

DATE IN 7/26/12	SUSPENSE	ENGINEER Richard	LOGGED IN 8/6/12	TYPE CTB	APP NO PUNK/221937166
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



COG Operating  
Leo 3 Federal Cam  
#5 2H 3' 1H

**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

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
☐ DHC ☒ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☒ 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  
U.S. 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 ACCURATE 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.

Brian Maiorino  
Print or Type Name

*Brian Maiorino*  
Signature

Regulatory Analyst  
Title

7/11/12  
Date

bmaiorino@concho.com  
e-mail Address



RECEIVED OCT

July 23, 2012

2012 JUL 26 P 12:1

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

Re: Leo 3 Battery Commingle of Federal Leases NMNM-105885, Fee Track 2, and Fee Track 3.

Mr. Ezeanyim,

COG Operating LLC respectfully requests approval for Lease Commingle on our Leo Federal Com Lease. These leases will have one battery location requiring Surface Commingling of NMNM-105885, Track 2 and Track 3.

**Production to the Puckett Battery will consist of the following wells:**

<b>Leo 3 Federal Com 2H</b>	30-005-29120	NESE, Sec.3, T15S, R31E,I	1980 FSL 430 FEL
<b>Leo 3 Federal Com 1H</b>	30-005-29119	SESE, Sec.3, T15S, R31E,P	660 FSL 430 FEL

Consolidating production from two leases to one battery will extend the economic life for these wells and lessen surface disturbance. Commingling will not reduce the value of production.

The Leo 3 Federal Battery has diverse ownership for all wells going into that facility. These wells will be producing from the Wildcat;Abo-Wolfcamp. I have attached a diagram of the battery facility, and a map showing all wells and facility locations, admin checklist, and notice to all interest owners.

Please contact me at 432-221-0467 should you have any questions.

Sincerely,

Brian Maiorino  
Regulatory Analyst  
COG Operating, LLC

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 IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

### OIL CONSERVATION DIVISION

1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit 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 LLC

OPERATOR ADDRESS: 550 West Texas Ave. Suite 100, Midland, TX 79701

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☒ Fee ☐ State ☒ Federal

Is 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. Wildcat-Abo-Wolfcamp

(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: Brian Maiorino

TITLE: Regulatory Analyst

DATE: 7/11/12

TYPE OR PRINT NAME Brian Maiorino

TELEPHONE NO.: 432-221-0467

E-MAIL ADDRESS: bmaiorino@concho.com

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

**Federal Lease No.: NMNM-105885, fee land in Track 2 and Track 3, Com No.: not approved yet**

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Leo 3 Federal Com 2H	30-005-29120	NESE, Sec.3, T15S, R31E,I	Wildcat;Abo-Wolfcamp			well not yet producing	

With hydrocarbon production from:

**Federal Lease No.: NMNM-105885, fee land in Track 2 and Track 3, Com No.NM126805**

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec. Twp. Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
Leo 3 Federal Com 1H	30-005-29119	SESE, Sec.3, T15S, R31E,P	Wildcat;Abo-Wolfcamp	375	40.8/@60°	380	887

The storage and measuring facility is located at SESE, Sec.3, T15S, R31E on Track 3 fee land, Chaves 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 monthly well tests.

COG Operating LLC  
Site Security Plans Located At:  
550 W. Texas Ave Ste 100  
Midland, TX 79701

Leo 3 Federal Com #2H  
Leo 3 Federal Com #1H

SESE, Section 3, T15S, R31E, Unit I  
Chaves County, NM  
NMNM-105885

### Wells In Battery:

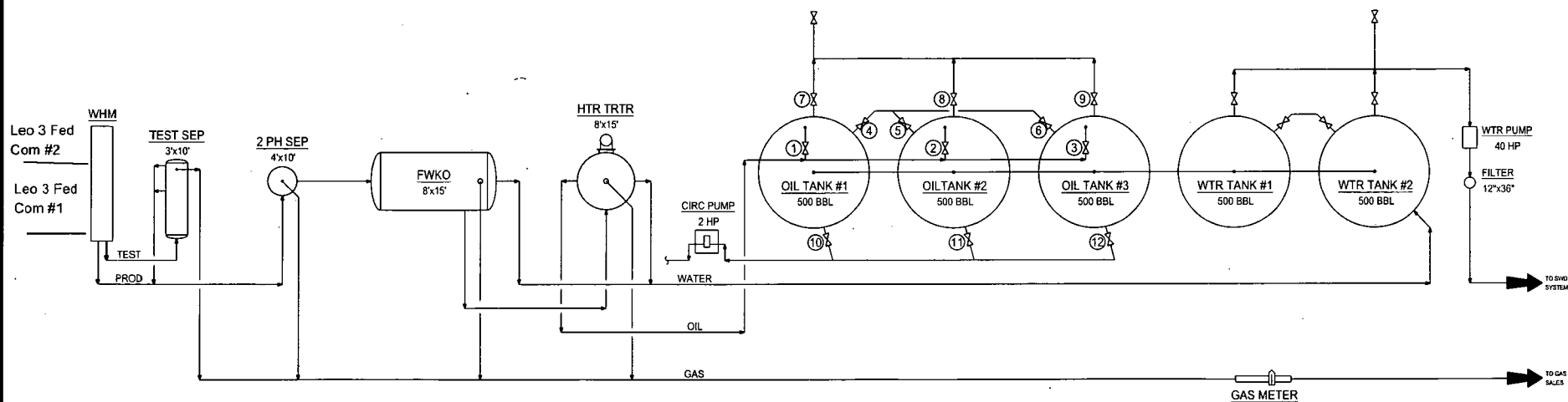
Leo 3 Fed Com #2H, 30-005-29120  
Leo 3 Fed Com #1H, 30-005-29119

### Production Phase - Oil Tank #1

- Valve 1 open
- Valves 2 and 3 closed
- Valves 4, 5, and 6 open
- Valves 7, 8, and 9 closed
- Valves 10, 11, and 12 closed

Sales Phase - Oil Tank #1

- Valve 1 closed
- Valves 2 or 3 open
- Valve 4 closed
- Valves 5 and 6 open
- Valve 7 open
- Valves 8 and 9 closed
- Valves 10, 11, and 12 closed



NOTES:

**CONFIDENTIALITY NOTICE**

THIS DRAWING IS PROPERTY OF COG OPERATING LLC AND IS LENT TO THE BORROWER FOR CONFIDENTIAL USE ONLY AND IS SUBJECT TO RETURN UPON REQUEST AND SHALL NOT BE REPRODUCED, COPIED, LENT OR OTHERWISE DISPOSED OF DIRECTLY OR INDIRECTLY, NOR USED FOR ANY PURPOSE OTHER THAN THAT WHICH IT IS SPECIFICALLY FURNISHED.

