

ABOVE THIS LINE FOR DIVISION USE ONLY

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



C06 239137  
 Comet 22 Fed #3  
 30-015-35821

**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 Comet 22 Federal Com 3 API # 30-015-35821  
 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

✓ OLM-41  
 OLS-198

[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

2011 MAR 10 PM 3:44  
 RECEIVED OOD

[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.

Netha Aaron \_\_\_\_\_ Netha Aaron \_\_\_\_\_ Regulatory Analyst \_\_\_\_\_ 3/9/11 \_\_\_\_\_  
 Print or Type Name Signature Title Date

oaaron@conchoresources.com \_\_\_\_\_  
 e-mail Address

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~



March 9, 2011

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

New Mexico Oil Conservation Division  
Will Jones  
1220 S St. Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OGD  
291 MAR 10 P 3:44

Dear Mr. Jones,

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

Comet 22 Federal Com #3  
Eddy County, NM  
API # 30-015-35821  
Surface: 1980 FNL & 330 FWL Sec 22, T16S, R28E, Unit E  
BHL: 1955 FNL & 381 FEL Sec 22, T16S, R28E, Unit H  
Crow Flats; Wolfcamp (Oil - 97102)

The Off-Lease Measurement facility is located on COG Operating LLC property, Comet 22 Federal #4 Sec 22, T16S, R 28E, 330 FNL & 1650 FWL. This facility consists of one (2) gas meters (#723329-01) for the above mentioned well an (723329-00) for the Comet 22 Federal #4 well.

This well has a Communitization Agreement NMNM123395. It involves 120 acres of Federal land in lease NM95630 and 40 acres of Federal land in lease NM100844.

COG Operating LLC plans to keep all production separate. The current system configuration is that of commonly accepted oil field practice for testing producing oil wells.

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

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

Sincerely,

COG Operating LLC  
Netha Aaron  
Regulatory Analyst

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, 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 June 10, 2003

**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 Suite 100, Midland, TX 79701

APPLICATION TYPE:

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

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.  
 (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 attach 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: Netha Aaron TITLE: Regulatory Analyst DATE: 3/9/11  
 TYPE OR PRINT NAME Netha Aaron TELEPHONE NO.: 432-818-2319  
 E-MAIL ADDRESS: oaaron@conchoresources.com

RECEIVED

APR - 1 2010

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  
1820 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

FORM C-102  
Revised October 12, 2006  
NM OGD ARTESIA  
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 30-015-35821	Pool Code 97102	Pool Name CROW FLATS Wolfcamp
Property Code 36629	Property Name COMET "22" FEDERAL COM	Well Number 3
OGRD No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 3611'

Surface Location

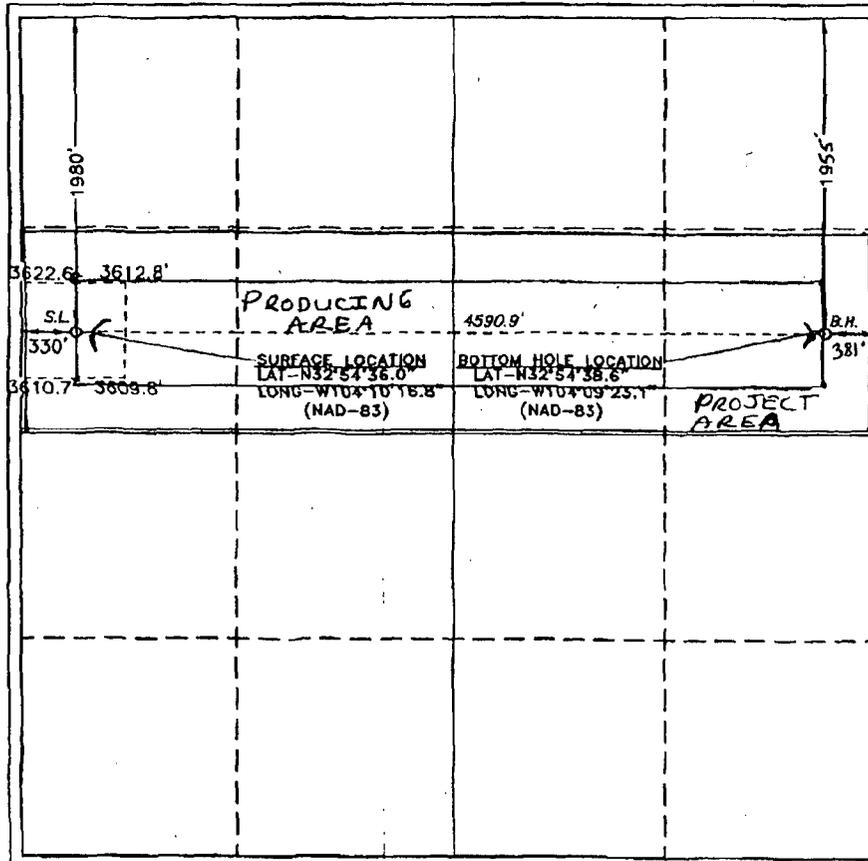
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
E	22	16 S	28 E		1980	NORTH	330	WEST	EDDY

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
H	22	16 S	28 E		1955	NORTH	381	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

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.

