

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**Carlsbad Field Office**  
**OCD Artesia**

FORM APPROVED  
MB NO. 1004-0137  
Expires: January 31, 2018

**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.**

Lease Serial No.  
NMLC056551A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
Multiple--See Attached

9. API Well No.  
Multiple--See Attached

10. Field and Pool or Exploratory Area  
GRAYBURG  
LOCO HILLS-QU-GB-SA

11. County or Parish, State  
EDDY COUNTY, NM

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator  
COG OPERATING LLC  
Contact: KANICIA CASTILLO  
E-Mail: kcastillo@concho.com

3a. Address  
600 W ILLINOIS AVENUE  
MIDLAND, TX 79701

3b. Phone No. (include area code)  
Ph: 432-685-4332

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Multiple--See Attached

**12. CHECK THE 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"/> Deepen               | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off   |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity   |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction     | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other |
|                                                      | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon     | <input type="checkbox"/> Temporarily Abandon       | Surface Commingling                       |
|                                                      | <input type="checkbox"/> Convert to Injection | <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 recompletable 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletable in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must 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 requests approval for surface commingle/Pool commingle and off lease sales of gas on the following wells:

Holder CB Federal 1  
NMLC056551A  
API 30-015-20708  
Sec 17 T17S R30E SWNW 1980FNL 660FWL  
Grayburg Jackson;SR-Q-G-SA 28509

Holder CB Federal 2  
NMLC056551A  
API 30-015-20709

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

AUG 01 2017

**RECEIVED**

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #328690 verified by the BLM Well Information System

For COG OPERATING LLC, sent to the Carlsbad

Committed to AFMSS for processing by DEBORAH MCKINNEY on 02/01/2016 (16DLM0289SE)

Name (Printed/Typed) KANICIA CASTILLO

Title PREPARER

Signature (Electronic Submission)

Date 01/15/2016

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

Approved By

*J.D.W. Whitlock*

Title

*TLPET*

Date

*7/24/17*

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.

(Instructions on page 2)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

*RIP 2017*

## Additional data for EC transaction #328690 that would not fit on the form

### Wells/Facilities, continued

| Agreement   | Lease       | Well/Fac Name, Number | API Number         | Location                                                                 |
|-------------|-------------|-----------------------|--------------------|--------------------------------------------------------------------------|
| NMLC056551A | NMLC056551A | HOLDER CB FED 5       | 30-015-26529-00-S1 | Sec 17 T17S R30E NWNW 1295FNL 990FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FED 6       | 30-015-31891-00-S2 | Sec 17 T17S R30E SWNW 2310FNL 990FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FED 7       | 30-015-31892-00-S1 | Sec 17 T17S R30E SWNW 1650FNL 330FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FEDERAL 10  | 30-015-35272-00-S1 | Sec 17 T17S R30E NWNW 330FNL 990FWL                                      |
| NMLC056551A | NMLC056551A | HOLDER CB FEDERAL 12  | 30-015-35962-00-S1 | Sec 17 T17S R30E SWNW 1830FNL 990FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FEDERAL 20  | 30-015-36670-00-S1 | Sec 17 T17S R30E NWNW 330FNL 330FWL<br>32.840780 N Lat, 104.001170 W Lon |
| NMLC056551A | NMLC056551A | HOLDER CB FEDERAL 4   | 30-015-25837-00-S2 | Sec 17 T17S R30E SWNW 2310FNL 330FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FEDERAL 9   | 30-015-35273-00-S1 | Sec 17 T17S R30E NWNW 920FNL 330FWL                                      |
| NMLC056551A | NMLC056551A | HOLDER CB FEDRL 1     | 30-015-20708-00-S1 | Sec 17 T17S R30E SWNW 1980FNL 660FWL                                     |
| NMLC056551A | NMLC056551A | HOLDER CB FEDRL 2     | 30-015-20709-00-S1 | Sec 17 T17S R30E NWNW 660FNL 660FWL                                      |

### 32. Additional remarks, continued

Sec 17 T17S R30E NWNW 660FNL 660FWL  
Grayburg Jackson;SR-Q-G-SA 28509

Holder CB Federal 4  
NMLC056551A  
API 30-015-25837  
Sec 17 T17S R30E SWNW 2310FNL 330FWL  
Loco Hills;Glorieta-Yeso

Holder CB Federal 5  
NMLC056551A  
API 30-015-26529  
Sec 17 T17S R30E NWNW 1295FNL 990FWL  
Grayburg Jackson;SR-Q-G-SA 28509