[illegible]

ENGINEERING RECORD		
PP.	BY	DATE
DRN:	CRB	06/01/1
DES:	CRB	06/01/1
CHK:		
APP:		
A/E NO:		
FAUL ENGR:	C. BLEDSOE	
OPER ENGR:	VARIES	
SCALE:	NONE	

 <b>CONCHO</b>		
NEW MEXICO SHELF ASSET PRODUCTION FACILITIES SITE FACILITY DIAGRAM STANDARD TANK BATTERY		
EDDY COUNTY		NEW MEXICO
TOWNSHIP/RANGE	DWM NO.	R
14-10-05	0-1700-B1-005	14-10-05

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-29119	Pool Code 97715	Pool Name Wildcat-Abo-Wolfcamp
Property Code 38029	Property Name LEO "3" FEDERAL COM	Well Number 1
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 4405'

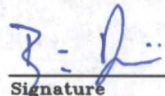
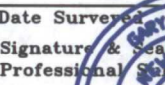
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	3	15 S	31 E		660	SOUTH	430	EAST	CHAVES

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
M	3	15 S	31 E		618	SOUTH	365	WEST	CHAVES
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

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

<p><b>BOTTOM HOLE LOCATION</b> LAT.: N 33°02'22.07" LONG.: W103°49'01.05" N.: 742281.483 SPC- E.: 699525.119 (NAD-83)</p>		<p><b>SURFACE LOCATION</b> LAT.: N 33°02'22.24" LONG.: W103°48'08.40" N.: 742321.678 SPC- E.: 704057.388 (NAD-83)</p>		<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p> Signature</p> <p>7/11/12 Date</p> <p>Brian Maiorino Printed Name</p>
<p><b>SEPTEMBER 9, 2007</b></p> <p>Date Surveyed</p> <p> Signature &amp; Seal Professional Surveyor</p> <p>W. 64 No. 26226</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>		<p>Diagram showing well location and acreage dedication plat with dimensions: 365', 618', 4533.7', 4405.3', 4403.5', 430', 4404.5', 4403.6'.</p>		



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1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies  
Fee Lease - 3 Copies

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-29120	Pool Code 97715	Pool Name Wildcat-Abo-Wolfcamp
Property Code 38029	Property Name LEO "3" FEDERAL COM	Well Number 2
OGRID No. 299137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 4408'

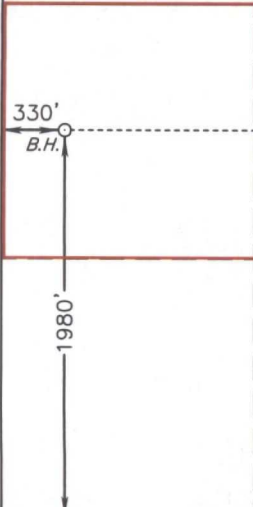
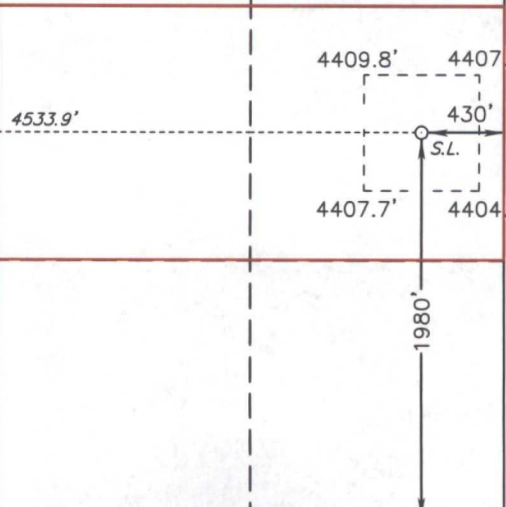

Surface Location

UL or lot No. I	Section 3	Township 15 S	Range 31 E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 430	East/West line EAST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No. L	Section 3	Township 15 S	Range 31 E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 330	East/West line WEST	County CHAVES
Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.						

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

<b>BOTTOM HOLE LOCATION</b> LAT.: N 32°02'35.13" LONG.: W103°49'01.67" N.: 743601.100 SPC- E.: 699516.453 (NAD-83)		<b>SURFACE LOCATION</b> LAT.: N 32°02'35.30" LONG.: W103°48'08.42" N.: 743641.581 SPC- E.: 704048.959 (NAD-83)	
			
<b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained 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 pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature: <u>B. Maiorino</u> Date: <u>7/11/12</u> Printed Name: <u>Brian Maiorino</u>			
<b>SURVEYOR CERTIFICATION</b> <i>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.</i> Date Surveyed: <u>SEPTEMBER 9, 2007</u> Signature & Seal:  Certificate No. <u>Gary L. Jones 7977</u> BASIN SURVEYS			



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14S

34-14S-31E

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29199

P 1

Track 1 NMNM-105885

Track 2 Fee

Track 3 Fee

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Leo 3 Fed Com 2H SHL

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P Leo 3 Fed Com 2H BHL

Track 1 NMNM-105885

Track 2 Fee

Track 3 Fee

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002  
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Leo 3 Fed Com 1H SHL

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P Leo 3 Fed Com 1H BHL

3-15S-31E

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July 11, 2012

OXY USA WTP Limited Partnership  
5 Greeway Plaza, Suite 110  
Houston, TX 77046

Certified Mail: 91 7199 9991 7030 4044 9470

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

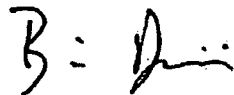
This letter will serve as notice under Rule 104.F (3) that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
--------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------


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 Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,

B: 

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"><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 mailpiece, or on the front if space permits.</li></ul>	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to:  OXY USA WTP Limited Partnership 5 Greeway Plaza, Suite 110 Houston, TX 77046	B. Received by (Printed Name) C. Date of Delivery
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes

2 Article  
91 7199 9991 7030 4044 9470

PS Form 3811, February 2004 Domestic Return Receipt

July 11, 2012

Chisos, Ltd.  
670 Dona Ana Road SW  
Deming, NM 88030

Certified Mail: 91 7199 9991 7030 4044 9463

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
--------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------

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Attachments: 1 copy of OCD application

Sincerely,

B: *DM*

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><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 mailpiece, or on the front if space permits.</li></ul>		<p>A. Signature <i>Sherri Hosking</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>SHERRI HOSKING</i></p> <p>C. Date of Delivery <i>7-14</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input checked="" type="checkbox"/> No</p>	
1. Article Addressed to:  Chisos, Ltd. 670 Dona Ana Road SW Deming, NM 88030		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

91 7199 9991 7030 4044 9463

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

July 11, 2012

Cross Border Resources, Inc.  
22610 U.S. Highway 281 North, Suite 218  
San Antonio, TX 78258

Certified Mail: 91 7199 9991 7030 4044 9456

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H Chaves County, NM API # 30-005-29119 Surface: 660 FSL & 430 FEL, Sec 3, T15S, R31E, Unit P	Leo 3 Fed Com #2H Chaves County, NM API # 30-005-29120 Surface: 1980 FSL & 430 FEL, Sec 3 T17S, R31E, Unit I
--------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------

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Attachments: 1 copy of OCD application

Sincerely,

B: *[Signature]*

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><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 mailpiece, or on the front if space permits.</li></ul>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>X <i>[Signature]</i></p>	
1. Article Addressed to:		B. Received by (Printed Name) <i>Nancy Stephenson</i>	
<i>Cross Border Resources, Inc.</i> 22610 U.S. Highway 281 North, Suite 218 San Antonio, TX 78258		C. Date of Delivery <i>7/16/12</i>	
2. Article Number		D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3. Service Type		If YES, enter delivery address below: <i>[Blank]</i>	
<input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail			
<input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise			
<input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.			
4. Restricted Delivery? (Extra Fee)		<input type="checkbox"/> Yes	

91 7199 9991 7030 4044 9456

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154



July 11, 2012

Penroc Oil Corporation  
1515 W. Calle Sur Street  
Hobbs, NM 88240

Certified Mail: 91 7199 9991 7030 4044 9449

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

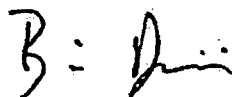
Leo 3 Fed Com #1H  
Chaves County, NM  
API # 30-005-29119  
Surface: 660 FSL & 430 FEL, Sec 3,  
T15S, R31E, Unit P

Leo 3 Fed Com #2H  
Chaves County, NM  
API # 30-005-29120  
Surface: 1980 FSL & 430 FEL, Sec 3  
T17S, R31E, Unit I

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 Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,

B: 

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

**SENDER: COMPLETE THIS SECTION**

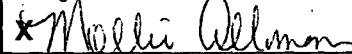
- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Penroc Oil Corporation  
1515 W. Calle Sur Street  
Hobbs, NM 88240

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature



☐ Agent

☐ Address

B. Received by (Printed Name)

Mollie Allman

C. Date of Delivery

7-13-12

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

91 7199 9991 7030 4044 9449

PS Form 3811, February 2004

Domestic Return Receipt

July 11, 2012

First Roswell Company  
111 South Kentucky Ave. P. O. Box 1797  
Roswell, NM 88202-1797

Certified Mail: 91 7199 9991 7030 4044 9432

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H  
Chaves County, NM  
API # 30-005-29119  
Surface: 660 FSL & 430 FEL, Sec 3,  
T15S, R31E, Unit P

Leo 3 Fed Com #2H  
Chaves County, NM  
API # 30-005-29120  
Surface: 1980 FSL & 430 FEL, Sec 3  
T17S, R31E, Unit I

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 Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,

B: *DM*

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse 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.

