

DATE IN 11/14/2016	SUSPENSE	ENGINEER PRG	LOGGED IN 11/14/2016	TYPE OLM	APP NO PKSC 1631935100
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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



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 (41450)

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

OLM
 COG Operating LLC (229137)
 Spruce Goose Federal Com #34
 30-025-43169
 Lusk Bone Spring North

[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.

Debora L. Wilbourn

Debora L. Wilbourn

Regulatory Analyst

11/11/16

Print or Type Name

Signature

Title

Date

dwilbourn@concho.com
 e-mail Address

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: 2208 West Main Street, Artesia, NM 88210
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.
(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: Debora L. Wilbourn TITLE: REGULATORY ANALYST DATE: 11/11/16

TYPE OR PRINT NAME: DEBORA L. WILBOURN TELEPHONE NO.: 575-748-6958 E-MAIL ADDRESS: dwillbourn@concho.com

DISTRICT I
1625 N. FRENCH DR., ROSA, NM 88349
Phone: (505) 393-6191 Fax: (505) 393-6728

DISTRICT II
511 E. FIRST ST., ARTESIA, NM 88210
Phone: (505) 748-1253 Fax: (505) 748-9728

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3450 Fax: (505) 476-3444

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-43878	Pool Code 41450	Pool Name Lusk; Bone Spring, North
Property Code 316703	Property Name SPRUCE GOOSE FEDERAL COM	Well Number 2H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3626.2'

Surface Location

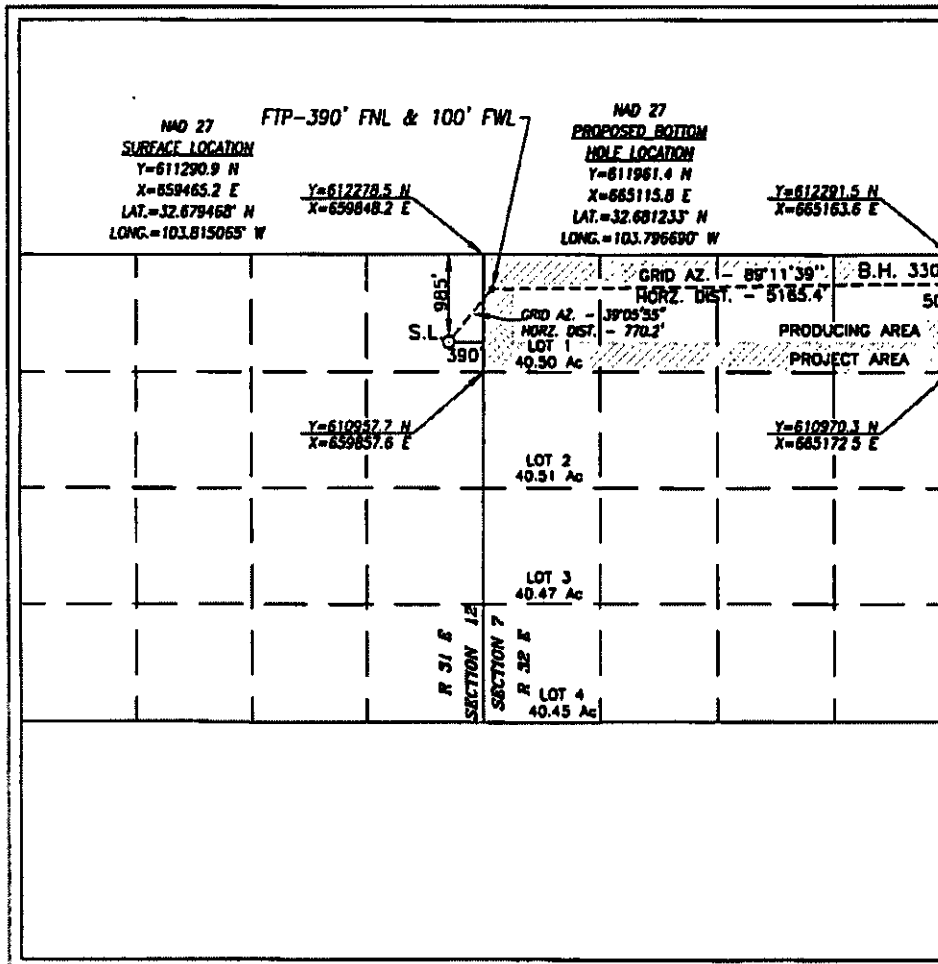
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	12	19-S	31-E		985	NORTH	390	EAST	EDDY

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	7	19-S	32-E		330	NORTH	50	EAST	LEA

Dedicated Acres	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



OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Debora L. Wilbourn
Signature Date 11/11/16

Debora L. Wilbourn

Printed Name

dwlbourn@concho.com

E-mail Address

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.