Holder CB Federal 6  
NMLC056551A  
API 30-015-31891  
Sec 17 T17S R30E SWNW 2310FNL 990FWL  
Grayburg Jackson;SR-Q-G-SA 28509

Holder CB Federal 7  
NMLC056551A  
API 30-015-31892  
Sec 17 T17S R30E SWNW 1650FNL 330FWL  
Loco Hills;Glorieta-Yeso

Holder CB Federal 9  
NMLC056551A  
API 30-015-35273  
Sec 17 T17S R30E NWNW 920FNL 330FWL  
Loco Hills;Glorieta-Yeso

Holder CB Federal 10  
NMLC056551A  
API 30-015-35272  
Sec 17 T17S R30E NWNW 330FNL 990FWL  
Loco Hills;Glorieta-Yeso

Holder CB Federal 12  
NMLC056551A  
API 30-015-35962  
Sec 17 T17S R30E SWNW 1830FNL 990FWL  
Loco Hills;Glorieta-Yeso

Holder CB Federal 20  
NMLC056551A  
API 30-015-~~36662~~ **36670**  
Sec 17 T17S R30E NWNW 330FNL 330FWL  
Loco Hills;Glorieta-Yeso

Consolidating production to one battery will extend the economic life for these wells and lessen surface disturbance.  
Commingling will not reduce value of production.  
All interest owners have been notified.  
All lease Royalty Rates are 12-1/2%.  
Please see attachments.

## APPLICATION FOR A POOL COMMINGLE

### Pool Commingle Proposal for the Holder CB Federal Wells:

COG Operating is requesting approval for a Pool commingle for the following wells:

| Federal Lease NMLC056551A (12.5%) |                          |              |                                         |      |               |       |       |
|-----------------------------------|--------------------------|--------------|-----------------------------------------|------|---------------|-------|-------|
| Well Name                         | Location                 | API #        | Pool                                    | BOPD | Oil Gravities | MCFPD | BTU   |
| Holder CB Fed 1                   | SWNW Sec. 17-T17S-R30E-E | 30-015-20708 | Grayburg Jackson;<br>SR-Q-G-SA<br>28509 | .41  | 37.1          | 8     | 1437* |
| Holder CB Fed 2                   | NWNW Sec. 17-T17S-R30E-D | 30-015-20709 | Grayburg Jackson;<br>SR-Q-G-SA<br>28509 | 2    | 37.1          | 1     | 1437* |
| Holder CB Fed 4                   | SWNW Sec. 17-T17S-R30E-E | 30-015-25837 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 3    | 37.1          | 43    | 1437* |
| Holder CB Fed 5                   | NWNW Sec. 17-T17S-R30E-D | 30-015-26529 | Grayburg Jackson;<br>SR-Q-G-SA<br>28509 | 2    | 37.1          | 4     | 1437* |
| Holder CB Fed 6                   | SWNW Sec. 17-T17S-R30E-E | 30-015-31891 | Grayburg Jackson;<br>SR-Q-G-SA<br>28509 | 2    | 37.3          | 124   | 1533  |
| Holder CB Fed 7                   | SWNW Sec. 17-T17S-R30E-E | 30-015-31892 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 5    | 37.3          | 2     | 1416  |
| Holder CB Fed 9                   | NWNW Sec. 17-T17S-R30E-D | 30-015-35273 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 10   | 37.3          | 5     | 1358  |
| Holder CB Fed 10                  | NWNW Sec. 17-T17S-R30E-D | 30-015-35272 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 10   | 37.3          | 37    | 1333  |
| Holder CB Fed 12                  | SWNW Sec. 17-T17S-R30E-E | 30-015-35962 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 2    | 37.3          | 5     | 1437  |
| Holder CB Fed 20                  | NWNW Sec. 17-T17S-R30E-D | 30-015-36670 | Loco Hills;<br>Glorieta-Yeso<br>96718   | 0    | 37.3          | 0     | 1437* |

\*These are proposed totals for these wells; once these wells are turned back on the production information will be amended.

Attached map displays the federal leases and well locations in Section 17-T17S-R30E.

The BLM's interest in all ten wells is the same. Lease NMLC 056551A royalty rate is 12.5%.

## Oil & Gas metering:

The central tank battery is located on the pad for the Holder CB Federal #6 well located in SWNW, Sec. 17-T17S-R30E on federal lease NMLC 056551A in Eddy County, New Mexico. Flowlines from producing wells terminate into the test/production header which serves as the inlet to the tank battery. From the header, one well can be put in test while the remaining wells are combined in the production header for separation and storage of produced fluids.