**1. Article Addressed to:**

First Roswell Company  
111 South Kentucky Ave. P. O. Box 1797  
Roswell, NM 88202-1797

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*Kay Snader* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *Kay Snader* C. Date of Delivery *7/17/12*

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

**3. Service Type**

☒ Certified Mail ☐ Express Mail  
☐ Registered ☒ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number  
91 7199 9991 7030 4044 9432

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-15

July 11, 2012

Cimarex Energy Co.  
600 N. Marienfeld, Suite 600  
Midland, TX 79701

Certified Mail: 91 7199 9991 7030 4044 9425

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

Leo 3 Fed Com #1H  
Chaves County, NM  
API # 30-005-29119  
Surface: 660 FSL & 430 FEL, Sec 3,  
T15S, R31E, Unit P

Leo 3 Fed Com #2H  
Chaves County, NM  
API # 30-005-29120  
Surface: 1980 FSL & 430 FEL, Sec 3  
T17S, R31E, Unit I

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 Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,

B: *[Signature]*

Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"><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 mailpiece, or on the front if space permits.</li></ul>		A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee	
1. Article Addressed to:  Cimarex Energy Co. 600 N. Marienfeld, Suite 600 Midland, TX 79701		B. Received by (Printed Name) <i>Sadie Garcia</i>	
2. Article Number (If known)		C. Date of Delivery <i>7-13-12</i>	
3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
4. Restricted Delivery? (E)			

91 7199 9991 7030 4044 9425

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154U



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9171999991703040449487	First-Class Mail®	Delivered	July 16, 2012, 7:04 am	(
				(
		Arrival at Unit	July 14, 2012, 10:52 am	(
				(
		Depart USPS Sort Facility	July 14, 2012	(
				(
		Processed through USPS Sort Facility	July 14, 2012, 2:36 am	(
				(
		Electronic Shipping Info Received	July 13, 2012	

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July 11, 2012

Chesapeake Exploration L.L.C.  
6100 N. Western Avenue  
Oklahoma City, OK 73154-0496

Certified Mail: 91 7199 9991 7030 4044 9487

Re: Leo 3 Fed Com Battery Commingle of Federal Lease NMLC105885, fee land track 1 & 2

To Whom It May Concern:

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 Lease Commingle of production from the following wells to the Leo 3 Fed Com 1H Tank Battery:

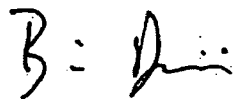
Leo 3 Fed Com #1H  
Chaves County, NM  
API # 30-005-29119  
Surface: 660 FSL & 430 FEL, Sec 3,  
T15S, R31E, Unit P

Leo 3 Fed Com #2H  
Chaves County, NM  
API # 30-005-29120  
Surface: 1980 FSL & 430 FEL, Sec 3  
T17S, R31E, Unit I

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 Surface Commingle if no objection has been made within the 20 days after the application has been received.

Attachments: 1 copy of OCD application

Sincerely,



Brian Maiorino  
Regulatory Analyst  
COG Operating LLC

COMMUNITIZATION AGREEMENT

WELL NAME: LEO 3 Federal Com #2H

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."

W I T N E S S E T H:

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 and depicted on "Exhibit A":

Township 15 South, Range 31 East, N.M.P.M.

Section 3: N/2 S/2

Chaves County, New Mexico

Containing 160.00 acres, and this agreement shall include only the Abo and Wolfcamp Formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons, hereinafter, referred to as "communitized substances", producible from such formation(s).



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 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 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 each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or 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 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 if such failure results from, compliance with any such laws, orders rules or regulations.
10. The effective date of this agreement is May 5, 2012, 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 occurs 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.

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**

By: \_\_\_\_\_  
Gayle L. Burleson  
Vice President of New Mexico

**WORKING INTEREST OWNERS:**  
**Chesapeake Exploration, L.L.C.**

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President -  
Land and Legal & General  
Counsel

**OXY NM doing business in New Mexico**  
**AS OXY NM Limited Partnership**

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

**Penroc Oil Corporation**

By: \_\_\_\_\_  
M. Y. Merchant  
President

**Cimarex Energy Co.**

By: \_\_\_\_\_  
Roger Alexander  
Attorney-in-Fact

**Chisos, Ltd.**

By: \_\_\_\_\_  
Sue Ann Craddock  
President

**Cross Border Resources, Inc.**

By: \_\_\_\_\_  
Joe Ana Kessler

**First Roswell Company**

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

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

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

\_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF TEXAS                    )  
                                      )  
COUNTY OF MIDLAND                )

This instrument was acknowledged before me on \_\_\_\_\_, by Gayle L. Burleson, Vice President of New Mexico of COG Operating LLC, a Delaware limited liability company, on behalf of same.

\_\_\_\_\_  
Notary Public

STATE OF OKLAHOMA                )  
                                      )  
COUNTY OF OKLAHOMA                ):

This instrument was acknowledged before me on \_\_\_\_\_, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_ limited liability company, on behalf of same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_                )  
                                      )  
COUNTY OF \_\_\_\_\_                )

This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a \_\_\_\_\_ limited partnership, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by M. Y. Merchant, as President of Penroc Oil Corporation, a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a \_\_\_\_\_ company, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Sue Ann Craddock, as President of Chisos, Ltd., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Joe Ana Kessler, as President of Cross Border Resources, Inc., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Thomas E. Jennings, as President of First Roswell Company, a \_\_\_\_\_ company, on behalf of said same.

\_\_\_\_\_  
Notary Public

EXHIBIT A

To Communitization Agreement dated May 5, 2012  
embracing  
the N/2 S/2 of Section 3, Township 15 South, Range 31  
East, N.M.P.M., Chaves County, New Mexico

Leo 3 Fed Com #2  
SHL: 1980 FSL & 430 FEL

Tract1 NMNM- 105885 80 Acres 50%		Tract2 Fee & Unleased Mineral Owners 40 Acres 25%	Tract3 Fee & Unleased Mineral Owners 40 Acres 25%



**EXHIBIT B**

To Communitization Agreement dated May 5, 2012 embracing  
the N/2 S/2 of Section 3, 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 1:**

<b>1 Lessor:</b>	United States of America
<b>Current Lessee of</b>	COG Operating LLC / Chesapeake
<b>Record:</b>	Exploration, L.L.C.
<b>Serial Number of</b>	
<b>Lease</b>	NMNM-105885
<b>Lease Date:</b>	3/1/2001
<b>Primary Term of</b>	
<b>Lease:</b>	10 years
<b>Basic Royalty Rate:</b>	12-1/2%
<b>Description of Land</b>	Insofar as said lease covers
<b>Committed:</b>	<u>Township 15 South, Range 31 East</u>
	Section 3: N2SW
<b>Number of Acres:</b>	Containing 80.00 acres, more or less
<b>Name of Each Working</b>	
<b>Interest Owner:</b>	COG Operating LLC 50% Chesapeake Exploration, L.L.C. 50%
<b>Name of Each</b>	
<b>Overriding Royalty</b>	
<b>Interest Owner:</b>	Harvey E. Yates Company 2.50%