MAY 9, 2016

Date of Survey

Signature & Seal of Professional Surveyor



Chad L. Harcrow 8/17/16
Certificate No. CHAD HARCROW 17777
W.O. # 16-322 DRAWN BY: AM

DISTRICT I
1822 N. FRENCH DR., HOBBS, NM 88240
Phone: (505) 985-6151 Fax: (505) 985-0728

DISTRICT II
811 E. FIRST ST., ARTESIA, NM 88210
Phone: (505) 748-1823 Fax: (505) 748-0728

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1822 N. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3468

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

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-43169	Pool Code 41450	Pool Name LUSK; BONE SPRING, NORTH
Property Code 308225	Property Name SPRUCE GOOSE FEDERAL COM	Well Number 3H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3623.7

Surface Location

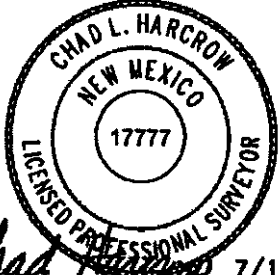
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
2	7	19-S	32-E		1980	NORTH	210	WEST	LEA

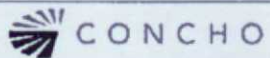
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	7	19-S	32-E		1980	NORTH	50	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160.86			

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

LOT 1 40.90 AC	Proposed FTP: 1980' FNL & 330' FWL	Proposed LTP: 1980' FNL & 100' FEL	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Debora L. Wilbourn</u> Date <u>7/12/16</u> Debora L. Wilbourn Printed Name dwilbourn@concho.com E-mail Address 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. JULY 12, 2016 Date of Survey Signature & Seal of Professional Surveyor  7/12/16 Certificate No. CHAD HARCROW 17777 W.O. 16-561 DRAWN BY: CH
LOT 2 40.80 AC	PRODUCING AREA	GRID AZ. - 89°51'43" HORZ. DIST. - 5054.7'	
Y=610957.6 N X=659857.5 E	PROJECT AREA	Y=610970.3 N X=665172.5 E	
Y=609636.9 N X=659866.9 E	NAD 27 SURFACE LOCATION Y=610299.3 N X=660072.2 E LAT.=32.676734° N LONG.=103.813108° W	NAD 27 PROPOSED BOTTOM HOLE LOCATION Y=610311.4 N X=665126.9 E LAT.=32.676698° N LONG.=103.796682° W	
LOT 3 40.65 AC		Y=609649.1 N X=665181.3 E	
LOT 4			
40.51 AC			

