

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING AUGUST 8, 2018**

**CASE NOS. 15090**

*ARABIAN 6 FEE 10H WELL*

*EDDY COUNTY, NEW MEXICO*



**COG OPERATING LLC**

Arabian 6 Fee 6H &  
Arabian 6 Fee 10H  
Eddy County, New Mexico



STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF COG OPERATING LLC, TO RE-OPEN CASE NO. 15090 TO  
POOL THE INTERESTS OF ADDITIONAL MINERAL OWNERS UNDER THE  
TERMS OF COMPULSORY POOLING ORDER R-13808, EDDY COUNTY,  
NEW MEXICO.

CASE NO. 15090 (re-opened)

AFFIDAVIT OF STUART DIRKS

STATE OF TEXAS                     )  
  ) ss.  
COUNTY OF MIDLAND        )

Stuart Dirks, being first duly sworn on oath, states as follows:

1. My name is Stuart Dirks. I reside in Midland County, Texas. I am a Landman employed by COG Operating LLC ("COG"). I am familiar with the status of the lands in W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM in Eddy County, New Mexico. I have previously been qualified as an expert witness in petroleum land matters in front of the Oil Conservation Division.

2. Division Order R-13808, entered on March 11, 2014, created a 160-acre non-standard spacing and proration unit consisting of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM in Eddy County, New Mexico.<sup>1</sup> This order further pooled the uncommitted interests in the Atoka: Glorieta-Yeso Pool (Pool Code 3250) underlying said acreage (the "Unit") and dedicated the Unit to the **Arabian 6 Fee No. 10H Well** (API No. 30-015-42004), which was drilled from a surface location 150 feet from the South line and 210 feet from the West line (Lot 4) of Section 31, to a standard bottomhole location 359 feet from the South line and 495 feet from the West line (Lot 7) of Section 6. Attachment A to this affidavit is a copy of Order R-13808. Attachment B to this affidavit is a C-102 for the well.

3. On October 5, 2016, Case No. 15090 was re-opened to pool the interest of mineral interest owners due to the expiration of a lease and the termination of a Joint Operating Agreement. Division Order R-13808-A pooled the interest of said mineral interest owners. Attachment C to this affidavit is a copy of Order R-13808-A.

4. The Arabian 6 Fee No. 10H Well was shut in on May 4, 2015. Because the well was shut in, multiple leases expired and a joint operating agreement terminated. Accordingly, since the entry of Order R-13808-A, multiple additional interest owners

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<sup>1</sup> The spacing unit is comprised of irregular units, and is therefore approximately 148.64 acres.

are no longer committed to the **Arabian 6 Fee No. 10H Well** due to a lease expiration issue and termination of a Joint Operating Agreement that occurred after the entry of Order R-13808-A.

5. **Attachment D** lists the nature and percentage of the interest owners to be pooled. In addition, Attachment D shows the interest pooled pursuant to the prior orders.

6. COG has undertaken good faith efforts to locate and gain voluntary participation for the development of the Unit from the interest owners that it seeks to pool. As reflected on Attachment D, COG has reached a verbal agreement with all but one interest owner.

A. Lease offers and well proposals were sent to the unleased mineral interest owners that COG seeks to pool on May 24, 2018. A copy of this letter is included as **Attachment E**.

B. Requests to Term Assign were sent to the working interest owners that COG seeks to pool on May 24, 2018. A copy of this letter is included as **Attachment F**.

C. COG has conducted a diligent search of the county records of Eddy County, as well as conducting searches and computer searches of phone directories. All parties that COG seeks to pool are locatable.

D. COG seeks to pool the interests of one estate. For this estate, COG has identified and is attempting to lease the known heir. The heir has also been provided notice of this hearing.

E. Notice of this application and hearing has been provided to the additional interest owners subject to pooling in compliance with Division rules.

7. **Attachment G** is an affidavit and letter from my attorney at Holland & Hart providing notice of this hearing to the parties that COG seeks to pool.

8. For these reasons, COG respectfully requests that the additional uncommitted interest owners be pooled pursuant to the terms of Order R-13808.

FURTHER AFFIANT SAYETH NOT.

  
Stuart Dirks

SUBSCRIBED AND SWORN before me on this 8th day of August, 2018.

Brittney Smith  
Notary Public

My Commission Expires:

8-10-2021



**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 15090  
ORDER NO. R-13808**

**APPLICATION OF COG OPERATING, LLC FOR A NON-STANDARD  
SPACING AND PRORATION UNIT AND COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on February 20, 2014, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 11<sup>th</sup> day of March, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) COG Operating, LLC ("COG Operating" or "Applicant") seeks approval of a non-standard 160-acre, more or less, oil spacing and proration unit (project area) in the Yeso formation, Atoka-Glorieta-Yeso Pool (pool code 3250), comprised of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, in Eddy County, New Mexico. Applicant further seeks an order pooling all uncommitted interests in the Unit.