*Phyllis A. Edwards* 6-18-07  
Signature Date

PHYLLIS A. EDWARDS  
Printed Name  
REGULATORY ANALYST

**SURVEYOR CERTIFICATION**

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.

APRIL 11 2007

Date Surveyed  
Signature of Gary L. Jones  
Professional Seal  
908

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1501 V. 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 30-015-35716	Pool Code 97102	Pool Name Crow Flats; Wolfcamp
Property Code 36629	Property Name COMET "22" FEDERAL	Well Number 4
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 3385'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	22	16 S	28 E		330	NORTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	22	16 S	28 E		330	NORTH	436	EAST	EDDY

Dedicated Acres 120	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>3582.3' 3584.3' 1650' 3586.8' 3591.8' SURFACE LOCATION LAT-N32°54'53.1" LONG-W104°10'01.3" (NAD-83)</p> <p>3265.6' B.H. BHL: 330' FNL 436' FEL BOTTOM HOLE LOCATION LAT-N32°54'54.9" LONG-W104°09'23.0" (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><i>Robyn Odom</i> 1/16/2009 Signature Date</p> <p>Robyn Odom Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>APR 14 2007 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature Professional Surveyor</p> <p> 7977</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>

# COG OPERATING LLC

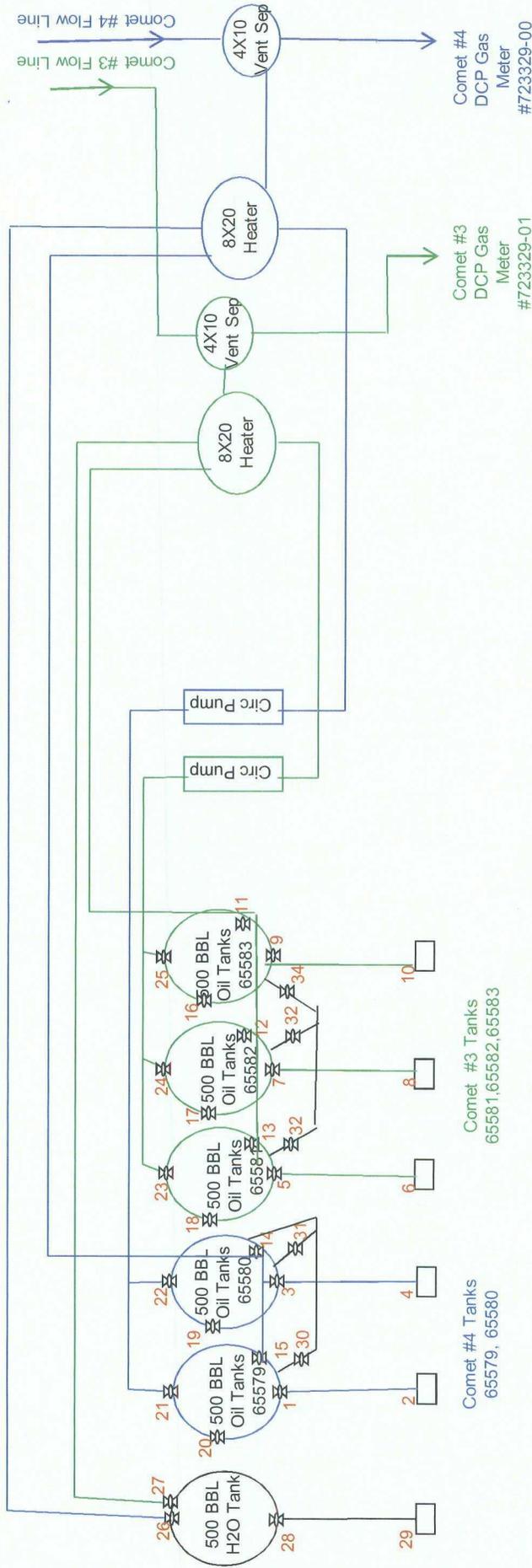
Site Security Plan is located at:

550W. Texas Ave Ste 100 Midland, Texas 79701  
(432)-683-7443

November 2010

# Comet 22 Federal 4 Comet 22 Federal Com 3

NE/NW, Sec 22, T16S, R28E, Unit C  
Eddy County, NM  
NMNM100844



## Production Phase:

- Valves-1,2,3,4,5,6,7,8,9 & 10 Closed
- Valves-11,12,13,14 or 15 Open
- Valves-16,17,18,19 or 20 Open
- Valves-21,22,23,24 or 25 Open
- Valves-30,31,32,33 & 34 Open
- WaterLine Valves-26 & 27 Open
- Valves-28 & 29 Closed