The 3-phase horizontal test separator and associated metering devices have been sized for the expected range of fluid rates from the production wells. The sizing and calibration of this equipment ensures accurate measurement of produced fluids from a well in test. Separate meters are used for measuring oil, water and gas. After fluids are separated, oil and water flow rates are measured using turbine meters (PO) #TBP, and the gas flow rate is measured using an orifice meter (PG) #TBP. After measurement the fluids are recombined with the main production stream and routed to the heater-treater for processing.

Monthly gas and oil production will be allocated based on the percentage of each wells contribution as determined through well tests. This battery will handle a total of 8 horizontal wells. Each well will be tested at least once a month and the duration of each test will be a minimum of three days. The oil test meter will be proven as per API, NMOCD, and BLM specifications, when installed, once per month for the first 3 months (to establish a consistent repeatability factor), and then quarterly thereafter, the factor obtained will be used to allocate the production volumes. The gas test meter will be calibrated on a regular basis per API, NMOCD and BLM specifications.

Combined fluids from the production header and test separator will be routed to a heater-treater where gas, oil, and water are separated. Gas separated at this point is sent to the DCP Midstream CDP meter #713924-00 which is located in SWNW, Sec. 17-T17S-R30E. Oil and water from this separator are routed to the oil and water storage tanks. Any gas that flashes off during the additional processing stages is tied directly into the gas sales system upstream of the CDP meter. This meter will be calibrated on a regular basis per API, NMOCD and BLM specifications.

The Holder CB Federal 6-7 battery will have two 500 BBL oil tanks that all wells will utilize. These oil tanks have a common delivery point on the northwest side of the location where oil is hauled via trucking by Holly Transportation. Oil sales volume is determined by gauging of sealed tanks before and after the truck is loaded in accordance with applicable API, NMOCD, and BLM specifications.

Water from all producing wells will be separated through the use of the heater-treater prior to being routed to the one 500 BBL water tank. Water will then be transferred out of the tanks and tied into a Company owned SWD system. Bulk water leaving the facility is measured using a turbine meter.

Holder CB Federal #1 production will flow into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #2 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #4 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #5 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #6 production will flow into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #7 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #9 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #10 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #12 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

Holder CB Federal #20 production flows into the test/production header and is routed through the process as described above. No other unique metering devices are included on this individual well.

The BLM and OCD will be notified of any future changes in the facilities.

**Process and Flow Descriptions:**

The flow of produced fluids is shown in detail on the enclosed facility diagram, along with a map which shows the lease boundaries, and location of wells, facility, and gas sales meter. The proposed commingling is appropriate based on the BLM's guidance in IM 2013-152. The proposed commingling will maximize the ultimate recovery of oil and/or gas from the federal leases and will reduce environmental impacts by minimizing surface disturbance, reduce the surface facility footprint and overall emissions. The proposed commingling is the most effective economical means of producing the reserves and will reduce operating expenses, as well as, not adversely affect federal royalty income, production accountability, or the distribution of royalty.

Working, royalty, and overriding interest owners have been notified of this proposal via certified mail (see attached).

COG Operating, LLC understands the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.

Signed: 

Printed Name: Kanicia Castillo

Title: Lead Regulatory Analyst

Date: 1/14/2016

**HOLDER CB FEDERAL 6-7 BATTERY**

(HOLDER CB FEDERAL #006)  
SWNW SECTION 17, T17S, R30E, UNIT E  
EDDY COUNTY, NM

**WELLS:**

HOLDER CB FEDERAL #001: 30-015-20708  
HOLDER CB FEDERAL #002: 30-015-20709  
HOLDER CB FEDERAL #004: 30-015-25837  
HOLDER CB FEDERAL #005: 30-055-26529