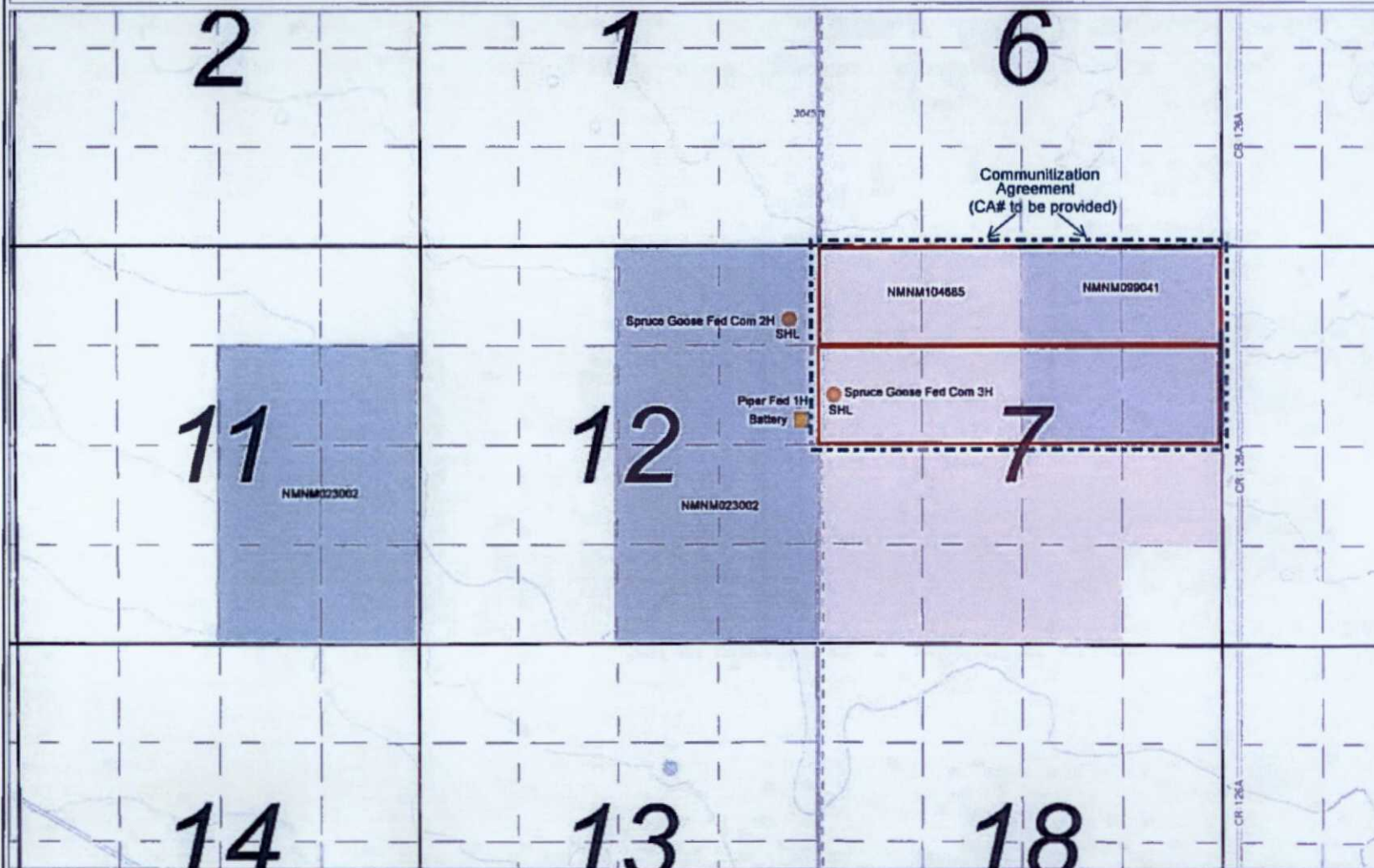


T19S-R31E, Eddy County

T19S-R32E, Lea County



Legend



0 14 0 14 0 28 Miles
WGS_1984_Web_Mercator_Auxiliary_Sphere

Map Scale 1:18,055





CONCHO T19S-R31E, Eddy County

T19S-R32E, Lea County



Legend

TDM - Surface Locations

- SURF
- + AB0
- ◆ AB0-GAS
- ◆ AB0-DC
- ◆ AB0-OL
- ◆ AB0-OG
- ◆ CO2
- ◆ DSA
- ◆ DSA-G
- ◆ DSA-OG
- ◆ DSA-OG
- ◆ GAS
- ◆ H1
- ◆ H1-DCQ
- ◆ H1-OG
- ◆ H1-OG
- ◆ JSA
- ◆ JSA-G
- ◆ JSA-OG
- ◆ JSA-OG
- ◆ LOC
- ◆ MCH
- ◆ OAG
- ◆ OBSERV
- ◆ OL
- ◆ PILOT
- ◆ SURV
- ◆ START
- ◆ STEAM
- ◆ STG
- ◆ SUS
- ◆ WND
- ◆ TA
- ◆ TA-G
- ◆ TA-OG
- ◆ TA-OG
- ◆ TREATD
- ◆ UNKNOWN
- ◆ WITHSUP

TDM - Directional Surveys

- PRODUCER
- AT TD / PENDING
- SPUD / DRILLING
- PERMITTED
- ABANDONED
- PILOT / MONITOR
- GAS STORAGE
- SWEETS
- INJECTORS
- SUSPENDED
- OTHER

TDM - Completions 2016 YTD

- DRY HOLE
- DEVELOPMENT WELL GAS
- DEVELOPMENT WELL OL
- INJECTION
- INJECTION WATER
- NEW FIELD WILDCAT DISCOVERY
- SUCCESSFUL OUTPOST EXTENSION
- PILOT HOLE
- UNCLASSIFIED

