dr, Santa Fe, NM  
87505State of New Mexico  
Energy, Minerals and Natural Resources DepartmentForm C-107-B  
Revised August 1, 2011**OIL CONSERVATION DIVISION**1220 S. St Francis Drive  
Santa Fe, New Mexico 87505Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**OPERATOR NAME: COG Operating LLCOPERATOR ADDRESS: 2208 W Main Street, Artesia, New Mexico 88210

APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☒ Off-Lease Storage and Measurement (Only if not Surface Commingled)LEASE TYPE: ☐ Fee ☐ State ☒ FederalIs this an Amendment to existing Order? ☐ Yes ☐ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☐ Yes ☐ No**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

(2) Are any wells producing at top allowables? ☐ Yes ☐ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.(4) Measurement type: ☐ Metering ☐ Other (Specify)(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved**(B) LEASE COMMINGLING**

Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No(4) Measurement type: ☐ Metering ☐ Other (Specify)**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

(1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attached sheets with the following information

(1) Is all production from same source of supply? ☒ Yes ☐ No

(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Jeanette BarronTITLE: Regulatory Technician IIDATE: 7/14/20TYPE OR PRINT NAME Jeanette Barron TELEPHONE NO.: 575.748.6974E-MAIL ADDRESS: jbarron@concho.com

**DISTRICT I**  
1825 N. FRENCH DR., HOBBS, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

**DISTRICT II**  
811 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

**DISTRICT III**  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
Phone: (505) 334-6176 Fax: (505) 334-6170

**DISTRICT IV**  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-44570	Pool Code 98117	Pool Name WC-025 G-09 S263504N; Wolfcamp
Property Code 326333	Property Name TATANKA FEDERAL COM	Well Number 4H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3027.1'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	11	26-S	35-E		230	SOUTH	436	EAST	LEA

**Bottom Hole Location If Different From Surface**

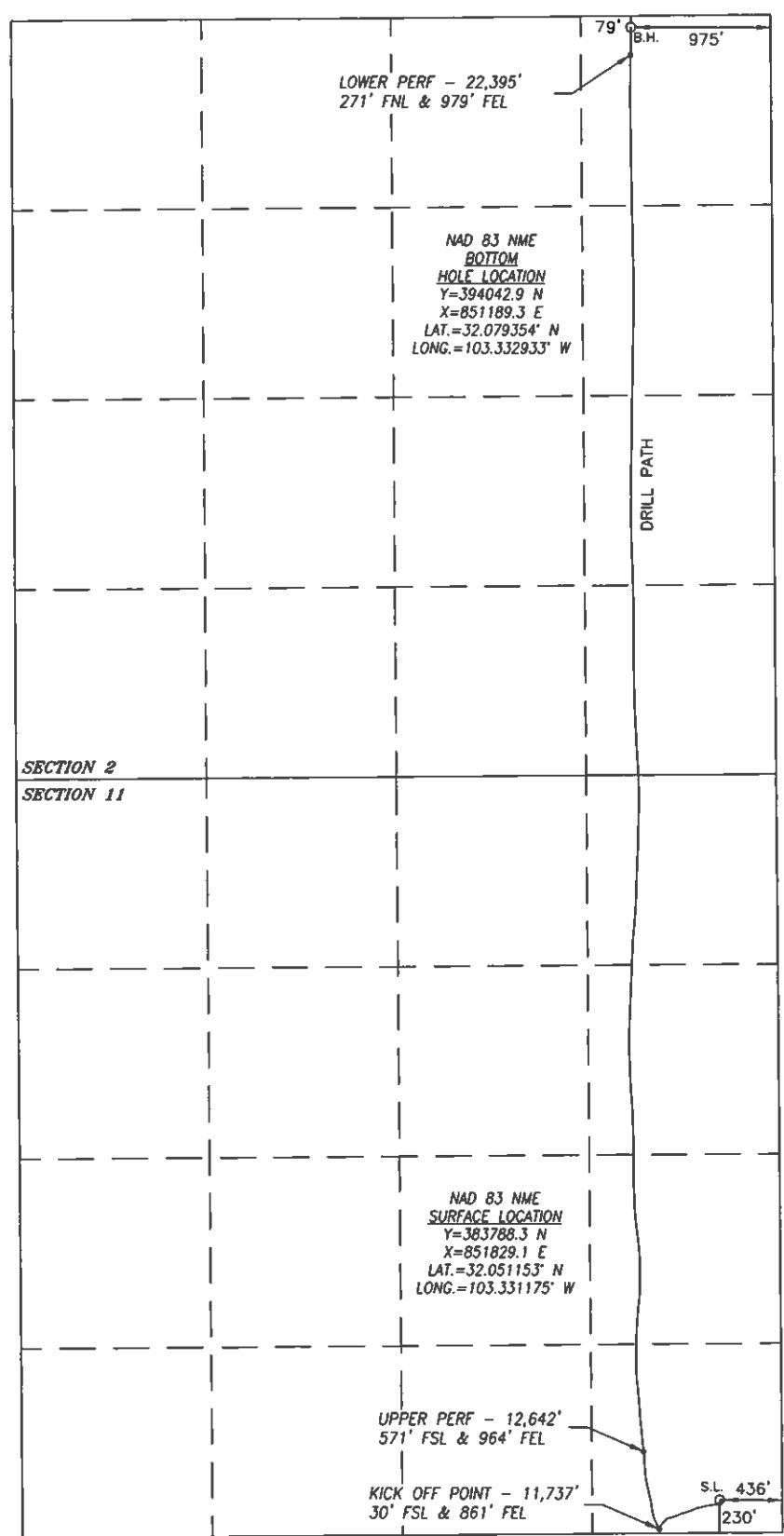
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	2	26-S	35-E		79	NORTH	975	EAST	LEA