## Sales Phase:

- Valves-1&2, 3&4, 5&6, 7&8 or 9&10 Open
- Valves-11,12,13,14 or 15 Open
- Valves-16,17,18,19 or 20 Open
- Valves-21,22,23,24,25 Closed
- Valves-30,31,32,33, 34 Closed
- Wateris Trucked Valves-28, 29 Open

## Wells in Battery

- Comet 22 Federal Com #3: 30-015-35821  
Tank 65581, 65582,65583
- Comet 22 Federal #4: 30-015-35716 \*  
Tank 65579, 65580

\* Indicates battery location



11/10/2010  
 Kanicia Carrillo  
 550 W Texas, Suite 100  
 Midland, TX 79701

Nearburg Exploration Company  
 Attn: Jonny Reyes  
 3300 North A Street  
 Building 2, Suite 120  
 Midland, TX 79705

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name) S. Jorda	C. Date of Delivery 11-12-10
1. Article Addressed to:  Nearburg Exploration Co 3300 North A Street Bldg 2, Suite 120 Midland, TX 79705	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)	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	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540		

Dear Mr. Reyes,

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil Conservation Division in Santa Fe, NM for an Off-Lease Storage Facility on the following well:

**Comet 22 Federal Com #3**  
**Eddy County, NM**  
**API # 30-015-35821**  
**Surface: 1980 FNL & 330 FWL Sec 22, T16S, R28E, Unit E**  
**BHL: 1955 FNL & 381 FEL Sec 22, T16S, R28E, Unit H**  
**Crow Flats; Wolfcamp (Oil - 97102)**

The Off-Lease Storage facility will be located, at the Comet 22 Federal #4 surface location, 330FNL & 1650 FWL, Sec 22, T16S, R28E, Unit C. Our purchaser will transport all oil from this location.

COG Operating LLC plans to keep all production separate. The current system configuration is that of commonly accepted oil field practice for testing producing oil wells.