TDM - Spuds 2016 YTD

- ★ TDM - Permits 2016 YTD

0.07 0 0.07 0.14 Miles

WGS_1984_Web_Mercator_Auxiliary_Sphere

Map Scale 1:9,027

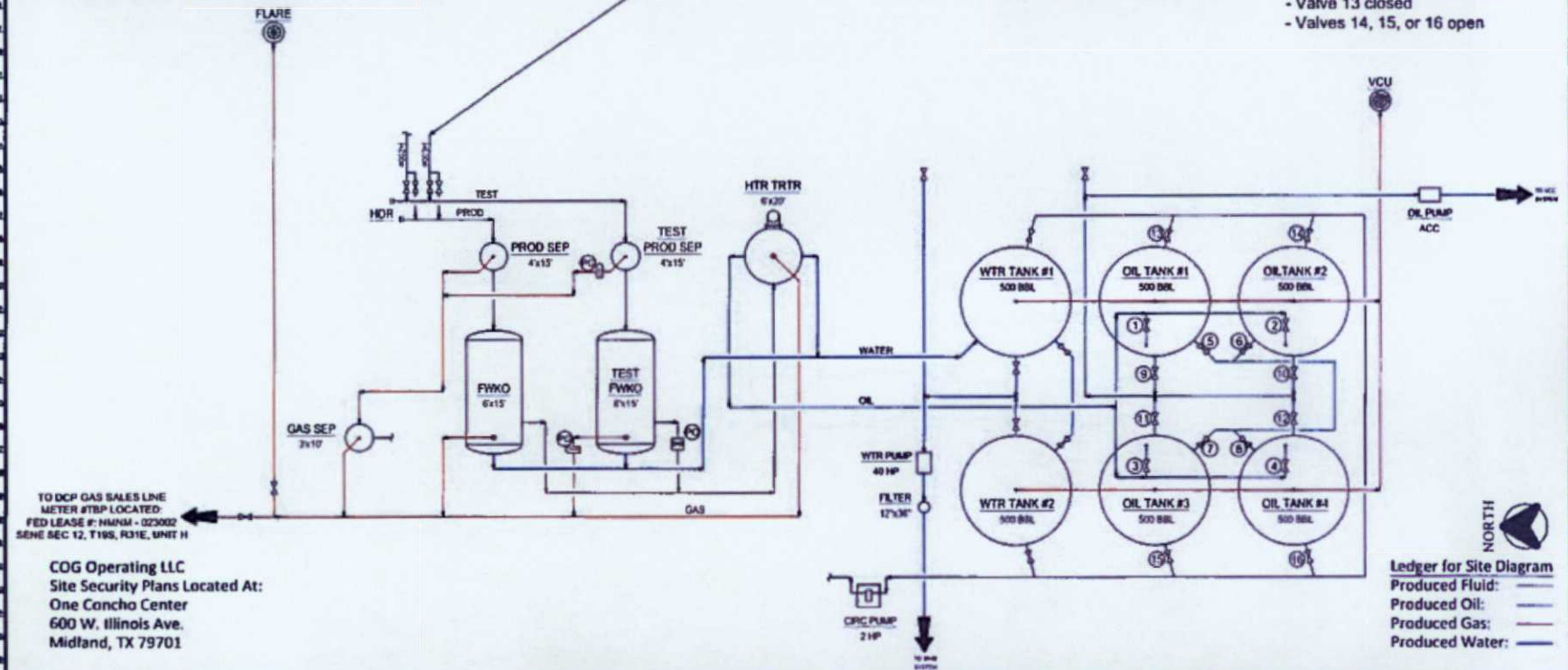


SPRUCE GOOSE FEDERAL COM 3H BATTERY
SWNW SECTION 7, T19S, R32E, UNIT E
LEA COUNTY, NM

WELLS:
SPRUCE GOOSE FEDERAL COM #002H: 30-015-43878
SPRUCE GOOSE FEDERAL COM #003H: 30-025-43169

Production Phase - Oil Tank #1
- Valve 1 open
- Valves 2, 3, and 4 closed
- Valves 5, 6, 7, and 8 open
- Valves 9, 10, 11, and 12 closed
- Valve 13 open
- Valves 14, 15, and 16 closed

Sales Phase - Oil Tank #1
- Valve 1 closed
- Valves 2, 3, or 4 open
- Valve 5 closed
- Valves 6, 7, and 8 open
- Valve 9 open
- Valves 10, 11, and 12 closed
- Valve 13 closed
- Valves 14, 15, or 16 open