(3) The Unit will be dedicated to the Applicant's Arabian 6 Fee Well No. 10H ("the proposed well"); (API No. 30-015-42004), a horizontal well to be drilled from a surface location 150 feet from the South line and 210 feet from the West line, Unit M "lot 4" of Section 31, Township 18 South, Range 26 East to a standard terminus 330 feet from the South line and 530 feet from the West line, Unit M "lot 7" of Section 6, Township 19 South, Range 26 East. The completed interval of the proposed well in the Yeso formation will be orthodox.

**BEFORE THE OIL CONSERVATION DIVISION**

Santa Fe, New Mexico

**Exhibit No. A**

Submitted by: **CONCHO COG OPER.**

Hearing Date: August 8, 2018

Case Nos. 15090

(4) The proposed well is within the Atoka-Glorieta-Yeso Pool (pool code 3250). Spacing in this pool is governed by statewide Rule 19.15.15.9A. NMAC, which provides for standard 40-acre units, each comprising a governmental quarter-quarter section. The proposed Unit and project area consists of four adjacent quarter-quarter sections.

(5) Applicant appeared at the hearing through counsel and presented land and geologic evidence to the effect that:

- (a) The Yeso formation in this area is suitable for development by horizontal drilling;
- (b) the proposed orientation of the horizontal well North to South or South to North is appropriate for the proposed Unit; and
- (c) all quarter-quarter sections to be included in the Unit are expected to be productive in the Yeso formation, so that formation of the Unit as requested will not impair correlative rights.

(6) No other party appeared at the hearing, or otherwise opposed the granting of this application.

The Division concludes that:

(7) Approval of the proposed unit will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit, thereby preventing waste, and will not impair correlative rights.

(8) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(9) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the proposed well to a common source of supply within the Unit.

(10) There are interest owners in the Unit that have not agreed to pool their interests.

(11) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(12) COG Operating, LLC should be designated the operator of the proposed

well and of the Unit.

(13) Any pooled working interest owner who does not pay its share of estimated well costs should have withheld from production its share of reasonable well costs, plus an additional 200% thereof as a reasonable charge for the risk involved in drilling the proposed well.

(14) Reasonable charges for supervision (combined fixed rates) should be fixed at \$5,450 per month while drilling and \$545 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

**IT IS THEREFORE ORDERED THAT:**

(1) A non-standard 160-acre, more or less, oil spacing and proration unit (the "Unit") is hereby established for the Yeso formation, the Atoka-Glorieta-Yeso Pool (pool code 3250), consisting of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, in Eddy County, New Mexico.

(2) Pursuant to the application of COG Operating, LLC, all uncommitted interests, whatever they may be, in the oil and gas in the Yeso formation underlying the Unit, are hereby pooled.

(3) The Unit shall be dedicated to the Applicant's Arabian 6 Fee Well No. 10H ("the proposed well"); (API No. 30-015-42004), a horizontal well to be drilled from a surface location 150 feet from the South line and 210 feet from the West line, Unit M "lot 4" of Section 31, Township 18 South, Range 26 East to a standard terminus 330 feet from the South line and 530 feet from the West line, Unit M "lot 7" of Section 6, Township 19 South, Range 26 East. The completed interval of the proposed well in the Yeso formation will be orthodox.

(4) The operator of the Unit shall commence drilling the proposed well on or before March 31, 2015, and shall thereafter continue drilling the proposed well with due diligence to test the Yeso formation.

(5) In the event the operator does not commence drilling the proposed well on or before March 31, 2015, Ordering Paragraphs (1) and (2) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

(6) Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (2) shall be of no further effect, and the unit and project area created by this order shall terminate, unless the operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the quarter-quarter sections included in the

proposed Unit within 120 days after commencement of drilling, then the operator shall apply to the Division for an amendment to this Order to contract the Unit so that it includes only those quarter-quarter sections in which the well is completed.

(7) Upon final plugging and abandonment of the proposed well and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled Unit created by this Order shall terminate, unless this Order has been amended to authorize further operations.

(8) COG Operating, LLC (OGRID 229137) is hereby designated the operator of the well and the Unit.

(9) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs").

(10) Within 30 days from the date the schedule of estimated well costs is furnished, any pooled working interest owner shall have the right to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided, and any such owner who pays its share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges. Pooled working interest owners who elect not to pay their share of estimated well costs as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(11) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs within 90 days following completion of the proposed well. If no objection to the actual well costs is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs after public notice and hearing.

(12) Within 60 days following determination of reasonable well costs, any pooled working interest owner who has paid its share of estimated costs in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid exceed its share of reasonable well costs.

(13) The operator is hereby authorized to withhold the following costs and charges from production from each well:



- (a) the proportionate share of reasonable well costs attributable to each non-consenting working interest owner; and
- (b) as a charge for the risk involved in drilling the well, 200% of the above costs.

(14) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs.

(15) Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$5,450 per month while drilling and \$545 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

(16) Except as provided in Paragraphs (13) and (15) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 70-8A7-8A-28, as amended).