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

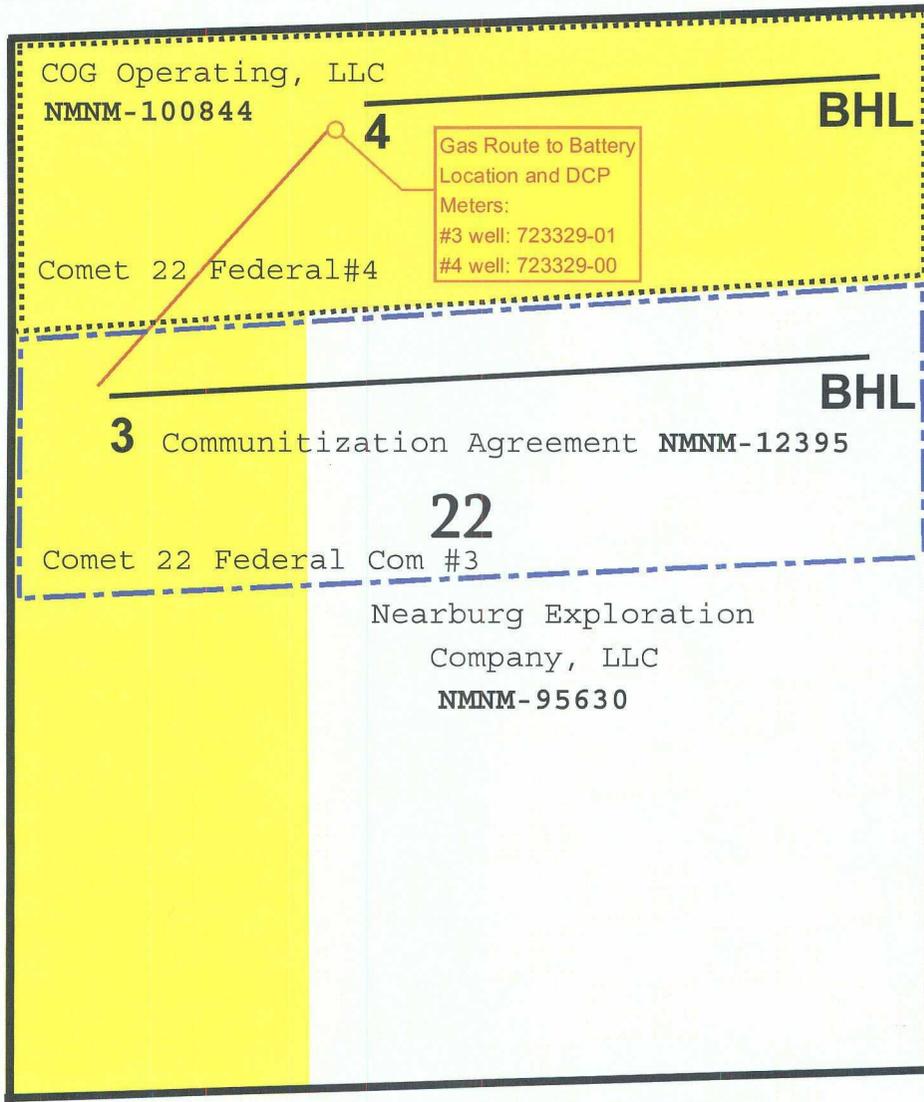
Sincerely,

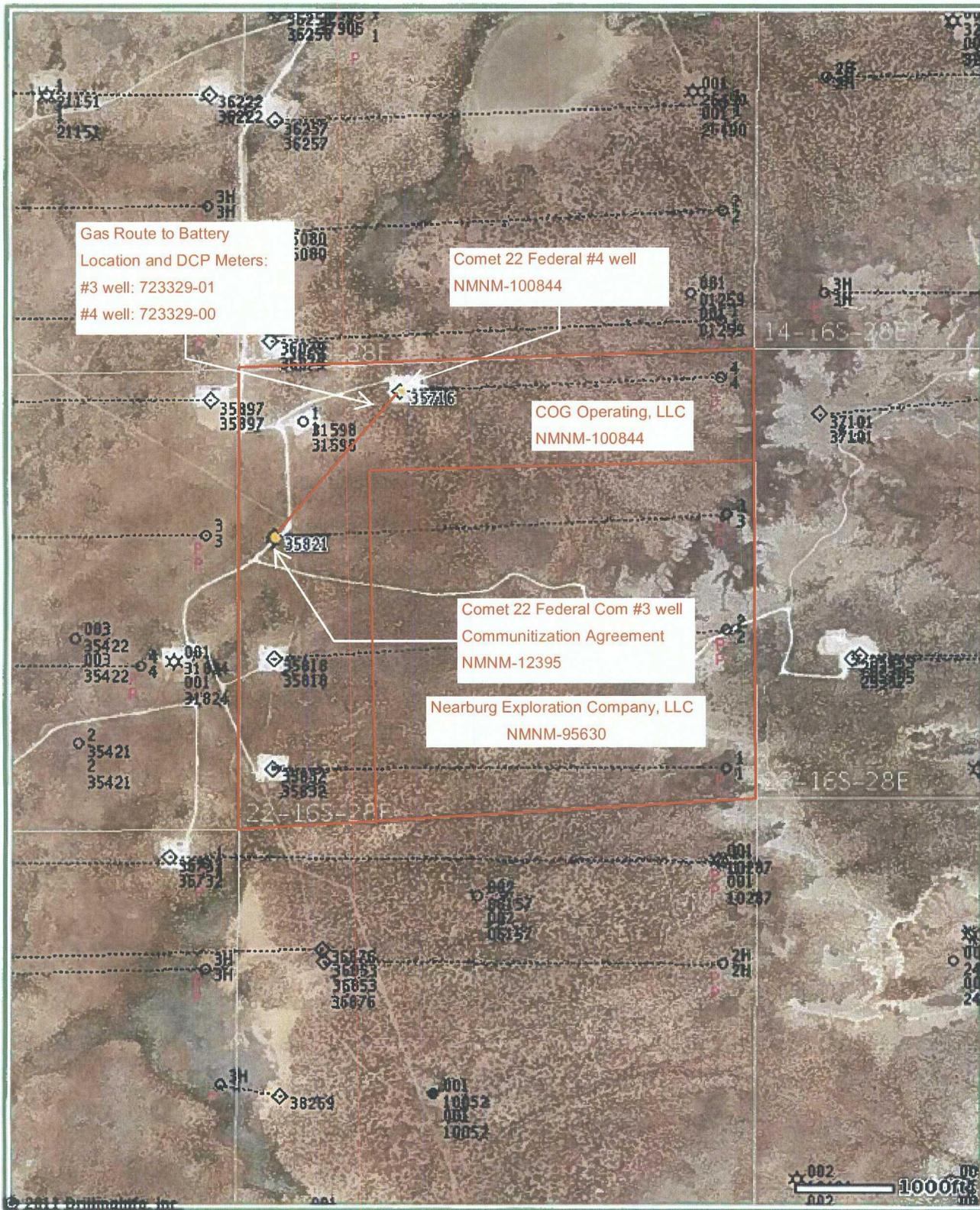


COG Operating, LLC  
 Kanicia Carrillo  
 Regulatory Analyst

Confirmation Services	Package ID: 9171082133393913622401	Electronic Certified
	Destination ZIP Code: 79705	First Class Letter
	Customer Reference:	
	Recipient: _____	PBP Account #: 41592288
	Address: _____	Serial #: 1364097
		NOV 10 2010 2:37pm

# T16S - R28E





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# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

[www.blm.gov/nm/st/en.html](http://www.blm.gov/nm/st/en.html)



FEB 11 2010

IN REPLY REFER TO:  
NMNM123395  
3105.2 NM (P0220)

FEB - 9 2010

COG Operating  
Fasken Center, Tower 11  
550 West Texas Avenue, STE 1300  
Midland, TX 79701

Gentlemen:

Final approval for Communitization Agreement NMNM123395, involving 120.00 acres of Federal land in lease NM-95630, 40.00 acres of Federal land in lease NM-100844 Eddy County, New Mexico, comprising a 160.00-acre well spacing unit has been granted.