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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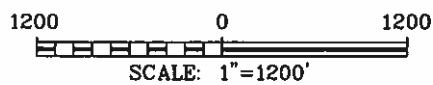
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

SEE PAGE 2

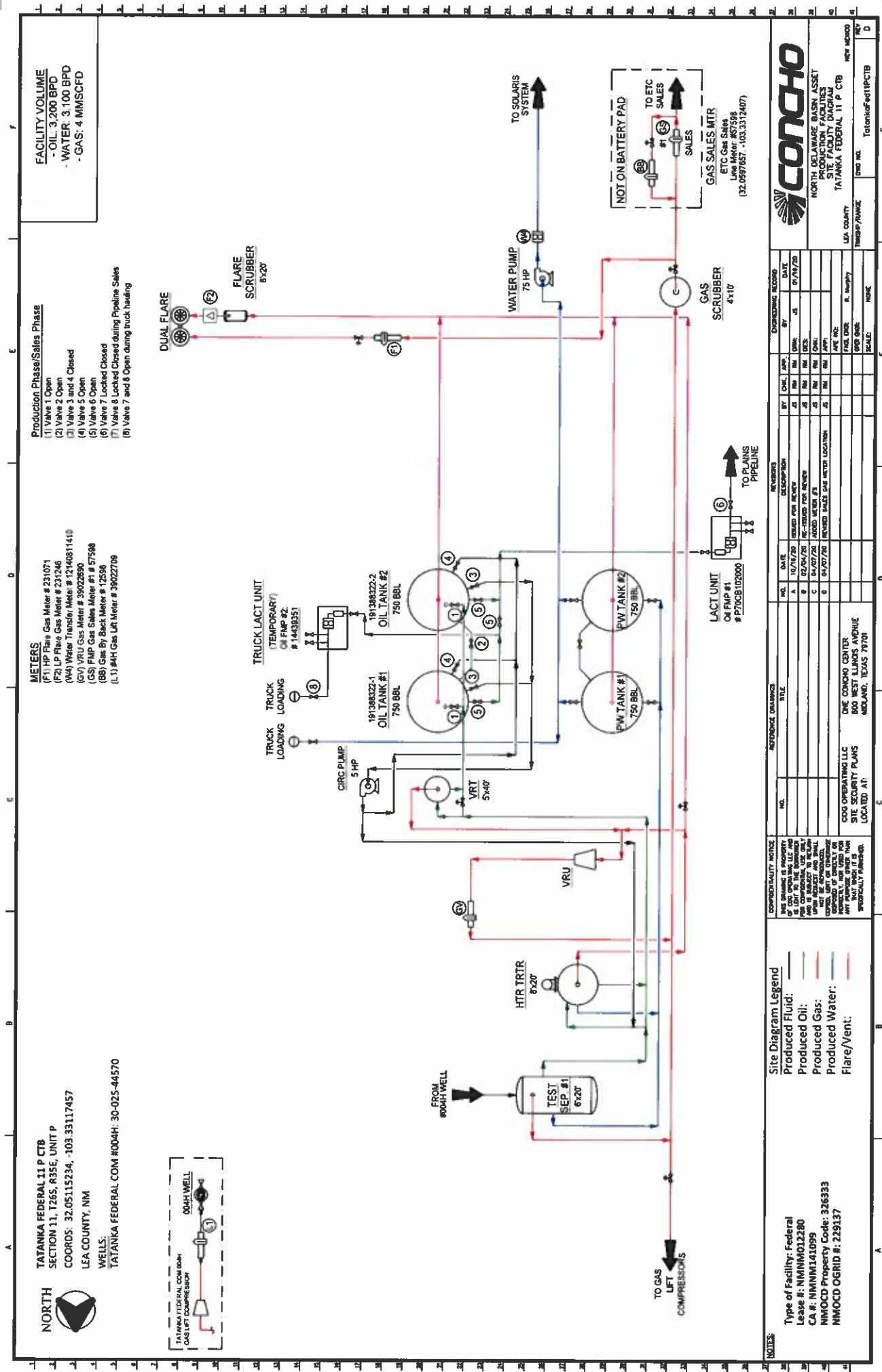
Property Code 326333	Property Name TATANKA FEDERAL COM	Well Number 4H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3027.1'