(17) Any unleased mineral interests shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under this order. Any well costs or charges that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(18) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this order shall thereafter be of no further effect.

(19) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(20) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



JAMI BAILEY  
Director

DISTRICT I  
1623 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brabos Road, Aztec, NM 87410  
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DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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

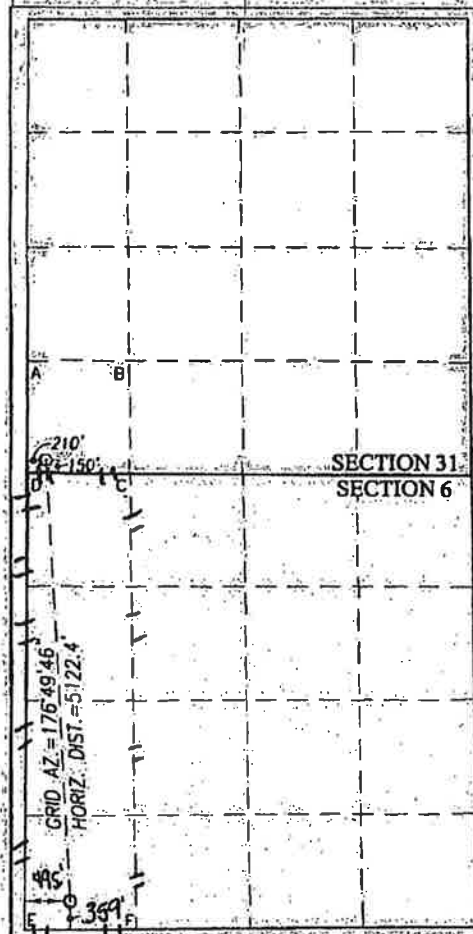
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-42004	Pool Code 3250	Pool Name Atoka; Glorieta-Yeso
Property Code 38804	Property Name ARABIAN 6 FEE	Well Number 10H
OGRID No. 229137	Operator Name COG OPERATING, LLC	Elevation 3446'

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	18-S	26-E		150	SOUTH	210	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
4	6	19-S	26-E		359	SOUTH	495	WEST	EDDY
Dedicated Acres 148.64	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



GEODETIC COORDINATES  
NAD 27 NME

SURFACE LOCATION  
Y=617366.0 N  
X=470764.9 E

LAT.=32.697202° N  
LONG.=104.428368° W

BOTTOM HOLE LOCATION  
Y=612252.9 N  
X=471048.1 E

CORNER COORDINATES TABLE

A = Y=618545.2 N, X=470558.1 E  
B = Y=618543.6 N, X=471726.7 E  
C = Y=617212.7 N, X=471734.5 E  
D = Y=617216.7 N, X=470554.5 E  
E = Y=611917.4 N, X=470515.8 E  
F = Y=611930.8 N, X=471803.5 E

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.

*Chasity Jackson* 6/9/14  
Signature Date

Chasity Jackson  
Printed Name

cjackson@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.

DECEMBER 17, 2013

Date of Survey  
Signature & Seal of Professional Surveyor

*Barry J. Eldson* 12/15/13  
Certificate Number 12641  
BKL JWSC.W.O.: 13.11.1430

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B

Submitted by: CONCHO COG OPER.

Hearing Date: August 8, 2018

Case Nos. 15090

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 15090  
(Re-Opened and  
Re-Advertised)**

**ORDER NO. R-13808-A**

**AMENDED APPLICATION OF COG OPERATING LLC TO RE-OPEN CASE NO.  
15090 TO POOL THE INTERESTS OF ADDITIONAL MINERAL OWNERS  
UNDER THE TERMS OF COMPULSORY POOLING ORDER NO. R-13808,  
EDDY COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on August 4, 2016, before Examiner William V. Jones.

NOW, on this \_\_\_\_ day of October, 2016, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and the subject matter.

(2) COG Operating LLC (the "Applicant") seeks to amend Order No. R-13808, issued in Case No. 15090 on March 11, 2014 to include in a compulsory pooled unit ("the Unit") the interests of a working interest owner who previously committed its interest to the well Applicant has drilled on the Unit pursuant to an operating agreement that has since expired.

(3) Applicant also seeks to expand the vertical boundaries of the Unit to clarify that the Unit includes the Glorieta formation as well as the Yeso.

**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. C  
Submitted by: CONCHO COG OPER.  
Hearing Date: August 8, 2018  
Case Nos. 15090**

(4) By Order No. R-13808 ("the previous order), the Division created the Unit as a non-standard oil spacing and proration unit "in the Yeso formation, Atoka; Glorieta-Yeso Pool" (pool code 3250), comprised of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, in Eddy County, New Mexico," and compulsory pooled all then uncommitted interests in the Unit for the drilling of Applicant's then proposed Arabian 6 Fee Well No. 10H (API No. 30-015-42004 - "the subject well") to be drilled from a surface location 150 feet from the South line and 210 feet from the West line (Unit M) of Section 31, Township 18 South, Range 26 East, NMPM, to a terminus 330 feet from the South line and 530 feet from the West line (Unit M; Lot 7), of Section 6, Township 19 South, Range 26 East, NMPM, in Eddy County, New Mexico.