The agreement communitizes all rights as to the gas and associated liquid hydrocarbons producible from the Abo and Wolfcamp formations in S/2 N/2 Section 22, T. 16 S., R. 28 E., NMPM, and is effective June 17, 2009. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto. Approval based on statewide spacing per NMOCD rules 19.15.15.8 and 19.15.15.9.

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

If you have any questions regarding this approval, please contact Wesley Ingram, Supervisory Petroleum Engineer at (575) 234-5982.

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

Sincerely,

Don Peterson  
Assistant Field Manager,  
Lands and Minerals

cc:

MMS, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept.(Revenue Processing Div.)

Attention: Manuelita Martinez

NMOCD-Artesia

NM (9200)

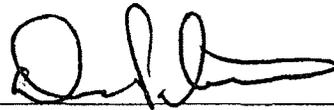
NM (P0220-CFO, File Room)

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
  
- B. Approve the attached communitization agreement covering the S/2 N/2 Section 22, T. 16 S., R. 28 E., NMPM, Eddy County, New Mexico, as to the gas and associated liquid hydrocarbons producible from the Abo and Wolfcamp formations. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
  
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



\_\_\_\_\_  
Authorized Officer

Effective: June 17, 2009

Contract No.: Com. Agr. NMNM123395

## Comet 22 Federal Com #3 Well

Contract No. MMMM 123395

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

## WITNESSETH:

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

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

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

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

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

Township 16 South, Range 28 East, N.M.P.M.  
Section 22: S/2 N/2  
Eddy County, New Mexico

Attn Laura Reyna  
COG Operating LLC  
550 W Texas Ave Ste 100  
Midland TX 79701

Bureau of Land Management  
RECEIVED

JUN 26 2009

Carlsbad Field Office  
Carlsbad, N.M.

containing 160 acres, and this agreement shall include only the Wolfcamp Formation underlying said lands and the oil and associated gaseous hydrocarbons, hereinafter referred to as "communitized substances", producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes, is Exhibit B, designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and three 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 effected 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 date of this agreement is June 17, 2009, 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

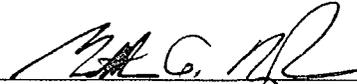
respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within 60 days thereafter, reworking or drilling operations on the communitized area are commenced and 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.
15. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

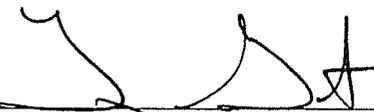
**OPERATOR:**

**COG OPERATING LLC**

By:   
Matthew G. Hyde, Vice President, Exploration & Land *JKD GKD*

**LESSEES OF RECORD:**

**NEARBURG EXPLORATION COMPANY, L.L.C.**

By:   
Terry Gant, Midland Manager *lf*

**ORRI OWNER:**

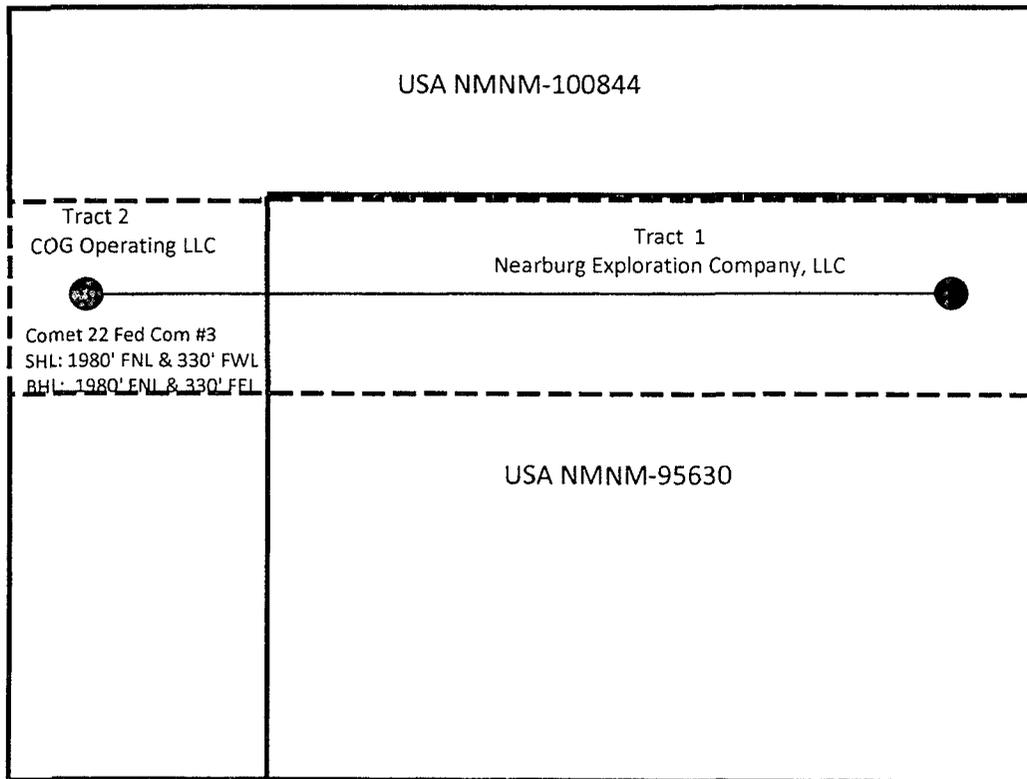
**NEARBURG PRODUCING COMPANY, for the benefit of NEARBURG PRODUCING COMPANY EMPLOYEE FUND**