Ledger for Site Diagram
Produced Fluid: —
Produced Oil: —
Produced Gas: —
Produced Water: —

Type of Lease: Federal
Federal Lease #: NMNM - 104685
Property Code: 308225
GRID #: 229137

CONFIDENTIALITY NOTICE		REFERENCE DRAWINGS		REVISIONS		DRAWING RECORD	
NO.	DATE	NO.	DATE	NO.	DATE	NO.	DATE
1	10/10/13	1	10/10/13	1	10/10/13	1	10/10/13
2	10/11/14	2	10/11/14	2	10/11/14	2	10/11/14
3	10/11/14	3	10/11/14	3	10/11/14	3	10/11/14
4	10/11/14	4	10/11/14	4	10/11/14	4	10/11/14
5	10/11/14	5	10/11/14	5	10/11/14	5	10/11/14
6	10/11/14	6	10/11/14	6	10/11/14	6	10/11/14
7	10/11/14	7	10/11/14	7	10/11/14	7	10/11/14
8	10/11/14	8	10/11/14	8	10/11/14	8	10/11/14
9	10/11/14	9	10/11/14	9	10/11/14	9	10/11/14
10	10/11/14	10	10/11/14	10	10/11/14	10	10/11/14
11	10/11/14	11	10/11/14	11	10/11/14	11	10/11/14
12	10/11/14	12	10/11/14	12	10/11/14	12	10/11/14
13	10/11/14	13	10/11/14	13	10/11/14	13	10/11/14
14	10/11/14	14	10/11/14	14	10/11/14	14	10/11/14
15	10/11/14	15	10/11/14	15	10/11/14	15	10/11/14
16	10/11/14	16	10/11/14	16	10/11/14	16	10/11/14
17	10/11/14	17	10/11/14	17	10/11/14	17	10/11/14
18	10/11/14	18	10/11/14	18	10/11/14	18	10/11/14
19	10/11/14	19	10/11/14	19	10/11/14	19	10/11/14
20	10/11/14	20	10/11/14	20	10/11/14	20	10/11/14

CONCHO
NEW MEXICO BASH ASSET
PRODUCTION FACILITIES
SITE FACILITY DIAGRAM
SPRUCE GOOSE FEDERAL COM 3H BATTERY
LEA COUNTY
D-1700-01-005

PIPER FEDERAL 1 BATTERY
SENE SECTION 12, T19S, R31E, UNIT H
EDDY COUNTY, NM

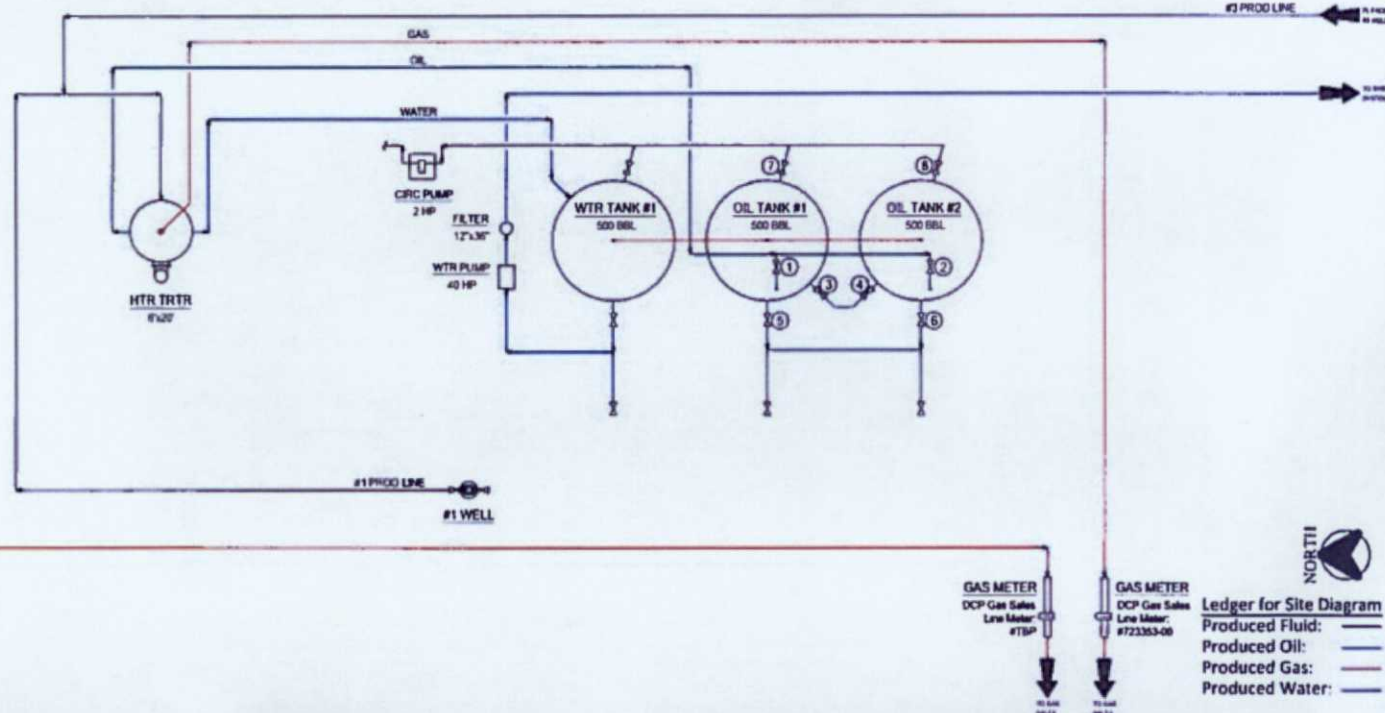
WELLS:
PIPER FEDERAL #001: 30-015-35788
PIPER FEDERAL #003: 30-015-36005