(5) The testimony in the hearing held in original Case No. 15090 on February 20, 2014, which resulted in issuance of the previous order, was to the effect that all then leased interests were voluntarily committed to the subject well, and only certain unleased mineral interests should be compulsory pooled.

(6) The original order recites in Finding Paragraph (4) that the subject well will be located in the Atoka; Glorieta-Yeso Pool (pool code 3250), but the provisions of that order establishing, and pooling, the Unit describe it as comprising the Yeso formation.

(7) Applicant appeared through counsel and presented the following evidence:

- (a) The subject well has been drilled and completed.
- (b) Subsequent to completion, the Well was shut in for a period of time causing a joint operating agreement which committed the non-operating working interest owners to the well, to expire.
- (c) Applicant has obtained new leases, or existing leases have been re-committed to the Unit, for some, but not all lease interests. At least one lease formerly subject to the operating agreement has not been re-committed to the Unit.
- (d) There is a need to amend Order No. R-13808 (i) to confirm that any working interest ("presently uncommitted interest") that ceased to be committed to the Unit due to expiration of the operating agreement after issuance of the previous order is subject to the compulsory provisions of that order, and (ii) to define the rights of the owner or owners of the presently uncommitted interest(s) thereunder.
- (e) The only owner of an uncommitted interest whose interest is identified in a conveyance document of record or known to Applicant has been duly notified of the present Application and of the hearing.
- (f) Ownership of the area within the horizontal boundaries of the Unit is identical in the Glorieta and Yeso and formations; so that the Unit

can be expanded to include the Glorieta formation without any re-allocation of interests.

- (8) No other party entered an appearance or otherwise opposed this application.

The Division concludes as follows:

(9) In order to afford all owners of each interest in the Unit, including both the previously pooled parties and owners of any presently uncommitted interests, the opportunity to recover or receive without unnecessary expense their just and fair share of hydrocarbons, this application should be approved by pooling all presently uncommitted interests, whatever they may be, in the Unit pursuant to the provisions of Order No. R-13808, as modified by this order.

(10) The compulsory pooling provisions of this order should be effective from the date of first production from the subject well except as herein otherwise provided.

(11) Any owner of a presently uncommitted interest who has paid its share of well costs of the subject well shall be treated as a consenting pooled party under the previous order, shall be liable only for actual well costs, operating expenses, and overhead charges accrued from first production to the extent, but only to the extent, not previously paid, but shall not be subject to any risk charge.

(12) Reasonable charges for supervision (combined fixed rates) applicable to the interests of the owners of presently uncommitted interests should be fixed at \$5,450 per month, per well, while drilling and \$545 per month, per well, while producing, provided that these rates should be adjusted annually, from date of issuance of Order No. R-13808, pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*."

(13) Applicant also requested that the prior order be amended to pool the Glorieta formation as well as the Yeso formation.

(14) Although Applicant requested expansion of the Unit to include the Glorieta formation in its application, there is no reference to the proposed expansion in the advertisement of the hearing in this re-opened case. Hence, the requested amendment to include the Glorieta formation in the Unit should be denied, without prejudice.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of COG Operating LLC, Order No. R-13808, issued in this case on March 11, 2014, is hereby amended to compulsory pool all interests, whatever they may be, of owners whose interests ("presently uncommitted interests") that were contractually committed to the Unit when Order R-13808 was issued but have since become uncommitted due to expiration of an operating agreement, and their heirs, devisees, personal representatives, successors and assigns.

(2) The Unit shall remain dedicated to the Arabian 6 Fee Well No. 10H (API No. 30-015-42004 - "the subject well").

(3) The owners of presently uncommitted interests shall be liable for actual well costs of the subject well to the extent, but only to the extent, not previously paid, and shall be liable for reasonable operating costs and overhead charges from the date of first production, to the extent not previously paid, but shall not be liable for any risk charge.

(4) Ordering Paragraphs (9) through (13) of Order No. R-13808 shall not apply to the interests pooled by this order, as to the subject well. If, however, any infill well is subsequently proposed in this Unit under Rule 19.15.13.10 NMAC, this Ordering Paragraph (4) shall not apply, and the provisions of Ordering Paragraphs (9) through (13) of Order No. R-13808 shall apply to any infill well so proposed.