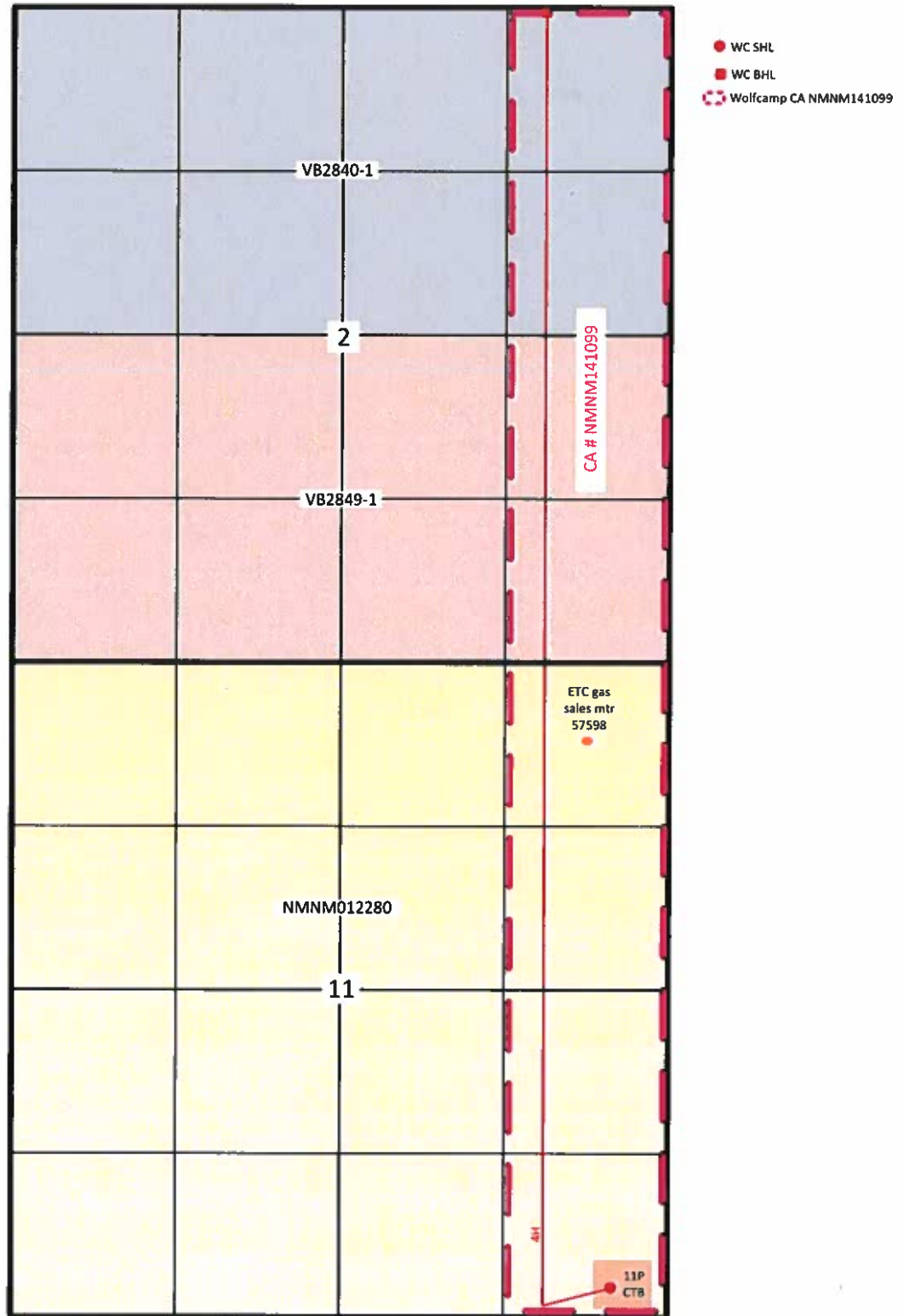
BOREPATH AND SURFACE INFO SHOWN HEREON IS BASED ON DIRECTIONAL SURVEY REPORT PROVIDED BY COG OPERATING, LLC FOR THE TATANKA FEDERAL COM #4H SUPPLIED TO HARCROW SURVEYING, LLC ON JANUARY 21, 2020 YEAR



