



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



NMNM70982E
3180 (P0220)

Reference:

Lusk Deep Unit (NM70982X)

Application for Initial Bone Spring Participating Area E Expansion

Lea County, New Mexico

DEC 11 2013

CERTIFIED—RETURN RECEIPT REQUESTED

7012 2210 0001 2089 3714

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

Gentlemen:

Your application dated November 8, 2013 with Exhibit "A" and "B", requesting approval for the First Revision of Initial Bone Spring Participating Area (PA) E, Lusk Deep Unit, is hereby approved and is effective November 1, 2011, pursuant to Section 11 of the Lusk Deep Unit Agreement, Lea County, New Mexico.

The First Revision of the Initial Bone Spring PA E results in the addition of 1,885.11 acres to the participating area, for a total of 1,925.11 acres and is based upon the completion of the Lusk Deep Unit wells 22H(3002540705), 23H(3002540260) and 25H(3002540193), as wells capable of producing unitized substances in paying quantities.

The First Revision of the Initial Bone Spring PA E now consists of the following described lands:

Township 19 South, Range 32 East, Lea County, New Mexico

Section 17: W2;

Section 18: E2SW, SE;

Section 18: Lots 3, 4;

Section 19: E2, E2W2;

Section 19: Lots 1-4;

Section 20; All

Containing 1,925.11 acres, more or less

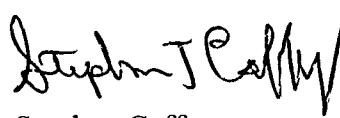
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This first expansion of the Initial Bone Spring PA E has been assigned number NMNM70982E (891006783D) for production and accounting reporting purposes. If you have any questions regarding this letter, please contact Edward G. Fernandez, Petroleum Engineer at the Division of Lands and Minerals at (575) 234-2220.

Copies of this approval letter are being distributed to the appropriate Federal agencies and one copy is returned herewith. Please advise all interested parties of the Initial Bone Spring PA E Expansion, (NMNM70982E), Lusk Deep Unit, and the effective date November 1, 2011.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Caffey".

Stephen Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure

cc: ONRR, Denver (MS357B-1)
New Mexico Taxation & Revenue Dept.
Revenue Processing Division
NMOCD
NM9210
NMP0220, (CFO I&E)