**TRACT 2:**

**1 Lease Date:** 2/1/2008  
Book 609, Page 1191, Chaves  
**Recorded:** County Records  
**Original Lessor:** Geneva Bruin Gardner, a widow  
**Original Lessee:** Thomas E. Jennings  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NWSE  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 1/5<sup>th</sup>  
**Name of Each Working**  
**Interest Owner:** Cimarex Energy Co. 100%  
  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**2 Lease Date:** 3/26/2008  
Book 616, Page 1105, Chaves  
**Recorded:** County Records  
**Original Lessor:** Good Earth Minerals, LLC  
**Original Lessee:** Chalfant Properties  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NWSE  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 1/4<sup>th</sup>  
**Name of Each Working**  
**Interest Owner:** Chesapeake Exploration, L.L.C. 97.5%  
Jamestown Resources, LLC 2.5%  
  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**3 Lease Date:** 3/26/2008  
**Recorded:** Book 616, Page 1108, Chaves County Records  
**Original Lessor:** Matlock Minerals, Ltd. Co.  
**Original Lessee:** Chalfant Properties  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NWSE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 1/4<sup>th</sup>  
**Name of Each Working Interest Owner:** Chesapeake Exploration, L.L.C. 97.5%  
James Town Resources, LLC 2.5%  
  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**4 Lease Date:** 06/10/2010  
**Recorded:** Book 665, Page 440, Chaves County Records  
**Original Lessor:** The Blanco Company  
**Original Lessee:** Cimarex Energy Co.  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NWSE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 1/4<sup>th</sup>  
**Name of Each Working Interest Owner:** Cimarex Energy Co. 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

5	Lease Date:	3/28/2011
	Recorded:	NA
	Mineral Interest	
	Owner:	Chisos, Ltd. 25.00%
	Lands Covered:	Insofar as said lease covers Township 15 South, Range 31 East Section 3: NWSE
	Number of Acres:	Containing 40.00 acres, more or less
	Royalty Rate:	1/4 <sup>th</sup>
6	Lease Date:	3/28/2011
	Recorded:	NA
	Mineral Interest	
	Owner:	Cross Border Resources, Inc., (successor in interest to Pure Energy Group, Inc.) 25.00%
	Lands Covered:	Insofar as said lease covers Township 15 South, Range 31 East Section 3: NWSE
	Number of Acres:	Containing 40.00 acres, more or less
	Royalty Rate:	1/4 <sup>th</sup>
7	Lease Date:	3/28/2011
	Recorded:	NA
	Mineral Interest	
	Owner:	First Roswell Company 12.50%
	Lands Covered:	Insofar as said lease covers Township 15 South, Range 31 East Section 3: NWSE
	Number of Acres:	Containing 40.00 acres, more or less
	Royalty Rate:	1/4 <sup>th</sup>

**TRACT 3:**

**1 Lease Date:** 8/4/1980  
Book 194, Page 951, Miscellaneous  
Records  
**Recorded:**  
**Original Lessor:** Loy Wrinkle a single man  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**2 Lease Date:** 8/7/1980  
Book 195, Page 76, Miscellaneous  
Records  
**Recorded:**  
**Original Lessor:** Gaylord K. Walden, a single man  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**3 Lease Date:** 8/6/1980  
**Recorded:** Book 195, Page 147, Miscellaneous Records  
**Original Lessor:** Dawn Ruthann Miller, now known as Tinka Dawn Hudson, a single woman  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**4 Lease Date:** 9/15/1980  
**Recorded:** Book 196, Page 932, Miscellaneous Records  
**Original Lessor:** Janis Jean Joines, a single woman  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined



5 Lease Date: 9/30/1980  
Book 196, Page 936, Miscellaneous  
Records  
Recorded:  
Original Lessor: Rose Edwards, a widow  
Original Lessee: Gulf Oil Corporation  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 3/16ths  
Name of Each Working  
Interest Owner: Penroc Oil Corporation 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

6 Lease Date: 9/30/1980  
Book 196, Page 9406,  
Miscellaneous Records  
Recorded:  
Original Lessor: Mary Lou Hill, as agent and AIF  
for Carroll Joe Walden, aka Carol  
J. Walden  
Original Lessee: Gulf Oil Corporation  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 3/16ths  
Name of Each Working  
Interest Owner: Penroc Oil Corporation 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

**7 Lease Date:** 5/10/2007  
**Recorded:** Book 591, Page 70, Chaves County  
Records  
**Original Lessor:** Madison M. Hinkle & Susan M.  
Hinkle, husband & wife  
**Original Lessee:** COG Oil & Gas LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 23%  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**8 Lease Date:** 5/10/2007  
**Recorded:** Book 591, Page 68, Chaves County  
Records  
**Original Lessor:** Rolla R. Hinkle, II and Marjorie  
W. Hinkle, husband & wife  
**Original Lessee:** COG Oil & Gas LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or  
less  
**Royalty Rate:** 23%  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

9 Lease Date: 5/10/2007  
Book 591, Page 63, Chaves County  
Records  
Recorded:  
Original Lessor: Rolla R. Hinkle, III and Rosemary  
H. Hinkle, husband & wife  
Original Lessee: COG Oil & Gas LP  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 23%  
Name of Each Working  
Interest Owner: COG Operating LLC 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

10 Lease Date: 9/5/2007  
Book 598, Page 1435, Chaves  
County Records, and re-recorded  
in Book 639, Page 517, Chaves  
County Records to correct a  
faulty acknowledgement  
Recorded:  
Original Lessor: Eva L. Bennett, a widow  
Original Lessee: Bold Energy LP  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 3/16ths  
Name of Each Working  
Interest Owner: COG Operating LLC 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

**11 Lease Date:** 8/30/2007  
**Recorded:** Book 598, Page 1432, Chaves County Records  
**Original Lessor:** Marjorie L. Smith  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**12 Lease Date:** 3/26/2010  
**Recorded:** Book 591, Page 65, Chaves County Records  
**Original Lessor:** Randolph M. and Patricia Richardson  
**Original Lessee:** COG Oil and Gas LP  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 23%  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**13 Lease Date:** 9/4/2007  
**Recorded:** Book 599, Page 656, Chaves County Records, and re-recorded in Book 639, Page 511, Chaves County Records, to correct a faulty acknowledgement  
**Original Lessor:** Phyllis L. Lynch, aka Phyllis Lynch  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**14 Lease Date:** 9/21/2007  
**Recorded:** Book 599, Page 1633, Chaves County Records  
**Original Lessor:** Georgena M. Moore, Trustee of the Carrell H. Moore and Georgena M. Moore Family Trust dated 5/3/89  
  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

15 **Lease Date:** 9/24/2007  
**Recorded:** Book 600, Page 6, Chaves County  
Records, and Ratification of Oil &  
Gas Lease dated 5/11/09, recorded  
in Book 641, Page 1258, Chaves  
County Records  
Jerry Kityk, Trustee of the Lonnie  
D. Moore Revocable Trust dated  
9/4/96