(5) Ordering Paragraph (15) of Order No. R-13808 is hereby amended, as applied to the interests pooled by this order only, to read as follows:

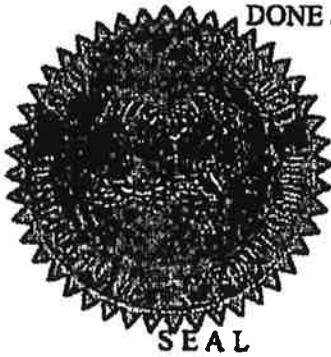
Reasonable charges for supervision (combined fixed rates) for the subject well are hereby fixed at \$5,450 per month while drilling and \$545 per month while producing, provided that these rates shall be adjusted annually from date of first production from the subject well, pursuant to Section III.1.A.3. of the COPAS form titled "*Accounting Procedure-Joint Operations*." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well attributable to the interests pooled by this order. The expenses so withheld shall be limited to such as have not been previously paid.

(6) Except as herein otherwise provided, Order No. R-13808 shall continue in full force and effect, and the interests pooled hereby shall be subject thereto.

(7) Because the request to expand the Unit formed by Order No. R-13808 vertically to include the Glorieta formation was not included in the advertisement of this case, that request is hereby denied, without prejudice.

(8) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Case No. 15090 (Re-Opened and Re-Advertised)  
Order No. R-13808-A  
Page 5 of 5



DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*David R. Catanach*

DAVID R. CATANACH  
DIRECTOR



Attachment "D"  
Arabian 6 Fee #10H  
Lots 4, 5, 6 & 7 (W2W2), Section 6, T19S, R26E, Eddy County

Tract 1	6
Tract 2	
Tract 3	

Order No. R-13808Order No. R-13808-AOrder No. R-13808-BTract 1

15.00% COG Operating LLC  
 10.00% Yates Petroleum Corp  
 25.00% *Estate of Jonell R. Gilmore*  
     Estate of Stanley L. Jones  
     6.25% Yates Industries, LLC  
 18.75% Sharbro Energy, LLC  
 23.75% COG Operating LLC (MI)  
     1.25% Concho Oil & Gas LLC (MI)

30.00% COG Operating LLC  
 20.00% Yates Petroleum Corp  
     6.25% Yates Industries, LLC  
 18.75% Sharbro Energy, LLC  
 23.75% COG Operating LLC (MI)  
     1.25% Concho Oil & Gas LLC (MI)

55.00% Concho Resources  
**20.00% EOG Y Resources, Inc.\***  
**18.75% Sharbro Energy, LLC\***  
**6.25% Yates Industries LLC\***

Tract 2

100.00% *Dwight M. Lee*  
     Byron Rev. Trust  
     Norma J. Chanley  
     Roy G. Barton, Jr.  
     Kimberly Ann Hutchins  
     Wagner Rev. Living Trust  
     Janan Bullard Bost  
     W.B. Perry, Jr.  
     Donald B. Farris

15.03% COG Operating LLC  
 79.50% *DHA, L.L.C.*  
     5.47% Yates Petroleum Corp

56.49% Concho Resources  
**18.17% Norma J. Chanley**  
**18.17% Roy G. Barton, Jr.\***  
**5.46% EOG Y Resources, Inc.\***  
**1.71% Gatorex Holdings, LLC\***

Tract 3

60.00% COG Operating LLC  
 40.00% Yates Petroleum Corp

60.00% COG Operating LLC  
 40.00% Yates Petroleum Corp

**66.67% Estate of Mary Ellen Taylor\***  
 20.00% Concho Resources  
**13.33% EOG Y Resources, Inc.\***

Interest in Spacing Unit(Lots 4, 5, 6 & 7 of Section 6, T19S, R26E)

40.13% COG Operating LLC  
     0.30% Concho Oil & Gas LLC  
 22.95% Yates Petroleum Corp  
     1.50% Yates Industries, LLC  
     4.50% Sharbro Energy, LLC  
     6.00% *Estate of Jonell R. Gilmore*  
 24.62% *Estate of Dwight M. Lee*

47.43% COG Operating LLC  
     0.30% Concho Oil & Gas LLC  
 26.70% Yates Petroleum Corp  
     1.50% Yates Industries, LLC  
     4.50% Sharbro Energy, LLC  
     19.57% *DHA, L.L.C.*

37.38% Concho Resources  
**34.26% Estate of Mary Ellen Taylor\***  
**13.00% EOG Y Resources, Inc.\***  
**4.50% Sharbro Energy, LLC\***  
**4.47% Norma J. Chanley**  
**4.47% Roy G. Barton, Jr.\***  
**1.50% Yates Industries LLC\***  
**0.42% Gatorex Holdings, LLC\***

*Parties Pooled under Prior Orders***Parties to be Pooled Under the New Order**

\* Verbal Agreement

Sent Certified Mail  
Receipt No.: 91-7199-9991-7038-7627-2143

May 24, 2018

Roy G. Barton, Jr.  
1919 N. Turner  
Hobbs, NM 88240

RE: **Well Proposal – Arabian 6 Fee #10H**  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Mr. Barton:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

Your interest was subject to the lease from Roy G. Barton, Jr., as Lessor, to DHA, L.L.C., as Lessee, dated January 7, 2014 (Book 966, Page 973). However, it appears that the lease has expired.