<b>OPERATOR CERTIFICATION</b> I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Jeanette Barron</i> 7/14/20 Signature Date Jeanette Barron Printed Name jbarron@concho.com E-mail Address	
<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. AUG. 13, 2019/DEC. 11, 2019 Date of Survey/Date of Geographic Survey Signature & Seal of Professional Surveyor  <i>Chad Harcrow</i> 01/21/20 Certificate No. CHAD HARCROW 17777 W.O. #20-96 DRAWN BY: WN	



# Tatanka Federal Com Wells



Sec. 2, 11-T26S-R35E  
Lea County, NM







# Tatanka Fed Com 4H

&

## Red Hills and Jal Offload Station Map

Tatanka Fed Com 4H

Red Hills Offload Station  
Lea County, NM

Jal Offload Station  
Lea County, NM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

## TATANKA FED COM 4H

Date Sent	Initials	Name	Address	City	State	ZipCode	Certified Return Receipt No.	Delivered
07.14.20	JB	BLM	414 West Taylor	Hobbs	NM	88240	7019 2280 0001 1027 1821	
07.14.20	JB	FRANKLIN MOUNTAIN ENERGY LLC	2401 E. 2nd Ave Suite 300	Denver	CO	80206	7019 2280 0001 1027 1838	
07.14.20	JB	VPD NEW MEXICO LLC	2100 McKinney Ave. Suite 1770	Dallas	TX	75201	7019 2280 0001 1027 1845	

## Federal Communitization Agreement

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

THIS AGREEMENT entered into as of the **15th** day of **July, 2019**, 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 portion 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 parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands 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 this 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 26 South, Range 35 East, N.M.P.M.**

Section 2: E/2 E/2

Section 11: E/2 E/2

Lea County, New Mexico

Containing **320.00** acres, and this agreement shall include only the **Wolfcamp formation** underlying said lands and the crude oil and associated natural gas (*or*) oil and gas hereafter referred to as "communitized substances," producible from such pool.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the

communitized 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. The Operator of the communitized area shall be **COG Operating LLC, 600 W. Illinois Ave., Midland, TX, 79701**. All matters of operations 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 four (4) executed copies of a designation of successor operator shall be filed with the Authorized Officer.
4. Operator shall furnish the Secretary of the Interior, 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, 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 there from shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal or Indian lands included within the CA area are to be paid into the appropriate Unleased Lands Account or Indian Trust Account by the designated operator until the land is leased or ownership is established.

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 pool 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 if such failure results from, compliance with any such laws, orders, rules or regulations.
10. The date of this agreement is July 15, 2019, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of 2 years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities: Provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, 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 production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The 2-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.
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 interests 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 land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all Fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occur in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of the Interior relating to such production and measurement.
13. This 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 the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30F.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 above written and have set opposite their respective names the date of execution.

**OPERATOR:**

**COG OPERATING LLC**

Date: 10/10/19

By: [Signature]

Sean Johnson  
Attorney-In-Fact

**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
   §  
COUNTY OF MIDLAND   §

This instrument was acknowledged before me on the 10th day of October, 2019, by Sean Johnson, Attorney-In-Fact of **COG Operating LLC**, a Delaware Limited Liability Company, on behalf of same.