**Original Lessor:**

**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE

**Number of Acres:** Containing 40.00 acres, more or  
less

**Royalty Rate:** 3/16ths

**Name of Each Working  
Interest Owner:** COG Operating LLC 100%

**Name of Each  
Overriding Royalty  
Interest Owner:** To be determined

16 **Lease Date:** 9/20/2007  
**Recorded:** Book 600, Page 153, Chaves County  
Records, and Amendment to Oil &  
Gas Lease effective 9/20/07,  
recorded in Book 662, Page 1404,  
Chaves County Records

**Original Lessor:** Theodore S. Moore

**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE

**Number of Acres:** Containing 40.00 acres, more or  
less

**Royalty Rate:** 3/16ths

**Name of Each Working  
Interest Owner:** Cimarex Energy Company 100%

**Name of Each  
Overriding Royalty  
Interest Owner:** To be determined



17 Lease Date: 9/5/2007  
Book 600, Page 535, Chaves County  
Records  
Recorded:  
Original Lessor: Martha McDonald  
Original Lessee: Bold Energy LP  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 3/16ths  
Name of Each Working  
Interest Owner: COG Operating LLC 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

18 Lease Date: 9/4/2007  
Book 599, Page 1319, Chaves  
County Records  
Recorded:  
Original Lessor: Beda Merrill  
Original Lessee: Bold Energy LP  
Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
Number of Acres: Containing 40.00 acres, more or  
less  
Royalty Rate: 3/16ths  
Name of Each Working  
Interest Owner: COG Operating LLC 100%  
Name of Each  
Overriding Royalty  
Interest Owner: To be determined

19 Lease Date:

9/4/2007

Recorded:

Book 599, Page 1325, Chaves  
County Records

Original Lessor:

Edward L. Barganski, aka Edward  
Barganski

Original Lessee:

Bold Energy LP

Lands Covered:

Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE

Number of Acres:

Containing 40.00 acres, more or  
less

Royalty Rate:

3/16ths

Name of Each Working

Interest Owner:

COG Operating LLC 100%

Name of Each

Overriding Royalty

Interest Owner:

To be determined

20 Lease Date:

8/30/2007

Recorded:

Book 599, Page 659, Chaves County  
Records

Original Lessor:

Mike W. Hurst

Original Lessee:

Bold Energy LP

Lands Covered:

Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE

Number of Acres:

Containing 40.00 acres, more or  
less

Royalty Rate:

3/16ths

Name of Each Working

Interest Owner:

COG Operating LLC 100%

Name of Each

Overriding Royalty

Interest Owner:

To be determined

**21 Lease Date:** 8/30/2007  
**Recorded:** Book 599, Page 662, Chaves County Records  
**Original Lessor:** Roger L. Hurst  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**22 Lease Date:** 9/6/2007  
**Recorded:** Book 598, Page 1429, Chaves County Records  
Carolyn J. Moore, Trustee of the  
Carl T. Moore and Carolyn J. Moore  
**Original Lessor:** Family Trust dated 1/24/89  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: NESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**23 Lease Date:** 7/21/2010  
**Recorded:** Book 664, Page 1657, Chaves County Records  
Wells Fargo Bank, N.A., Agent for the New Mexico Boys and Girls Ranch Foundation, Inc.  
**Original Lessor:**  
**Original Lessee:** COG Operating LLC  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 1/4<sup>th</sup>  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** None

**24 Lease Date:** 10/01/1980  
**Recorded:** Book 200, Page 964, Chaves County Records  
Roswell State Bank, Guardian of the Estate of Vernon Rose  
**Original Lessor:**  
**Original Lessee:** Jerry L. Hooper  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: NESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 18.5%  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

The Oil & Gas Leases above were outlined in Title Opinion dated August 12, 2010, prepared by Vandiver & Bowman, P.C.

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	40.00	25.00%
Tract No.3	<u>40.00</u>	<u>25.00%</u>
Total	160.00	100.00%

COMMUNITIZATION AGREEMENT

WELL NAME: LEO 3 Federal Com #1H

Contract No. NM-126805

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."

W I T N E S S E T H:

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 and depicted on "Exhibit A":

Township 15 South, Range 31 East, N.M.P.M.

Section 3: S/2S/2

Chaves County, New Mexico

Containing 160.00 acres, and this agreement shall include only the Abo and Wolfcamp Formation(s) underlying said lands and the natural gas and associated liquid hydrocarbons, hereinafter, referred to as "communitized substances", producible from such formation(s).



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 if such failure results from, compliance with any such laws, orders rules or regulations.
10. The effective date of this agreement is April 15, 2011, 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 occurs 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,

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 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 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 each leasehold bears to the entire acreage interest committed to this agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or 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-

RECAPITULATION

Tract numbers	Number of Acres Committed	Percentage of Interest in Communitized Area
Tract No.1	80.00	50.00%
Tract No.2	40.00	25.00%
Tract No.3	<u>40.00</u>	<u>25.00%</u>
Total	160.00	100.00%

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

By: Meggy K. Daggett  
Gregory K. Daggett  
Attorney-in-Fact

WORKING INTEREST OWNERS:

Chesapeake Exploration, L.L.C.

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President -  
Land and Legal & General  
Counsel

~~Oxy NM doing business in New Mexico~~  
~~As Oxy NM Limited Partnership~~

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

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

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

Penroc Oil Corporation

By: \_\_\_\_\_  
M. Y. Merchant  
President

ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

By: Gregory K. Daggett  
Gregory K. Daggett  
Attorney-in-Fact *sp*

WORKING INTEREST OWNERS:

Chesapeake Exploration, L.L.C.

By: Henry J. Hood *JSH CAB*  
Henry J. Hood  
Senior Vice President - *DB*  
Land and Legal & General  
Counsel

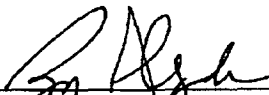
~~Oxy NM doing business in New Mexico~~  
As Oxy NM Limited Partnership

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

Penroc Oil Corporation

By: \_\_\_\_\_  
M. Y. Merchant  
President

Cimarex Energy Co.

By:   
Roger Alexander  
Attorney-in-Fact



Chisos, Ltd.

By: \_\_\_\_\_  
Sue Ann Craddock  
President

Cross Border Resources, Inc.

By: \_\_\_\_\_  
Lawrence J. Risley  
President

First Roswell Company

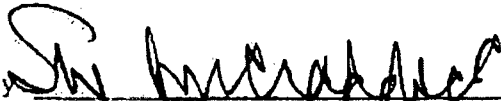
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

**Cimarex Energy Co.**

By: \_\_\_\_\_  
Roger Alexander  
Attorney-in-Fact

**Chisos, Ltd.**

By:  \_\_\_\_\_  
Sue Ann Craddock  
President

**Cross Border Resources, Inc.**

By: \_\_\_\_\_  
Lawrence J. Risley  
President

**First Roswell Company**

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

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

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

\_\_\_\_\_



ratification or consent hereto with the same force and effect as if all parties had signed the same document.

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

By: Gregory K. Daggett  
Gregory K. Daggett  
Attorney-in-Fact

WORKING INTEREST OWNERS:

Chesapeake Exploration, L.L.C.

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President -  
Land and Legal & General  
Counsel

~~Oxy NM doing business in New Mexico~~  
As Oxy NM Limited Partnership

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

Penroc Oil Corporation

By: M. Y. Merchant  
M. Y. Merchant  
President

**Cimarex Energy Co.**

By: \_\_\_\_\_  
Roger Alexander  
Attorney-in-Fact

**Chisos, Ltd.**

By: \_\_\_\_\_  
Sue Ann Craddock  
President

**Cross Border Resources, Inc.**

By: Lawrence J. Risley  
Lawrence J. Risley  
President

**First Roswell Company**

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

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

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

\_\_\_\_\_

Cimarex Energy Co.