**WELLS**

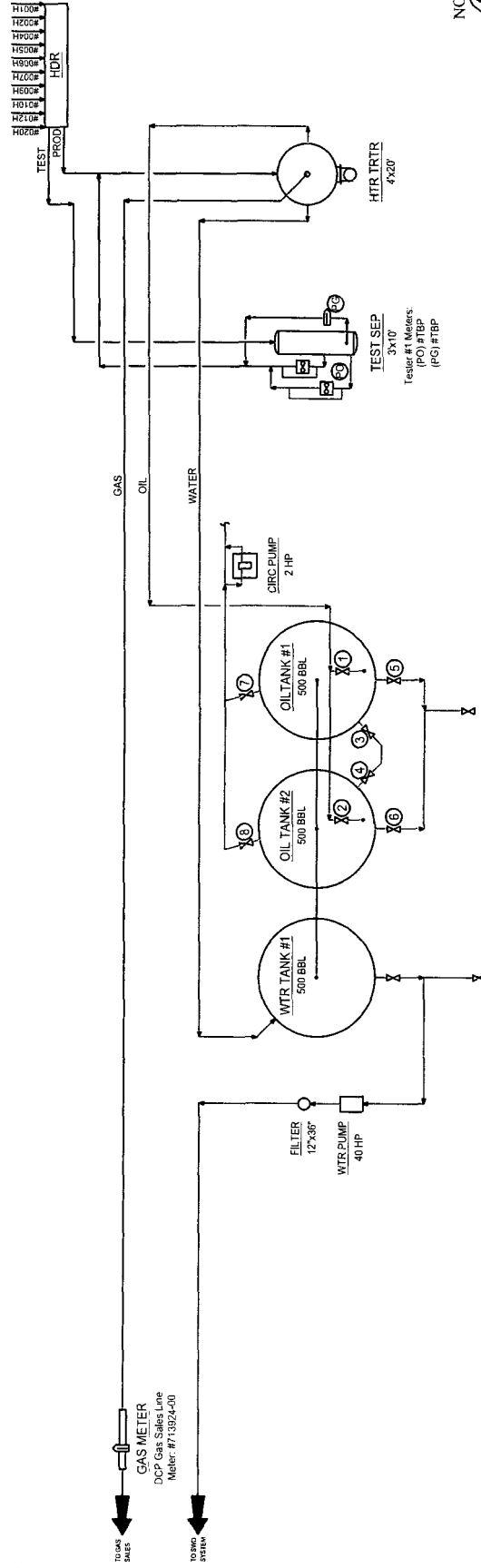
HOLDER CB FEDERAL #006: 30-015-31891  
HOLDER CB FEDERAL #007: 30-015-31892  
HOLDER CB FEDERAL #009: 30-015-35273  
HOLDER CB FEDERAL #010: 30-015-35272  
HOLDER CB FEDERAL #012: 30-015-35962  
HOLDER CB FEDERAL #020: 30-015-36670

**Production Phase - Oil Tank #1**

- Valve 1 open
- Valves 2 closed
- Valves 3 and 4 open
- Valves 5 and 6 closed
- Valves 7 and 8 closed

**Sales Phase - Oil Tank #1**

- Valve 1 closed
- Valves 2 open
- Valve 3 and/or 4 closed
- Valve 5 open
- Valves 6 closed
- Valves 7 and 8 closed



COG Operating LLC  
Site Security Plans Located At:  
One Concho Center  
600 W. Illinois Ave.  
Midland, TX 79701

**Ledger for Site Diagram**  
Produced Fluid: \_\_\_\_\_  
Produced Oil: \_\_\_\_\_  
Produced Gas: \_\_\_\_\_  
Produced Water: \_\_\_\_\_

**NOTES:**

Type of Lease: Federal  
Federal Lease #: SHL: NMLC - 0566551A  
Property Code: 302504  
OGRID #: 229137

**CONFIDENTIALITY NOTICE**  
THIS DRAWING IS PROPERTY  
OF COG OPERATING LLC AND  
IS NOT TO BE REPRODUCED  
OR COPIED IN ANY MANNER  
WITHOUT THE WRITTEN  
CONSENT OF COG OPERATING  
LLC. ANY VIOLATION OF  
THIS NOTICE IS A  
VIOLATION OF FEDERAL  
LAW AND WILL BE  
PROSECUTED TO THE  
FULL EXTENT OF THE  
LAW.

**REFERENCE DRAWINGS**  
NO. TITLE  
1. COG OPERATING LLC  
800 WEST ILLINOIS AVENUE  
MIDLAND, TEXAS 79701

**REVISIONS**  
NO. DATE DESCRIPTION  
A 09/01/12 ISSUE FOR SITE PERMITTING  
B 10/15/12 UPDATED FOR HOLDER CB 6-7 BATTERY

**ENGINEERING RECORD**  
BY DATE  
DESIGNED BY: CDE 09/01/12  
CHECKED BY: CDE 09/01/12  
SCALE: 1"=40'

**CONCHO**  
NEW MEXICO STATE ASSET  
PRODUCTION FACILITIES  
SITE FACILITY DIAGRAM  
EDDY COUNTY  
HOLDER CB FEDERAL 6-7 BATTERY  
D-1700-01-005