By:   
Terry Gant, Midland Manager *lf*



**EXHIBIT "A "**

Attached to and made a part of that Communitization Agreement dated June 17, 2009, COG Operating LLC, Operator, covering the S/2 N/2 of Section 22, T-16-S, R-28-E, N.M.P.M., Eddy County, New Mexico



**EXHIBIT "B"**

Attached to and made a part of that Communitization Agreement dated June 17, 2009, COG Operating LLC, Operator, covering the S/2 N/2 of Section 22, T-16-S, R-28-E, N.M.P.M., Eddy County, New Mexico

Operator of Communitized Area: COG Operating LLC

**Description of Leases Committed:**

Tract No. 1

Lease Serial Number: NMNM 95630  
 Lease Date: September 1, 1995  
 Expiration Date: HBP  
 Lessor: United States of America  
 Original Lessee: Doug J. Schutz  
 Present Lessee: Nearburg Exploration Company, L.L.C.  
 Description of Land Committed: Insofar and only insofar as said lease covers SE/4 NW/4, S/2 NE/4 of Section 22, T-16-S, R-28-E, N.M.P.M., Eddy County, New Mexico  
 No. of Acres: 120.00  
 Royalty Rate: 12.50% on oil and gas  
 Name and Percent ORRI Owners: Nearburg Producing Company, for the benefit of the Nearburg Producing Company Employee Fund – 1%  
 Name and Percent WI Owner: ✓ Nearburg Exploration Company, L.L.C. – 100%

Tract No. 2

Lease Serial Number: NMNM 100844  
 Lease Date: June 1, 1998  
 Expiration Date: HBP  
 Lessor: United States of America  
 Original Lessee: Chase Oil Corporation  
 Present Lessee: COG Oil & Gas, LP  
 Description of Land Committed: Insofar and only insofar as said lease covers SW/4 NW/4 of Section 22, T-16-S, R-28-E, N.M.P.M., Eddy County, New Mexico  
 No. of Acres: 40.00  
 Royalty Rate: 12.50% on oil and gas  
 Name and Percent ORRI Owners: None  
 Name and Percent WI Owner: ✓ COG Operating LLC - 100%

**RECAPITULATION**

<u>TRACT NO.</u>	<u>NO. OF ACRES COMMITTED</u>	<u>PERCENTAGE OF COMMUNITIZED AREA</u>
Tract No.1	120.00	75.00%
Tract No. 2	<u>40.00</u>	<u>25.00%</u>
	160.00	100.00%



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
 CARLSBAD FIELD OFFICE  
 620 E. Greene Street  
 Carlsbad, New Mexico 88220-6292

IN REPLY REFER TO:  
 NMNM123395  
 3105.2 NM (P0220)

AUG 17 2009

Certification information

COG Operating  
 Fasken Center, Tower 11  
 550 West Texas Avenue, STE 1300  
 Midland, TX 79701

Gentlemen:

Enclosed is one approved copy of Communitization Agreement NMNM123395, involving 120.00 acres of Federal land in lease NM-95630, 40.00 acres of Federal land in lease NM-100844 Eddy County, New Mexico, comprising a 160.00-acre well spacing unit.

The agreement communitizes all rights as to the gas and associated liquid hydrocarbons producible from the Wolfcamp formation in S/2 N/2 section 22, T. 16 S., R. 28 E., NMPM, and is effective June 17, 2009. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

**The approval is for the Wolfcamp formation and is contingent on NMOCD designating a pool for this entire acreage. The current NMOCD pool maps only show that the west half of Section 22 has a designated Wolfcamp pool. Submit hearing order documentation of such pool designation within 6 months of receipt of this letter. The communitization agreement will terminate within 6 months of the receipt of this letter if the documentation has not been submitted.**

Any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management's approval date or the payors will be assessed interest for late payment under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 218.54). If you need assistance or clarification, please contact the Minerals Management Service at 1-800-525-9167 or 303-231-3504. If you have any questions regarding this approval, please call the Division of Lands and Minerals at (575) 234-5972.