COG would like to acquire a lease of your interest for the following general terms:


- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement will be sent to you for your signature. According to our records, your interest in the well is 4.472215%; your share of the costs would be approximately \$19,029.27.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC  
  
Stuart A. Dirks, CPL  
Senior Staff Landman

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. E  
Submitted by: CONCHO COG OPER.  
Hearing Date: August 8, 2018  
Case Nos. 15090

May 24, 2018

Page Two

I elect to participate in the rework of the Arabian 6 Fee #10H.

By: \_\_\_\_\_  
Roy G. Barton, Jr.

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6M**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, swivel, toolhand, jet tool, elevators, half pit, flowback manifold delivery of all)  
 \$25,000 pipe rent (2 7/8" LBC workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995 cost  
 \$86,867 tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water: can we take to Arabian bty or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? OR have JS5 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~\$8,500 for last project)  
 \$90,000 Logging (40 6k for Sonic, 49 3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRM?)  
 Crane? Looks like job at Arabian 6 had a manifold  
 \$130,945 cost  
 \$140,439 tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  
 \$53,100 cost  
 \$56,950 tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRM (bit, swivel, jet tool, half pit, flowback, etc)  
 \$24,250 cost  
 \$26,008 tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tb pump may need something else depending on water production after sq)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  
 \$37,680 cost  
 \$40,412 tax included

#### **Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

## SENDER: COMPLETE THIS SECTION

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

Roy G. Barton, Jr.  
1919 N. Turner  
Hobbs, NM 88240  
RE: Arabian 6 Fee #10H



9590 9402 3579 7305 0956 29

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2143

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt



CONCHO

ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

91 7199 9991 7038 7627 2143



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Roy G. Barton, Jr.  
1919 N. Turner  
Hobbs, NM 88240  
RE: Arabian 6 Fee #10H



9590 9402 3579 7305 0956 29

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2143

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

Debra Bryant

☐ Agent☐ Addressee

B. Received by (Printed Name)

Debra Bryant

C. Date of Delivery

5-31-18

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

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JUN 05 2018

3. Service Type

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Restricted Delivery

Domestic Return Receipt

Roy G. Barton, Jr.  
1919 N. Turner  
Hobbs, NM 88240

*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2150*

May 24, 2018

Legacy Royalty LLC  
PO Box 1091  
Artesia, NM 88211-1091

Attn: Ms. Shari Dayhoff

RE: **Well Proposal – Arabian 6 Fee #10H**  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Shari:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yezo Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

Your interest was subject to the lease from Legacy Royalty LLC, as Lessor, to Yates Industries LLC, as Lessee, dated August 6, 2015 (Book 1057, Page 348). However, it appears that the lease has expired.

If you do not renew your lease to Yates Industries, COG would like to acquire a lease of your interest for the following general terms:

- One year primary term
- ¼ Royalty Interest
- \$150 per net acre bonus consideration


If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement be sent to you for your signature. According to our records, the interest of Legacy Royalty LLC is 1.499428%; your cost to participate would be approximately \$6380.07.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

  
Stuart A. Dirks, CPL  
Senior Staff Landman

May 24, 2018  
Page Two

Legacy Royalty LLC elects to participate in the rework of the Arabian 6 Fee #6H.

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

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

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



**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

<b>Cleanout</b>	<b>\$90,000</b>
\$10,290 rig (assuming 14 hr/d for 3 day)	
\$4,275 kill trk (assuming 15 hr/d for 3 day)	
\$15,000 wrh (reverse unit, sw've, toolhand, jet tool, elevators, half pit, flowback manifold, delivery of all)	
\$25,000 pipe rent (2 7/8" L80 workstring + pipe racks)	
\$15,000 trucking (delivery of workstring, forklift, pick up workstring)	
\$2,400 water (for frac tank/cleanout)	
\$4,250 frac tank (delivery + daily rental for entire job)	
\$2,500 BOP (assuming annular)	
\$2,280 transport (vac trucks w/ water)	
<b>\$80,995</b>	<b>\$86,867</b>
cost	tax included

<b>Logging</b>	<b>\$145,000</b>
\$5,880 rig (assuming 12 hr/d for 2 day)	
\$2,660 kill trk (assuming 14 hr/day for 2 day)	
\$4,320 transport (haul produced water- can we take to Arabian bttv or our SWD?)	
\$4,000 water (assuming 2500 bbl)	
\$8,085 pipe rent? OR have \$5 yellowband delivered (\$3.5/ft for 2310 ft)	
\$10,000 Nitrogen (cost was ~8,500 for last project)	
\$90,000 Logging (40.6k for Sonic, 49.3k for Production)	
\$1,000 Frac tank (going to need 2 frac tanks for flowback)	
\$2,500 Crown valve rental (cost last job, may have gone up due to oil price)	
\$2,500 Flowback manifold (WRH?)	
Crane? Looks like, job at Arabian 6 had a manifold	
<b>\$130,945</b>	<b>\$140,439</b>
cost	tax included