[Signature]  
Notary Public in and for the State of Texas  
My Commission expires: 9/9/2021

**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

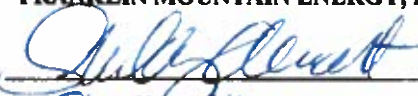
**COG OPERATING LLC**

Date: 10/10/19

By:   
Sean Johnson  
Attorney-In-Fact

**FRANKLIN MOUNTAIN ENERGY, LLC**

Date: 9/18/2019

By:   
Name: Shelly Allbrecht  
Title: Director of Land

**VPD NEW MEXICO LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF TEXAS §  
§  
COUNTY OF MIDLAND §

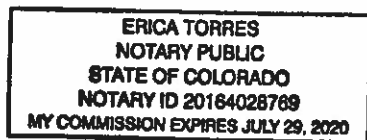
This instrument was acknowledged before me on the 10<sup>th</sup> day of October, 2019, by Sean Johnson, Attorney-In-Fact for COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.



Melissa L. Dimit  
Notary Public in and for the State of Texas  
My Commission Expires: 9/9/2021

STATE OF Colorado §  
§  
COUNTY OF Denver §

This instrument was acknowledged before me on the 18<sup>th</sup> day of September, 2019, by Shelly Albrecht, as Director of Land of FRANKLIN MOUNTAIN ENERGY, LLC, a Delaware Corporation, on behalf of same.



Erica Torres  
Notary Public in and for the State of Colorado  
My Commission Expires: July 29, 2020

STATE OF \_\_\_\_\_ §  
§  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, as \_\_\_\_\_ of VPD NEW MEXICO LLC, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_



**WORKING INTEREST OWNERS AND/OR LESSEES OF RECORD**

**COG OPERATING LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Sean Johnson  
Attorney-In-Fact

**FRANKLIN MOUNTAIN ENERGY, LLC**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**VPD NEW MEXICO LLC**

Date: 9/23/2019

By: [Signature]

Name: Nicholas A. Peters

Title: Attorney-in-Fact

ACKNOWLEDGEMENTS

STATE OF TEXAS §  
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Sean Johnson, Attorney-In-Fact for COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.

\_\_\_\_\_  
Notary Public in and for the State of Texas  
My Commission Expires: \_\_\_\_\_

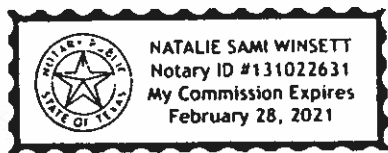
STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, as \_\_\_\_\_ of FRANKLIN MOUNTAIN ENERGY, LLC, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS §  
COUNTY OF DAWAS §

This instrument was acknowledged before me on the 23rd day of September, 2019, by Nicholas G. Peters, as Attorney-in-Fact of VPD NEW MEXICO LLC, a Delaware limited liability company, on behalf of same.



Natalie Sami Winsett  
Notary Public in and for the State of TEXAS  
My Commission Expires: 2/28/2021

## EXHIBIT "A"

Plat of communitized area covering 320.00 acres in the E/2 E/2 of Sections 2 & 11, T26S - R35E, N.M.P.M.,  
Lea County, New Mexico  
Communitized depths are hereby limited to the Wolfcamp formation