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

Sincerely,

Don Peterson  
 Assistant Field Manager,  
 Lands and Minerals

1 Enclosure:  
 1 - Communitization Agreement

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program **proposed** for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached communitization agreement covering the S/2 N2 section 22 T. 16 S., R. 28 E., NMPM, Eddy County, New Mexico, as to the gas and associated liquid hydrocarbons producible from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3(e) are not met.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: AUG 17 2009



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Authorized Officer

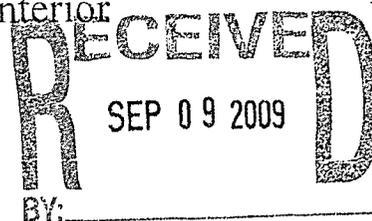
Effective: June 17, 2009

Contract No.: Com. Agr. NMNM123395



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE  
620 E. Greene Street  
Carlsbad, New Mexico 88220-6292



IN REPLY REFER TO:  
NMNM123395  
3105.2 NM (P0220)

SEP 1 2009

## Certification information

Re: Amendment to Communitization Agreement NMNM123395  
Comet 22 Fed Com #3  
Section 22, T. 16 S., R. 28 E.  
Eddy County, New Mexico

COG Operating  
Fasken Center, Tower 11  
550 West Texas Avenue, STE 1300  
Midland, TX 79701

Gentlemen:

Your letter of August 24, 2009 requests that Communitization Agreement NMNM123395 covering the S/2 N/2 Section 22, T. 16 S., R. 28 E., Eddy County, New Mexico, be amended to include the Abo formation.

The agreement presently covers the Wolfcamp formation. The Communitization Agreement is being amended to include the Abo formation **and is contingent on NMOCD designating a pool for this acreage. The current NMOCD pool maps do not show a designated Abo pool for Section 22. Submit hearing order documentation of such pool designation within 6 months of receipt of this letter. The communitization agreement will terminate within 6 months of the receipt of this letter if the documentation has not been submitted.**

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

Sincerely,

Don Peterson  
Assistant Field Manager,  
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

MMS, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)  
NM Taxation & Revenue Dept. (Revenue Processing Div.)  
Attention: Manuelita Martinez  
P. O. Box 2308  
Santa Fe, NM 87504  
NM (P0220-CFO, File Room)

RECEPTION NO: 0911864 STATE OF  
NEW MEXICO, COUNTY OF EDDY  
RECORDED 12/11/2009 8:52 AM  
BOOK 0798 PAGE 0979 *C. Cook*



**Concho Resources, LLC**

550 W. Texas Suite 100

432-818-2319 | 432-685-4396 | [oaaron@conchoresources.com](mailto:oaaron@conchoresources.com)

# fax

TO: Richard

FROM: Netha Aaron

FAX: 505-476-3462

PAGES: 6 including cover sheet

PHONE:

DATE: 4/4/2011

RE: OFM for Comet 22 Federal Com 3

CC:

Urgent    For Review    Please Comment    Please Reply    Please Recycle

Comments: [Your comments here]

Richard,

Here is the approved OFM from the BLM. If you have any more questions please feel free to contact me.

Thank you!!



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Operator Copy

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.  
NMNM100844  
NM 95630

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
NM123395

8. Well Name and No.  
COMET 22 FEDERAL COM 3

9. APT Well No.  
3001535821

10. Field and Pool, or Exploratory  
CROW FLATS; WOLFCAMP

11. County or Parish, and State  
EDDY COUNTY COUNTY, NM

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
COG OPERATING LLC  
Contact: NETHA AARON  
E-Mail: oaaron@conchoresources.com

3a. Address  
550 WEST TEXAS SUITE 100  
MIDLAND, TX 79701

3b. Phone No. (include area code)  
Ph: 432-818-2319  
Fx: 432-685-4398

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 22 T16S R28E 1980FNL 330FWL

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Well Integrity
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Recomplete
	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Off-Lease Measurement
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Water Disposal

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

COG Operating, LLC respectfully request permission for Off-Lease Measurement for the Comet 22 Federal Com #3 well. This well has a Communitization Agreement, NMNM-123395. COG is measuring and storing all production separately. A diagram is attached showing the battery operation.

All interest owners have been notified of this proposal.

No Federal or Indian royalties will be reduced by the approval of this application.

Our meter is located on COG Operating LLC property at the Comet 22 Federal #4 battery. The property is located at Sec 22, T16S, R28E, Unit C, 330 FNL, 1650 FWL, N327 54? 618? W 104? 10? 253? on lease \*NM 100844  
NEW

I have attached the following:

14. I hereby certify that the foregoing is true and correct.  
Electronic Submission #104375 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Carlsbad

Name (Printed/Typed) NETHA AARON	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 03/15/2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <i>J. D. W. Little</i>	Title LPET	Date 3/29/11
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office CFO	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**Additional data for EC transaction #104375 that would not fit on the form**

**32. Additional remarks, continued**

- A map showing the lease numbers and locations of leases and wells that will contribute production to the off-lease measurement
- An updated facility diagram
- Estimated monthly production for each well
- A Plat of the locations
- Interest owner notification letters