By: \_\_\_\_\_  
Roger Alexander  
Attorney-in-Fact

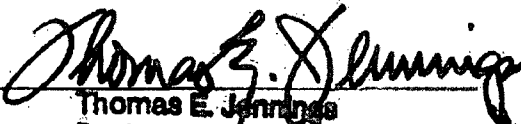
Chisos, Ltd.

By: \_\_\_\_\_  
Sue Ann Craddock  
President

Cross Border Resources, Inc.

By: \_\_\_\_\_  
Lawrence J. Risley  
President

First Roswell Company

By:   
Thomas E. Jennings  
Name: President

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

ACKNOWLEDGEMENTS

STATE OF TEXAS                     )  
                                              )  
COUNTY OF MIDLAND                )

This instrument was acknowledged before me on May 19, 2011, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.



Traci Conner  
Notary Public

STATE OF OKLAHOMA                )  
                                              )  
COUNTY OF OKLAHOMA             )

This instrument was acknowledged before me on \_\_\_\_\_, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a \_\_\_\_\_ limited liability company, on behalf of same.

\_\_\_\_\_  
Notary Public

~~STATE OF \_\_\_\_\_ )~~  
~~)~~  
~~COUNTY OF \_\_\_\_\_ )~~

~~This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a \_\_\_\_\_ limited partnership, on behalf of said same.~~

~~\_\_\_\_\_  
Notary Public~~

ACKNOWLEDGEMENTS

STATE OF TEXAS )  
 )  
COUNTY OF MIDLAND )

This instrument was acknowledged before me on May 19, 2011, by Gregory K. Daggett, Attorney-in-Fact of COG Operating LLC, a Delaware limited liability company, on behalf of same.



Traci Conner  
Notary Public

STATE OF OKLAHOMA )  
 )  
COUNTY OF OKLAHOMA )

This instrument was acknowledged before me on June 7, 2011, by Henry J. Hood, as Senior Vice President/Land and Legal & General Counsel of Chesapeake Exploration, L.L.C., a Oklahoma limited liability company, on behalf of same.



Teresa K. Long  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_, as \_\_\_\_\_ of Oxy NM doing business in New Mexico as Oxy NM Limited Partnership, a \_\_\_\_\_ limited partnership, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF NEW MEXICO )  
 )  
COUNTY OF LEA )

This instrument was acknowledged before me on May 25, 2011, by M. Y. Merchant, as President of Penroc Oil Corporation, a Texas corporation, on behalf of said same.

Jay A. Buballa  
Notary Public

My commission expires: June 1, 2014

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a \_\_\_\_\_ company, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Sue Ann Craddock, as President of Chisos, Ltd., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

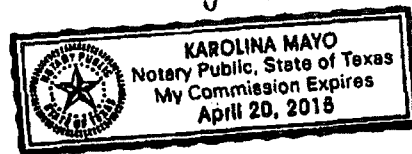
This instrument was acknowledged before me on \_\_\_\_\_, by M. Y. Merchant, as President of Penroc Oil Corporation, a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF Texas )  
 )  
COUNTY OF midland )

This instrument was acknowledged before me on JUNE 7, 2011, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a Delaware <sup>company</sup> corporation, on behalf of said same.

Karolina Mayo  
Notary Public



STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Sue Ann Craddock, as President of Chisos, Ltd., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by M. Y. Merchant, as President of Penroc Oil Corporation, a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

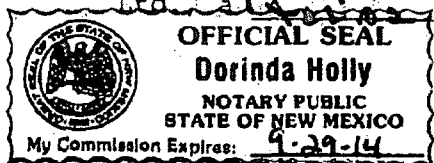
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a \_\_\_\_\_ company, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF New Mexico )  
COUNTY OF Luna )

This instrument was acknowledged before me on May 29, 2011, by Sue Ann Craddock, as President of Chisos, ~~Ltd. Partnership~~ corporation, on behalf of said same.



Dorinda Holly  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public



STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by M. Y. Merchant, as President of Penroc Oil Corporation, a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, by Roger Alexander, as Attorney-in-Fact of Cimarex Energy Co., a \_\_\_\_\_ company, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

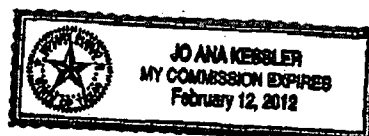
This instrument was acknowledged before me on \_\_\_\_\_, by Sue Ann Craddock, as President of Chisos, Ltd., a \_\_\_\_\_ corporation, on behalf of said same.

\_\_\_\_\_  
Notary Public

STATE OF TEXAS )  
 )  
COUNTY OF BEXAR )

This instrument was acknowledged before me on MAY 27, 2011, by Lawrence J. Risley, as President of Cross Border Resources, Inc., a Nevope corporation, on behalf of said same.

Joana Kessler  
Notary Public



STATE OF New Mexico )  
 )  
COUNTY OF Chaves )



This instrument was acknowledged before me on  
26 May 2011, by Thomas E. Jennings, as President of First  
Roswell Company, a New Mexico company, on behalf of said same.

Kate Ediger  
Notary Public

**EXHIBIT A**

To Communitization Agreement dated April 15, 2011,  
embracing the S/2S/2 of Section 3, Township 15 South, Range  
31 East, N.M.P.M., Chaves County, New Mexico

Tract 1 NMNM-105885  Leo "3" Fed. Com #1 SHL: 660' FSL & 430' FWL		Tract 2 fee & unleased mineral owners	Tract 3 fee & unleased mineral owners  BHL: 660' FSL & 430' FEL

**EXHIBIT B**

To Communitization Agreement dated April 15, 2011, embracing  
the S/2S/2 of Section 3, 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 1:**

1 Lessor:	United States of America
Current Lessee of	COG Operating LLC / Chesapeake
Record:	Exploration, L.L.C.
Serial Number of	
Lease	NMNM-105885
Lease Date:	3/1/2001
Primary Term of	
Lease:	10 years
Basic Royalty Rate:	12-1/2%
Description of Land	Insofar as said lease covers
Committed:	<u>Township 15 South, Range 31 East</u>
	Section 3: S2SW
Number of Acres:	Containing 80.00 acres, more or less
Name of Each Working	
Interest Owner:	COG Operating LLC 50%
	Chesapeake Exploration, L.L.C. 50%
Name of Each	
Overriding Royalty	
Interest Owner:	Harvey E. Yates Company 2.50%

**TRACT 2:**

<b>1 Lease Date:</b>	2/1/2008
<b>Recorded:</b>	Book 609, Page 1191, Chaves County Records
<b>Original Lessor:</b>	Geneva Bruin Gardner, a widow
<b>Original Lessee:</b>	Thomas E. Jennings
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2W2SE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	1/5 <sup>th</sup>
<b>Name of Each Working Interest Owner:</b>	Cimarex Energy Co. 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
<b>2 Lease Date:</b>	3/1/2008
<b>Recorded:</b>	Book 616, Page 1105, Chaves County Records
<b>Original Lessor:</b>	Good Earth Minerals, LLC
<b>Original Lessee:</b>	Chalfant Properties
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2W2SE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	1/4 <sup>th</sup>
<b>Name of Each Working Interest Owner:</b>	Chesapeake Exploration, L.L.C. 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

7?