Production Phase - Oil Tank #1

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

Sales Phase - Oil Tank #1

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



FROM SPRUCE GOOSE FEDERAL
COM #3H BATTERY LOCATED
FED LEASE #: NMNM - 104685
SWNW SEC 7, T19S, R31E, UNIT E

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

NOTES

Type of Lease: Federal
Federal Lease #: NMNM - 023002
Property Code: 308223
OGRID #: 229137

CONFIDENTIALITY NOTICE

THIS DOCUMENT IS PROPERTY OF CONCHO ENERGY LLC AND IS NOT TO BE DISCLOSED OR REPRODUCED FOR ANY PURPOSES WITHOUT THE WRITTEN PERMISSION OF CONCHO ENERGY LLC. ANY VIOLATION OF THIS NOTICE SHALL BE CAUSE FOR IMMEDIATE ACTION BY CONCHO ENERGY LLC.

REFERENCE DRAWINGS

NO. DATE DESCRIPTION
1 02/20/13 WATE FOR SITE FLOW/THING
2 02/21/13 WATE FOR PWD FOR 1 STY

REVISIONS

NO. DATE DESCRIPTION
1 02/20/13 WATE FOR SITE FLOW/THING
2 02/21/13 WATE FOR PWD FOR 1 STY

ENGINEERING RECORD

DATE: 02/20/13
BY: [Signature]
CHECKED: [Signature]
APPROVED: [Signature]



NEW MEXICO BASIN ASSET
PRODUCTION FACILITIES
SITE FACILITY DIAGRAM
PIPER FEDERAL 1 BATTERY



Ledger for Site Diagram
Produced Fluid: [Blue line]
Produced Oil: [Red line]
Produced Gas: [Green line]
Produced Water: [Purple line]

NEW MEXICO
B

Spruce Goose Federal #3H API #30-015-43878

Application for Off-Lease Measurement

Notification List

<i>Date Sent</i>	<i>Initials</i>	<i>Sent Certified Return Receipt to:</i>	<i>Receipt No.</i>	<i>Rec'd</i>
11/11/16	DLW	Devon Energy Production Co., LP, 333 W. Sheridan Ave., Oklahoma City, OK 73102-5010	7013 3020 0000 8749 9269	
11/11/16	DLW	McVay Drilling Company, P. O. Box 2450, Hobbs, NM 88240	7013 3020 0000 8749 9276	
11/11/16	DLW	Moutray Properties, LLC, P. O. Box 1598, Carlsbad, NM 88221-1598	7013 3020 0000 8749 9283	
11/11/16	DLW	Nestegg Energy Corp., 2308 Sierra Vista Rd., Artesia, NM 88210	7013 3020 0000 8749 9214	
11/11/16	DLW	Office of Natural Resources, P. O. Box 25627, Denver, CO 80225	7016 2070 0000 8090 9234	