**Estimate of costs so far** **\$235,000**  
**\$258,500** w/ 10% safety factor


#### Evaluate logs

<b>Cementing/Squeezing</b>	<b>\$60,000</b>
\$14,700 rig (assuming 15 hr/d for 4 day)	Can we set packer in horizontal?
\$5,700 kill trk (assuming 15 hr/d for 4 day)	Special tools needed?
\$2,000 water (general estimate of 1000 bbl)	
\$5,700 transport (assuming 15 hr/d for 4 day)	
\$15,000 cement (+ pump truck)	
\$10,000 cement tools (retainer, CIBP, packers, special tools)	
<b>\$53,100</b>	<b>\$56,950</b>
cost	tax included

<b>Drill out cement</b>	<b>\$30,000</b>
\$9,188 rig (assuming 15 hr/d for 2.5 day)	Clean out well again after drill out?
\$3,563 kill trk (assuming 15 hr/d for 2.5 day)	If so, need pipe rental + jet tool cost
\$1,500 water (assuming 1000 bbl)	
\$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)	
<b>\$24,250</b>	<b>\$26,008</b>
cost	tax included

<b>Put on production</b>	<b>\$45,000</b>
\$6,860 rig (assuming 14 hr/d for 2 day)	
\$2,850 kill trk (assuming 15 hr/d for 2 day)	
\$1,500 water (assuming 1000 bbl)	
\$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)	
\$5,720 rods (enough to get to KOP only most likely)	
\$4,500 pump (assuming 1bg pump may need something else depending on water production after q)	
\$1,500 TAC + supplies	
\$2,800 BHA (possibly desander, mud anchors, etc)	
\$1,500 balance & align unit	
<b>\$37,680</b>	<b>\$40,412</b>
cost	tax included

**Total estimate** **\$370,000**  
**\$407,000** w/ 10% safety factor  
**\$425,500** w/ 15% safety factor

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1</p> <p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p><b>Legacy Royalty LLC</b>  <b>P.O. Box 1091</b>  <b>Artesia, NM 88211-1091</b>  <b>RE: Arabian 6 Fee #10H</b></p>  <p>9590 9402 3579 7305 0956 36</p>		<p>A. Signature  <b>X</b> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)</p> <p><b>91 7199 9991 7038 7627 2150</b></p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt



ONE CONCHO CENTER  
 600 W. ILLINOIS AVENUE  
 MIDLAND, TX 79701

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1</p> <p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p><b>Legacy Royalty LLC</b>  <b>P.O. Box 1091</b>  <b>Artesia, NM 88211-1091</b>  <b>RE: Arabian 6 Fee #10H</b></p>  <p>9590 9402 3579 7305 0956 36</p>		<p>A. Signature  <i>Frances M. ...</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery  <b>FRANCES M. ... 6-1-18</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p><b>RECEIVED JUN 05 2018</b></p>	
<p>2. Article Number (Transfer from service label)</p> <p><b>91 7199 9991 7038 7627 2150</b></p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

91 7199 9991 7038 7627 2150



**Legacy Royalty LLC**  
**P.O. Box 1091**  
**Artesia, NM 88211-1091**

*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2167*

May 24, 2018

Norma J. Chanley  
407 E. Arriba Drive  
Hobbs, NM 88240

RE: **Well Proposal – Arabian 6 Fee #10H**  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Ms. Chanley:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yezo Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

Your interest was subject to the lease from Norma J. Chanley, as Lessor, to DHA, L.L.C., as Lessee, dated January 7, 2014 (Book 966, Page 977). However, it appears that the lease has expired.

COG would like to acquire a lease of your interest for the following general terms:

- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

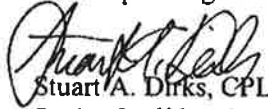
If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement will be sent to you for your signature. According to our records, your interest in the well is 4.472215%; your share of the costs would be approximately \$19,029.27.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

  
Stuart A. Dirks, CPL  
Senior Staff Landman

May 24, 2018  
Page Two

I elect to participate in the rework of the Arabian 6 Fee #10H.

By: \_\_\_\_\_  
Norma J. Chanley

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, sw ve, toolhand, jet tool, elevators, half pit, flowback manifold delivery of all)  
 \$25,000 pipe rent (2 7/8" L8C workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995      \$86,067  
 cost      tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water - can we take to Arabian btty or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? DR have 55 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40.6k for Sonic, 49.3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manlift  
 \$130,945      \$140,439  
 cost      tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CRP, packers, special tools)  
 \$53,100      \$56,950  
 cost      tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  
 \$24,250      \$26,008  
 cost      tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
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 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbg pump - may need something else depending on water production after q)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  
 \$37,680      \$40,412  
 cost      tax included