3	<b>Lease Date:</b> <b>Recorded:</b> <b>Original Lessor:</b> <b>Original Lessee:</b> <b>Lands Covered:</b>  <b>Number of Acres:</b>  <b>Royalty Rate:</b> <b>Name of Each Working Interest Owner:</b>  <b>Name of Each Overriding Royalty Interest Owner:</b>	3/1/2008 Book 616, Page 1108, Chaves County Records Matlock Minerals, Ltd. Co. Chalfant Properties Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2W2SE Containing 40.00 acres, more or less 1/4 <sup>th</sup> Chesapeake Exploration, L.L.C. 100%  To be determined
4	<b>Lease Date:</b> <b>Recorded:</b> <b>Original Lessor:</b> <b>Original Lessee:</b> <b>Lands Covered:</b>  <b>Number of Acres:</b>  <b>Royalty Rate:</b> <b>Name of Each Working Interest Owner:</b> <b>Name of Each Overriding Royalty Interest Owner:</b>	06/01/2010 Book 665, Page 440, Chaves County Records The Blanco Company Cimarex Energy Co. Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2W2SE Containing 40.00 acres, more or less 1/4 <sup>th</sup> Cimarex Energy Co. 100%  To be determined

<b>5</b>	<b>Lease Date:</b>	3/28/2011
	<b>Recorded:</b>	NA
	<b>Mineral Interest Owner:</b>	Chisos, Ltd. 25.00%
	<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: S2W2SE
	<b>Number of Acres:</b>	Containing 40.00 acres, more or less
	<b>Royalty Rate:</b>	1/4 <sup>th</sup>
<b>6</b>	<b>Lease Date:</b>	3/28/2011
	<b>Recorded:</b>	NA
	<b>Mineral Interest Owner:</b>	Cross Border Resources, Inc., (successor in interest to Pure Energy Group, Inc.) 25.00%
	<b>Lands Covered:</b>	Insofar as said lease covers Township 15 South, Range 31 East Section 3: S2W2SE
	<b>Number of Acres:</b>	Containing 40.00 acres, more or less
	<b>Royalty Rate:</b>	1/4 <sup>th</sup>
<b>7</b>	<b>Lease Date:</b>	3/28/2011
	<b>Recorded:</b>	NA
	<b>Mineral Interest Owner:</b>	First Roswell Company 12.50%
	<b>Lands Covered:</b>	Insofar as said lease covers Township 15 South, Range 31 East Section 3: S2W2SE
	<b>Number of Acres:</b>	Containing 40.00 acres, more or less
	<b>Royalty Rate:</b>	1/4 <sup>th</sup>

**TRACT 3:**

<b>1 Lease Date:</b>	8/4/1980
	Book 194, Page 951, Miscellaneous Records
<b>Recorded:</b>	
<b>Original Lessor:</b>	Loy Wrinkle a single man
<b>Original Lessee:</b>	Gulf Oil Corporation
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	Penroc Oil Corporation 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
 <b>2 Lease Date:</b>	 8/4/1980
	Book 195, Page 76, Miscellaneous Records
<b>Recorded:</b>	
<b>Original Lessor:</b>	Gaylord K. Walden, a single man
<b>Original Lessee:</b>	Gulf Oil Corporation
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	Penroc Oil Corporation 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined



<b>3 Lease Date:</b>	8/4/1980
<b>Recorded:</b>	Book 195, Page 147, Miscellaneous Records
<b>Original Lessor:</b>	Dawn Ruthann Miller, now known as Tinka Dawn Hudson, a single woman
<b>Original Lessee:</b>	Gulf Oil Corporation
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	Penroc Oil Corporation 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
 <b>4 Lease Date:</b>	 9/15/1980
<b>Recorded:</b>	Book 196, Page 932, Miscellaneous Records
<b>Original Lessor:</b>	Janis Jean Joines, a single woman
<b>Original Lessee:</b>	Gulf Oil Corporation
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	Penroc Oil Corporation 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

**5 Lease Date:** 9/30/1980  
**Recorded:** Book 196, Page 936, Miscellaneous Records  
**Original Lessor:** Rose Edwards, a widow  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: SESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

**6 Lease Date:** 9/30/1980  
**Recorded:** Book 196, Page 9406, Miscellaneous Records  
**Original Lessor:** Mary Lou Hill, as agent and AIF for Carroll Joe Walden, aka Carol J. Walden  
  
**Original Lessee:** Gulf Oil Corporation  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
Section 3: SESE  
  
**Number of Acres:** Containing 40.00 acres, more or less  
  
**Royalty Rate:** 3/16ths  
**Name of Each Working Interest Owner:** Penroc Oil Corporation 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

<b>7 Lease Date:</b>	5/10/2007
<b>Recorded:</b>	Book 591, Page 70, Chaves County Records
<b>Original Lessor:</b>	Madison M. Hinkle & Susan M. Hinkle, husband & wife
<b>Original Lessee:</b>	COG Oil & Gas LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	23%
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
 <b>8 Lease Date:</b>	 5/10/2007
<b>Recorded:</b>	Book 591, Page 68, Chaves County Records
<b>Original Lessor:</b>	Rolla R. Hinkle, II and Marjorie W. Hinkle, husband & wife
<b>Original Lessee:</b>	COG Oil & Gas LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	23%
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

<b>9 Lease Date:</b>	5/10/2007
<b>Recorded:</b>	Book 591, Page 63, Chaves County Records
<b>Original Lessor:</b>	Rolla R. Hinkle, III and Rosemary H. Hinkle, husband & wife
<b>Original Lessee:</b>	COG Oil & Gas LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	23%
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
 <b>10 Lease Date:</b>	 5/10/2007
<b>Recorded:</b>	Book 591, Page 68, Chaves County Records
<b>Original Lessor:</b>	Rolla R. Hinkle, II and Marjorie W. Hinkle, husband & wife
<b>Original Lessee:</b>	COG Oil & Gas LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	23%
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

**11 Lease Date:** 9/5/2007  
 Book 598, Page 1435, Chaves  
 County Records, and re-recorded  
 in Book 639, Page 517, Chaves  
 County Records to correct a  
 faulty acknowledgement  
**Recorded:**  
**Original Lessor:** Eva L. Bennett, a widow  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
**Number of Acres:** Containing 40.00 acres, more or  
 less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**12 Lease Date:** 8/30/2007  
 Book 598, Page 1432, Chaves  
 County Records  
**Recorded:**  
**Original Lessor:** Marjorie L. Smith  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
**Number of Acres:** Containing 40.00 acres, more or  
 less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

<p><b>13 Lease Date:</b></p> <p><b>Recorded:</b></p> <p><b>Original Lessor:</b></p> <p><b>Original Lessee:</b></p> <p><b>Lands Covered:</b></p> <p><b>Number of Acres:</b></p> <p><b>Royalty Rate:</b></p> <p><b>Name of Each Working Interest Owner:</b></p> <p><b>Name of Each Overriding Royalty Interest Owner:</b></p>	<p>9/4/2007</p> <p>Book 599, Page 656, Chaves County Records, and re-recorded in Book 639, Page 511, Chaves County Records, to correct a faulty acknowledgement Phyllis L. Lynch, aka Phyllis Lynch</p> <p>Bold Energy LP</p> <p>Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE</p> <p>Containing 40.00 acres, more or less</p> <p>3/16ths</p> <p>COG Operating LLC            100%</p> <p>To be determined</p>
<p><b>14 Lease Date:</b></p> <p><b>Recorded:</b></p> <p><b>Original Lessor:</b></p> <p><b>Original Lessee:</b></p> <p><b>Lands Covered:</b></p> <p><b>Number of Acres:</b></p> <p><b>Royalty Rate:</b></p> <p><b>Name of Each Working Interest Owner:</b></p> <p><b>Name of Each Overriding Royalty Interest Owner:</b></p>	<p>9/21/2007</p> <p>Book 599, Page 1633, Chaves County Records</p> <p>Georgena M. Moore, Trustee of the Carrell H. Moore and Georgena M. Moore Family Trust dated 5/3/89</p> <p>Bold Energy LP</p> <p>Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE</p> <p>Containing 40.00 acres, more or less</p> <p>3/16ths</p> <p>COG Operating LLC            100%</p> <p>To be determined</p>