Mailed 11/11/2016

Debora L. Wilbourn



November 11, 2016

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

Re: Application for Administrative Approval
Off-lease Storage and Measurement

Dear Mr. McMillan,

COG Operating, LLC, respectfully requests approval for Off-lease Measurement of gas only for the following well:

Spruce Goose Federal Com #3H
API #30-025-43169
Lusk; Bone Spring, North
SHL 1980' FNL 210' FWL, Sec. 7-T19S-R32E, Lea County
BHL 1980' FNL 50' FEL, Sec. 7-T19S-R32E, Lea County

The off-lease measurement meter will be located at the Piper Federal #1 battery located in Unit H, Sec. 12-T19S-R31E, Eddy County. COG Operating, LLC, will segregate all production.

Please see the attached Administrative Application Checklist, plat for referenced well, proof of notice to all interest owners, diagram of site facility and map with lease boundaries showing well and facility locations.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosures

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.748.2096



November 11, 2016

Certified Mail – Return Receipt Requested
7013 3020 0000 8749 9269

Devon Energy Production Co., LP
333 W. Sheridan Ave.
Oklahoma City, OK 73102-5010

Re: Application for Administrative Approval
Off-lease Storage and Measurement

Dear Interest Owner:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM, for Off-lease measurement of gas only for the following well:

Spruce Goose Federal Com #3H
API #30-025-43169
Lusk; Bone Spring, North
SHL 1980' FNL 210' FWL, Sec. 7-T19S-R32E, Lea County
BHL 1980' FNL 50' FEL, Sec. 7-T19S-R32E, Lea County

The off-lease measurement meter will be located at the Piper Federal #1 battery located in Unit H, Sec. 12-T19S-R31E, Eddy County. COG Operating, LLC, will segregate all production.

Should you or your company have an objection to this method of gas measurement, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Off-lease Measurement Facility if no objection has been made twenty (20) days after the application is received.

Sincerely,

A handwritten signature in cursive script, appearing to read "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosure

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096



November 11, 2016

Certified Mail – Return Receipt Requested
7013 3020 0000 8749 9276

McVay Drilling Company
P. O. Box 2450
Hobbs, NM 88240

Re: Application for Administrative Approval
Off-lease Storage and Measurement

Dear Interest Owner:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM, for Off-lease measurement of gas only for the following well:

Spruce Goose Federal Com #3H
API #30-025-43169
Lusk, Bone Spring, North
SHL 1980' FNL 210' FWL, Sec. 7-T19S-R32E, Lea County
BHL 1980' FNL 50' FEL, Sec. 7-T19S-R32E, Lea County

The off-lease measurement meter will be located at the Piper Federal #1 battery located in Unit H, Sec. 12-T19S-R31E, Eddy County. COG Operating, LLC, will segregate all production.

Should you or your company have an objection to this method of gas measurement, it must be filed in writing within twenty (20) days from the date of this notice. The Division Director may approve the Off-lease Measurement Facility if no objection has been made twenty (20) days after the application is received.

Sincerely,

A handwritten signature in cursive script that reads "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosure

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096



November 11, 2016

Certified Mail – Return Receipt Requested
7013 3020 0000 8749 9283

Moutray Properties, LLC
P. O. Box 1598
Carlsbad, NM 88221

Re: *Application for Administrative Approval*
Off-lease Storage and Measurement

Dear Interest Owner:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM, for Off-lease measurement of gas only for the following well:

Spruce Goose Federal Com #3H
API #30-025-43169
Lusk; Bone Spring, North
SHL 1980' FNL 210' FWL, Sec. 7-T19S-R32E, Lea County
BHL 1980' FNL 50' FEL, Sec. 7-T19S-R32E, Lea County

The off-lease measurement meter will be located at the Piper Federal #1 battery located in Unit H, Sec. 12-T19S-R31E, Eddy County. COG Operating, LLC, will segregate all production.