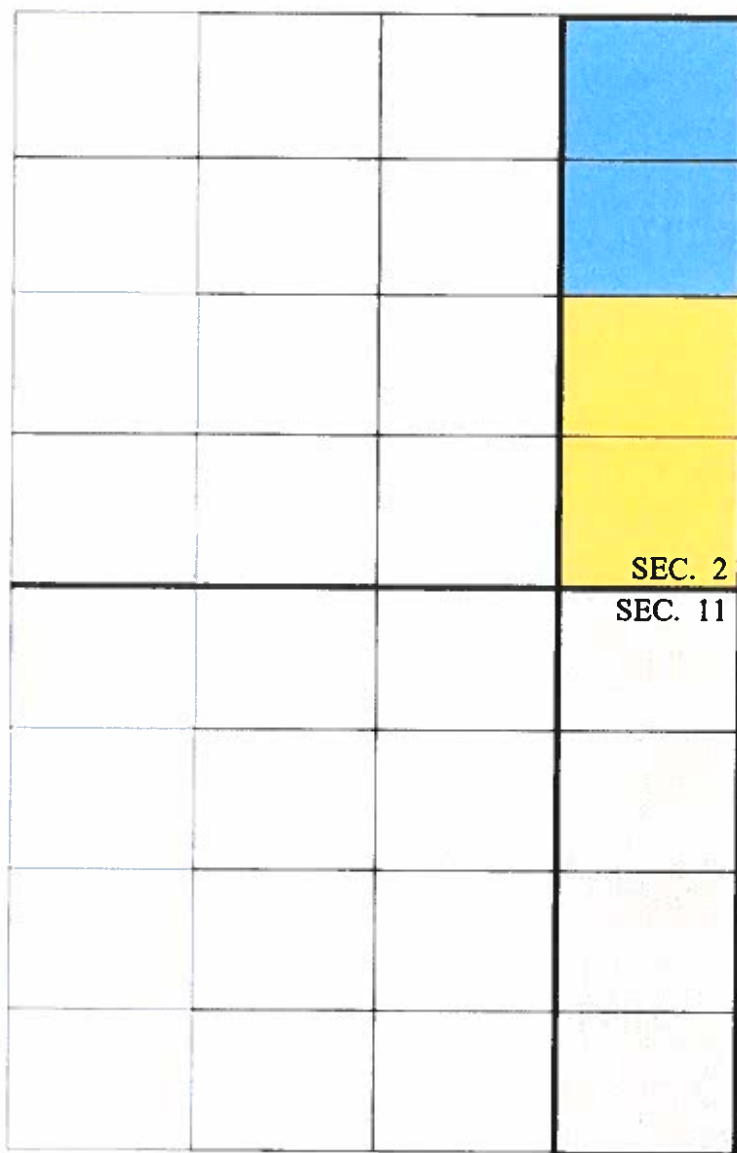
**Tract 1:**  
NM State Lease  
VB 2840-1



**Tract 2:**  
NM State Lease  
VB 2849-1



**Tract 3:**  
BLM Lease  
NMNM-012280



**EXHIBIT "B"**

To Communitization Agreement Dated July 15, 2019 embracing the following described land in the E/2 E/2 of Sections 2 & 11, T26S – R35E, N.M.P.M., Lea County, New Mexico

Communitized depths are hereby limited to the Wolfcamp formation

Operator of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED**

**TRACT #1**

Lease Date:	November 1, 2016	
Lease Term:	Five (5) Years	
Recordation:	Book 2077, Page 536	
Lessor:	State of New Mexico Lease VB 2840-1	
Original Lessee:	Tritex Energy A, LP	
Current Lessee:	COG Operating LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 26 South, Range 35 East</u> Section 2: E/2 NE/4	
Number of Acres:	80.00	
Royalty Rate:	18.75%	
WI Owner Names and Interests:	COG Operating LLC	100%
ORRI Owners:	Of Record	

**TRACT #2**

Lease Date:	November 1, 2016	
Lease Term:	Five (5) Years	
Recordation:	Book 2070, Page 484	
Lessor:	State of New Mexico Lease VB 2849-1	
Original Lessee:	Tritex Energy A, LP	
Current Lessee:	COG Operating LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers: <u>Township 26 South, Range 35 East</u> Section 2: E/2 SE/4	
Number of Acres:	80.00	
Royalty Rate:	18.75%	
WI Owner Names and Interests:	COG Operating LLC	100%
ORRI Owners:	Of Record	



**TRACT #3**

Lease Date: September 1, 1970  
 Lease Term: Ten (10) Years  
 Recordation: Unrecorded  
 Lessor: USA NMNM 012280  
 Original Lessee: Bernard A. Winer, MD  
 Current Lessee: Franklin Mountain Energy, LLC  
 VPD New Mexico LLC  
 Description of Land Committed: Insofar only as said lease covers:  
Township 26 South, Range 35 East  
 Section 11: E/2 E/2  
 Lea County, New Mexico  
 Number of Acres: 160.00  
 Royalty Rate: 12.5%  
 WI Owners Names and Interests: Franklin Mountain Energy, LLC 90%  
 VPD New Mexico LLC 10%  
 ORRI Owners: Of Record

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	80.00	25.0000%
2	80.00	25.0000%
3	160.00	50.0000%
<b>Total</b>	<b>320.00</b>	<b>100.0000%</b>

ONLINE Version  
COMMUNITIZATION AGREEMENT

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 the "communitized area") are described as follows:

**Township 26 South, Range 35 East, N.M.P.M.**

Section 2: E/2 E/2

Section 11: E/2 E/2

Lea County, New Mexico

containing **320.00** acres, more or less, and this agreement shall include only the Wolfcamp Formation underlying said lands and the oil and gas and associated hydrocarbons (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 communitized 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 July 15, 2019, 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. 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**

Date: 10/10/19

By:   
Sean Johnson  
Attorney-In-Fact

LESSEE OF RECORD: **FRANKLIN MOUNTAIN ENERGY, LLC**

Date: 9/10/2019

By:   
Name: Shelly Albrecht  
Title: Director of Land

LESSEE OF RECORD: VPD NEW MEXICO LLC

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on the 10th day of October, 2019, by Sean Johnson, Attorney-In-Fact for COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.

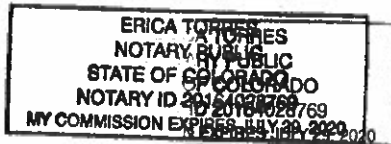


Melissa L. Dimit  
Notary Public in and for the State of Texas  
My Commission Expires: 9/9/2021

STATE OF Colorado

COUNTY OF Denver

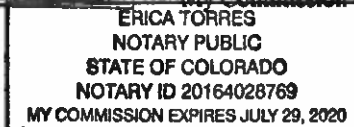
This instrument was acknowledged before me on the 18th day of September, 2019, by Shelly Albrecht, as Director of Land of FRANKLIN MOUNTAIN ENERGY, LLC, a Delaware Corporation, on behalf of same.



Erica Torres  
Notary Public in and for the State of Colorado  
My Commission Expires: 5-19-29-2020

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_



This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, as \_\_\_\_\_ of VPD NEW MEXICO LLC, a \_\_\_\_\_, on behalf of same.

\_\_\_\_\_  
Notary Public in and for the State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

LESSEE OF RECORD: **VPD NEW MEXICO LLC**Date: 9/23/2019By: [Signature]Name: Nicholas G. PetersTitle: Attorney-in-Fact**ACKNOWLEDGEMENTS**

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Sean Johnson, Attorney-In-Fact for COG Operating LLC, a Delaware Limited Liability Company, on behalf of same.

Notary Public in and for the State of Texas

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

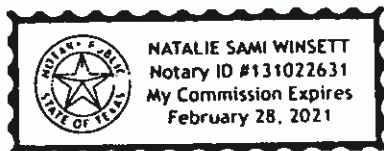
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, as \_\_\_\_\_ of **FRANKLIN MOUNTAIN ENERGY, LLC**, a \_\_\_\_\_, on behalf of same.

Notary Public in and for the State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

STATE OF TEXAS §COUNTY OF DAWAS §

This instrument was acknowledged before me on the 23rd day of September, 2019, by Nicholas G. Peters, as Attorney-in-Fact of **VPD NEW MEXICO LLC**, a Delaware limited liability company, on behalf of same.

Natalie Sami WinsettNotary Public in and for the State of TEXASMy Commission Expires: 2/28/2021

# EXHIBIT A

To Communitization Agreement dated **July 15, 2019**

Plat of communitized area covering **320.00** acres in the E/2 E/2 of Sections 2 & 11, T26S – R35E, N.M.P.M.,