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

Federal Lease No. Com : NMNM-123395, (NM-95630, ~~NM-400044~~) *Lease*

<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>
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Comet 22 Federal Com #3	3001535821	SWNW, Sec. 22, T16S, R28E	Crow Flats/Wolcamp	120	40.1/@60°	688	1357
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With hydrocarbon production from:

Federal Lease No. NMNM-100844

<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>
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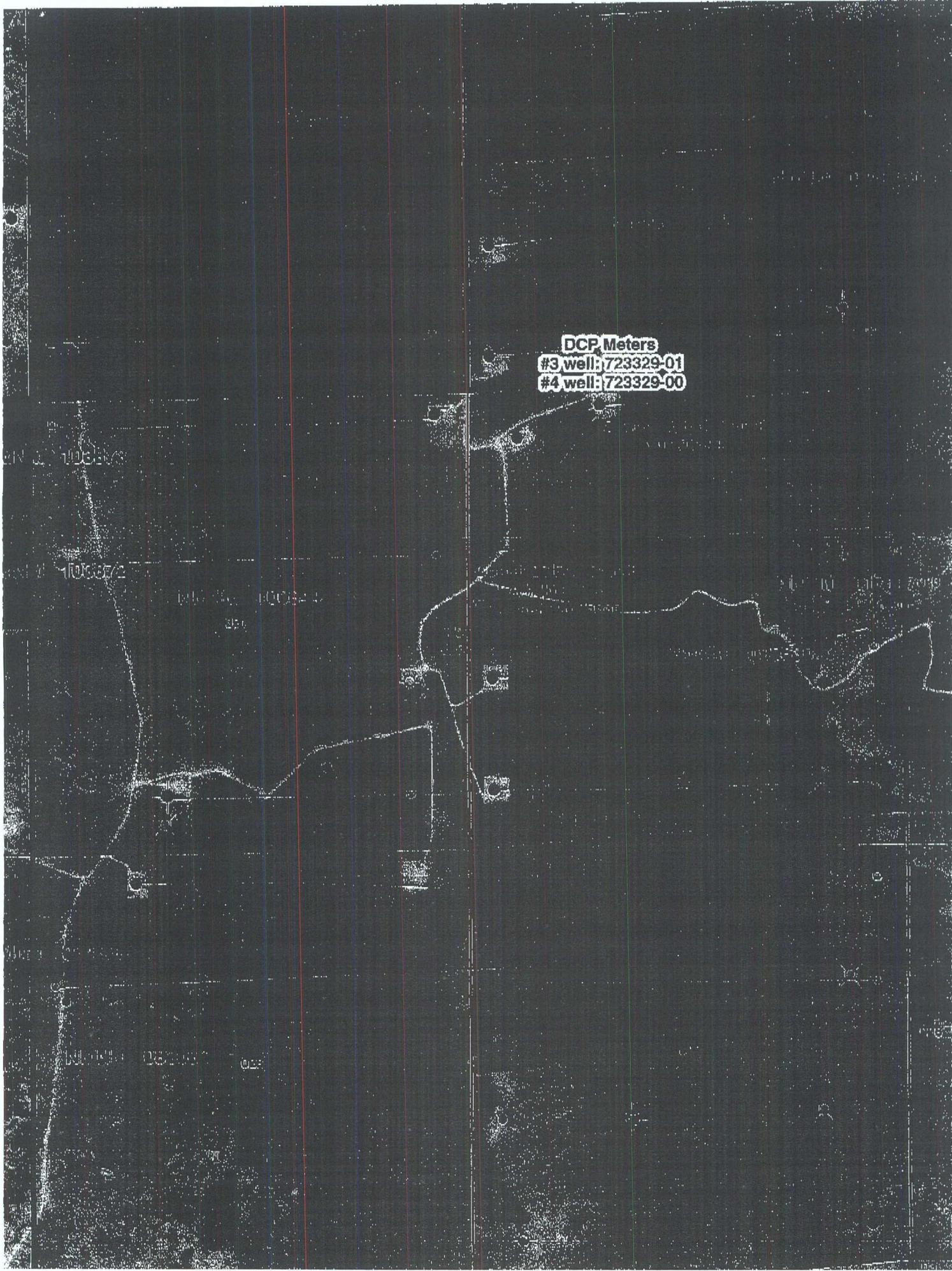
Comet 22 Federal #4	3001535718	NENW, Sec. 22, T16S, R28E	Crow Flats/Wolcamp	41	40.1/@60°	333	1269
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The storage and measuring facility is located at NENW ¼, Sec. 22, T 16S, R 28E, on Lease No. NMNM-100844, Eddy, New Mexico. BLM will be notified if there is any future change in the facility location.

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

Gas & Oil are kept separate. Each well has its own oil tanks and gas meter.

**DCP Meters**  
**#3 well: 723329-01**  
**#4 well: 723329-00**



**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Off-Lease Measurement**

**Conditions of Approval**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "standard Environmental Colors" – Shale Green, Munsell Soil Color No. 5Y 4/2.