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Debora L. Wilbourn
Regulatory Analyst

Enclosure

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2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096



November 11, 2016

Certified Mail – Return Receipt Requested
7013 3020 0000 8749 9214

Nestegg Energy Corp.
2308 Sierra Vista Rd.
Artesia, NM 88210

Re: Application for Administrative Approval
Off-lease Storage and Measurement

Dear Interest Owner:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM, for Off-lease measurement of gas only for the following well:

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Debora L. Wilbourn
Regulatory Analyst

Enclosure

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432 683 7443 | F 432 683 7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575 748 6940 | F 575 746 2096



November 11, 2016

Certified Mail – Return Receipt Requested
7016 2070 0000 8090 9234

Office of Natural Resources
P. O. Box 25627
Denver, CO 80225

Re: Application for Administrative Approval
Off-lease Storage and Measurement

Dear Interest Owner:

This letter will serve as notice, under Rule 19.15.N.1207.A, that COG Operating LLC has requested administrative approval from the Oil and Gas Division in Santa Fe, NM, for Off-lease measurement of gas only for the following well:

Spruce Goose Federal Com #3H
API #30-025-43169
Lusk; Bone Spring, North
SHL 1980' FNL 210' FWL, Sec. 7-T19S-R32E, Lea County
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Sincerely,

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Debora L. Wilbourn
Regulatory Analyst

Enclosure

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Monday, November 14, 2016 9:06 AM
To: 'Debora Wilbourn'
Cc: Melanie Wilson; Rand French
Subject: RE: Spruce Goose Federal Com #3H OLM Application Package

I need a letter from a landman stating Com pending for the two wells
Mike

From: Debora Wilbourn [mailto:DWilbourn@concho.com]
Sent: Monday, November 14, 2016 8:54 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Cc: Melanie Wilson <MWilson@concho.com>; Rand French <RFrench@concho.com>
Subject: RE: Spruce Goose Federal Com #3H OLM Application Package

Mr. McMillan,

Here are the answers to your questions below:

1. The surface equipment for the Spruce Goose Federal #2H & #3H is located at the #3H battery and is separate from any other wells.
2. The N/2N/2 & S/2N/2 of Section 7 are in the process of being communitized, therefore, the Spruce Goose Federal Com #2H & #3H will be reported under the same CA number. As I understand it, this would mean that there would be no surface commingling application required.
3. The gas from the Spruce Goose Federal #2H & #3H is being transported by flowline from the Spruce Goose Federal #3H battery to a DCP sales meter that is located **AT** the Piper Federal #1H Battery, but is completely separate from any production other than the Spruce Goose Federal #2H & #3H wells.

Debora Wilbourn

Regulatory Analyst
NM Basin Asset Team
dwilbourn@concho.com
575.748.6958
Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Monday, November 14, 2016 8:33 AM
To: Debora Wilbourn
Cc: Melanie Wilson; Rand French
Subject: [External] RE: Spruce Goose Federal Com #3H OLM Application Package

**** External email. Use caution. ****

Debora:

Is this the surface facility separate from the other wells.

Based on a quick look of the facility diagram, the 2H and 3H are being surface commingled.

As a result, the application should be either a CTB or a PC.

Further, are the leases identical ownership or diverse ownership.

If the application is a CTB or PLC I will need the following

- Last 6 month's monthly production for each well
- C-102 for the wells
- Proof of notice for everyone who gets a check
- Brief engineering description of how the wells will be measured

Mike

From: Debora Wilbourn [<mailto:DWilbourn@concho.com>]

Sent: Friday, November 11, 2016 11:03 AM

To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>

Cc: Melanie Wilson <MWilson@concho.com>; Rand French <RFrench@concho.com>

Subject: Spruce Goose Federal Com #3H OLM Application Package

Mr. McMillan,

Please see attached application for approval Off-lease Measurement for our Spruce Goose Federal Com #3H well.

Thank you,

Debora Wilbourn

Regulatory Analyst

NM Basin Asset Team

dwilbourn@concho.com

575.748.6958

Concho West | 2208 W Main St | Artesia, NM | 88210-3720 | 575.748.6940



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November 14, 2016

Via Certified Mail, Return Receipt Requested
No. 91 7199 9991 7036 0787 8750 and Electronic Mail
Mr. Michael McMillan
New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: **Spruce Goose Fed Com #2H**
 Lot 1, NENW, N2NE Sec. 7-T19S-R32E
 Spruce Goose Fed Com #3H
 Lot 2, SENW, S2NE Sec. 7-T19S-R32E
 Lea County, New Mexico

Dear Mr. McMillan:

Per your request via email today, please allow this letter to service as notice that we are currently pursuing a Communitization Agreement that will cover the entire N/2 of Section 7-T19S-R32E for the Bone Spring formation. Specifically this includes the two well spacing units listed above.

Should you have any questions, please do not hesitate to contact me at (432) 818-2358 or aroush@concho.com.

Sincerely,

COG OPERATING LLC

Ashley Roush, RPL
Landman