15 Lease Date: 9/6/2007  
Recorded: Book 600, Page 156, Chaves County Records, and re-recorded in Book 639, Page 520, Chaves County Records, to correct a faulty acknowledgement

Original Lessor: Mary Lou Hill  
Original Lessee: Bold Energy LP  
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths

Name of Each Working Interest Owner: COG Operating LLC 100%

Name of Each Overriding Royalty Interest Owner: To be determined

16 Lease Date: 9/24/2007  
Recorded: Book 600, Page 6, Chaves County Records, and Ratification of Oil & Gas Lease dated 5/11/09, recorded in Book 641, Page 1258, Chaves County Records

Original Lessor: Jerry Kityk, Trustee of the Lonnie D. Moore Revocable Trust dated 9/4/96

Original Lessee: Bold Energy LP  
Lands Covered: Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: SESE

Number of Acres: Containing 40.00 acres, more or less

Royalty Rate: 3/16ths

Name of Each Working Interest Owner: COG Operating LLC 100%

Name of Each Overriding Royalty Interest Owner: To be determined

17 Lease Date: 9/20/2007  
 Recorded: Book 600, Page 153, Chaves County  
 Records, and Amendment to Oil &  
 Gas Lease effective 9/20/07,  
 recorded in Book 662, Page 1404,  
 Chaves County Records  
  
 Original Lessor: Theodore S. Moore  
 Original Lessee: Bold Energy LP  
 Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
  
 Number of Acres: Containing 40.00 acres, more or  
 less  
  
 Royalty Rate: 3/16ths  
 Name of Each Working  
 Interest Owner: COG Operating LLC 100%  
 Name of Each  
 Overriding Royalty  
 Interest Owner: To be determined

18 Lease Date: 9/5/2007  
 Recorded: Book 600, Page 535, Chaves County  
 Records  
 Original Lessor: Martha McDonald  
 Original Lessee: Bold Energy LP  
 Lands Covered: Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
  
 Number of Acres: Containing 40.00 acres, more or  
 less  
  
 Royalty Rate: 3/16ths  
 Name of Each Working  
 Interest Owner: COG Operating LLC 100%  
 Name of Each  
 Overriding Royalty  
 Interest Owner: To be determined



<b>19 Lease Date:</b>	9/4/2007
<b>Recorded:</b>	Book 599, Page 1319, Chaves County Records
<b>Original Lessor:</b>	Beda Merrill
<b>Original Lessee:</b>	Bold Energy LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
 <b>20 Lease Date:</b>	 9/4/2007
<b>Recorded:</b>	Book 599, Page 1325, Chaves County Records
<b>Original Lessor:</b>	Edward L. Barganski, aka Edward Barganski
<b>Original Lessee:</b>	Bold Energy LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

<b>21 Lease Date:</b>	8/30/2007
<b>Recorded:</b>	Book 599, Page 659, Chaves County Records
<b>Original Lessor:</b>	Mike W. Hurst
<b>Original Lessee:</b>	Bold Energy LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined
<b>22 Lease Date:</b>	8/30/2007
<b>Recorded:</b>	Book 599, Page 662, Chaves County Records
<b>Original Lessor:</b>	Roger L. Hurst
<b>Original Lessee:</b>	Bold Energy LP
<b>Lands Covered:</b>	Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE
<b>Number of Acres:</b>	Containing 40.00 acres, more or less
<b>Royalty Rate:</b>	3/16ths
<b>Name of Each Working Interest Owner:</b>	COG Operating LLC 100%
<b>Name of Each Overriding Royalty Interest Owner:</b>	To be determined

**23 Lease Date:** 9/6/2007  
 Book 598, Page 1429, Chaves  
**Recorded:** County Records  
 Carolyn J. Moore, Trustee of the  
 Carl T. Moore and Carolyn J.  
 Moore Family Trust dated 1/24/89  
**Original Lessor:**  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
  
**Number of Acres:** Containing 40.00 acres, more or  
 less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

**24 Lease Date:** 9/5/2007  
 Book 600, Page 177, Chaves County  
 Records, and re-recorded in Book  
 639, Page 523, Chaves County  
**Recorded:** Records  
**Original Lessor:** Carole Ann Tong  
**Original Lessee:** Bold Energy LP  
**Lands Covered:** Insofar as said lease covers  
Township 15 South, Range 31 East  
 Section 3: SESE  
  
**Number of Acres:** Containing 40.00 acres, more or  
 less  
**Royalty Rate:** 3/16ths  
**Name of Each Working**  
**Interest Owner:** COG Operating LLC 100%  
**Name of Each**  
**Overriding Royalty**  
**Interest Owner:** To be determined

<p><b>25 Lease Date:</b></p> <p><b>Recorded:</b></p> <p><b>Original Lessor:</b></p> <p><b>Original Lessee:</b></p> <p><b>Lands Covered:</b></p> <p><b>Number of Acres:</b></p> <p><b>Royalty Rate:</b></p> <p><b>Name of Each Working Interest Owner:</b></p> <p><b>Name of Each Overriding Royalty Interest Owner:</b></p>	<p>9/5/2007</p> <p>Book 600, Page 1111, Chaves County Records, and re-recorded in Book 639, Page 514, Chaves County Records to correct a faulty acknowledgement</p> <p>Debra Brooker</p> <p>Bold Energy LP</p> <p>Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE</p> <p>Containing 40.00 acres, more or less</p> <p>3/16ths</p> <p>COG Operating LLC      100%</p> <p>To be determined</p>
<p><b>26 Lease Date:</b></p> <p><b>Recorded:</b></p> <p><b>Original Lessor:</b></p> <p><b>Original Lessee:</b></p> <p><b>Lands Covered:</b></p> <p><b>Number of Acres:</b></p> <p><b>Royalty Rate:</b></p> <p><b>Name of Each Working Interest Owner:</b></p> <p><b>Name of Each Overriding Royalty Interest Owner:</b></p>	<p>9/5/2007</p> <p>Book 599, Page 1322, Chaves County Records, and re-recorded in Book 639, Page 526, Chaves County Records to correct a faulty acknowledgement</p> <p>Gaylord K. Walden</p> <p>Bold Energy LP</p> <p>Insofar as said lease covers <u>Township 15 South, Range 31 East</u> Section 3: SESE</p> <p>Containing 40.00 acres, more or less</p> <p>3/16ths</p> <p>COG Operating LLC      100%</p> <p>To be determined</p>

**27 Lease Date:** 7/21/2010  
**Recorded:** Book 664, Page 1657, Chaves County Records  
Wells Fargo Bank, N.A., Agent for the New Mexico Boys and Girls Ranch Foundation, Inc.  
**Original Lessor:**  
**Original Lessee:** COG Operating LLC  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: SESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 1/4<sup>th</sup>  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** None

**28 Lease Date:** 10/01/1980  
**Recorded:** Book 200, Page 964, Chaves County Records  
Roswell State Bank, Guardian of the Estate of Vernon Rose  
**Original Lessor:**  
**Original Lessee:** Jerry L. Hooper  
**Lands Covered:** Insofar as said lease covers Township 15 South, Range 31 East  
Section 3: SESE  
**Number of Acres:** Containing 40.00 acres, more or less  
**Royalty Rate:** 18.5%  
**Name of Each Working Interest Owner:** COG Operating LLC 100%  
**Name of Each Overriding Royalty Interest Owner:** To be determined

The Oil & Gas Leases above were outlined in Title Opinion dated August 12, 2010, prepared by Vandiver & Bowman, P.C.