Lea County, New Mexico

Communitized depths are hereby limited to the Wolfcamp formation

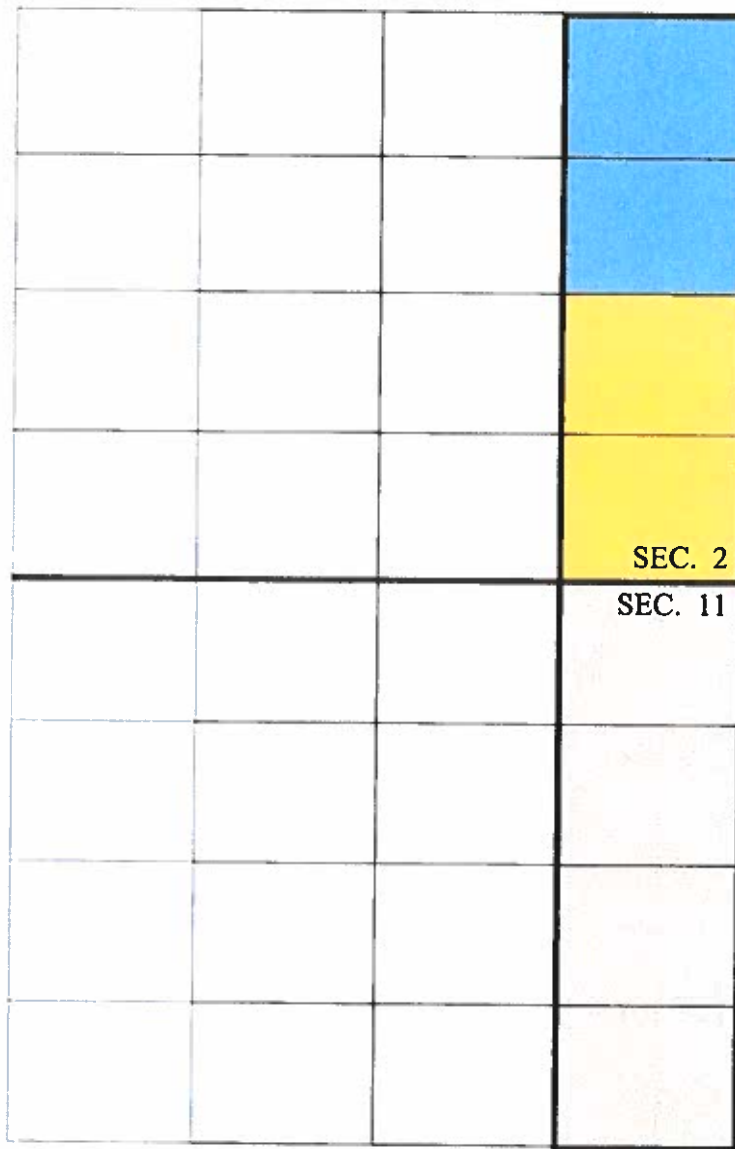
**Tract 1:**  
NM State Lease  
VB 2840-1



**Tract 2:**  
NM State Lease  
VB 2849-1



**Tract 3:**  
BLM Lease  
NMNM 012280



**EXHIBIT B**

To Communitization Agreement dated July 15, 2019

Plat of communitized area covering 320.00 acres in the E/2 E/2 of Sections 2 & 11, T26S – R35E, N.M.P.M.,  
Lea County, New Mexico

Communitized depths are hereby limited to the Wolfcamp formation

Operator of Communitized Area: COG Operating LLC

**DESCRIPTION OF LEASES COMMITTED**

**TRACT #1**

Lessor:	State of New Mexico Lease VB 2840-1	
Lease Date:	November 1, 2016	
Lease Term:	Five (5) Years	
Original Lessee:	Tritex Energy A, LP	
Current Lessee:	COG Operating LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 35 East Section 2: E/2 NE/4	
Number of Acres:	80.00	
Royalty Rate:	18.75%	
ORRI Owners:	Of Record	
WI Owner Names and Interests:	COG Operating LLC	100%

**TRACT #2**

Lessor:	State of New Mexico Lease VB 2849-1	
Lease Date:	November 1, 2016	
Lease Term:	Five (5) Years	
Original Lessee:	Tritex Energy A, LP	
Current Lessee:	COG Operating LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers: Township 26 South, Range 35 East Section 2: E/2 SE/4	
Number of Acres:	80.00	
Royalty Rate:	18.75%	
ORRI Owners:	Of Record	
WI Owner Names and Interests:	COG Operating LLC	100%

**TRACT #3**

**Lessor:** USA NMNM 012280  
**Lease Date:** September 1, 1970  
**Lease Term:** Ten (10) Years  
**Original Lessee:** Bernard A. Winer, MD  
**Current Lessee:** Franklin Mountain Energy, LLC  
 VPD New Mexico LLC  
**Description of Land Committed:** Insofar only as said lease covers:  
 Township 26 South, Range 35 East  
 Section 11: E/2 E/2  
 Lea County, New Mexico  
**Number of Acres:** 160.00  
**Royalty Rate:** 12.5%  
**ORRI Owners:** Of Record  
**WI Owners Names and Interests:** Franklin Mountain Energy, LLC 90%  
 VPD New Mexico LLC 10%

**RECAPITULATION**

Tract No.	No. of Acres Committed	Percentage of Interest In Communitized Area
1	80.00	25.0000%
2	80.00	25.0000%
3	160.00	50.0000%
<b>Total</b>	<b>320.00</b>	<b>100.0000%</b>