#### **Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>X</b></p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p><b>Norma J. Chanley</b>  <b>407 E. Arriba Drive</b>  <b>Hobbs, NM 88240</b>  <b>RE: Arabian 6 Fee #10H</b></p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)  <b>91 7199 9991 7038 7627 2167</b></p>	<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>X</b> <i>Norma J. Chanley</i></p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p>C. Date of Delivery <b>5/31/18</b></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p><b>Norma J. Chanley</b>  <b>407 E. Arriba Drive</b>  <b>Hobbs, NM 88240</b>  <b>RE: Arabian 6 Fee #10H</b></p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number (Transfer from service label)  <b>91 7199 9991 7038 7627 2167</b></p>	<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>

Domestic Return Receipt

**Norma J. Chanley**  
**407 E. Arriba Drive**  
**Hobbs, NM 88240**



CONCHO

ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

91 7199 9991 7038 7627 2167



*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2174*

May 24, 2018

Sharbro Energy, LLC  
PO Box 840  
Artesia, NM 88211

Attn: Ms. Elizabeth Baker

RE: **Well Proposal – Arabian 6 Fee #10H**  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Liz:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yezo Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

COG is proposing to do the Operation under the terms of a modified 1989 AAPL Model Form Operating Agreement ("OA") covering the W ½ of the W ½ of Section 6, T-19-S, R-26-E, with the following general provisions:

- 100/300 Non-consenting penalty
- Drilling and Producing rate of \$6000/\$600
- COG named as Operator

If you wish to participate in the Operation, please sign below and return a copy to the undersigned and our proposed OA will be sent for your review. According to our records, the interest of Sharbro Energy in this well is 4.498284%; your cost to participate would be approximately \$19,140.20.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your interest for the following general terms:

- Three year primary term
- Delivering a 1.5% ORRI, proportionately reduced
- \$150 per net acre bonus consideration

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

May 24, 2018

Page Two

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC



Stuart A. Dirks, CPL  
Senior Staff Landman

Sharbro Energy, LLC elects to participate in the rework of the Arabian 6 Fee #10H.

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

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

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



**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, swive, toolhand, jet tool, elevators, half pit, flowback manifold delivery of all)  
 \$25,000 pipe rent (2 7/8" LBC workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  


---

 \$80,995 cost      \$86,867 tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water- can we take to Arabian btry or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? DH have J55 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40.6k for Sonic, 49.3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manifold  


---

 \$130,945 cost      \$140,439 tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)      Can we set packer in horizontal?  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)      Special tools needed?  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  


---

 \$53,100 cost      \$56,950 tax included

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)      Clean out well again after drill out?  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)      If so, need pipe rental + jet tool cost  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  


---

 \$24,250 cost      \$26,008 tax included

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbp pump may need something else depending on water production after sq)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  


---

 \$37,680 cost      \$40,412 tax included

#### **Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

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<p><b>Sharbro Energy, LLC</b>  <b>P.O. Box 840</b>  <b>Artesia, NM 88211</b>  <b>RE: Arabian 6 Fee #10H</b></p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p>	
<p>91 7199 9991 7038 7627 2174</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)  <b>91 7199 9991 7038 7627 2174</b></p>		<p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>	



ONE CONCHO CENTER  
 600 W. ILLINOIS AVENUE  
 MIDLAND, TX 79701

CONCHO

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <b>X</b> <i>Anna Hunter</i></p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p><b>Sharbro Energy, LLC</b>  <b>P.O. Box 840</b>  <b>Artesia, NM 88211</b>  <b>RE: Arabian 6 Fee #10H</b></p>		<p>B. Received by (Printed Name) <i>Anna Hunter</i></p> <p>C. Date of Delivery <i>6/4/2018</i></p>	
<p>91 7199 9991 7038 7627 2174</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number (Transfer from service label)  <b>91 7199 9991 7038 7627 2174</b></p>		<p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>	

91 7199 9991 7038 7627 2174



Sharbro Energy, LLC  
 P.O. Box 840  
 Artesia, NM 88211

*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2181*

May 24, 2018

EOG Y Resources, Inc.  
105 S. Fourth Street  
Artesia, NM 88210

Attn: Ms. Janet Richardson

RE: **Well Proposal – Arabian 6 Fee #10H**

SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Janet:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yezo Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

COG is proposing to do the Operation under the terms of a modified 1989 AAPL Model Form Operating Agreement ("OA") covering the W ½ of the W ½ of Section 6, T-19-S, R-26-E, with the following general provisions:

- 100/300 Non-consenting penalty
- Drilling and Producing rate of \$6000/\$600
- COG named as Operator

If you wish to participate in the Operation, please sign below and return a copy to the undersigned and our proposed OA will be sent for your review. According to our records, the interest of EOG Y Resources in this well is 12.996053%; your cost to participate would be approximately \$55,298.21.

If you do not wish to participate in the Operation, COG would like to acquire a Term Assignment of your interest for the following general terms:

- Three year primary term
- Delivering a 1.5% ORRI, proportionately reduced
- \$150 per net acre bonus consideration

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

May 24, 2018  
Page Two

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC



Stuart A. Dirks, CPL  
Senior Staff Landman

EOG Y Resources, Inc. elects to participate in the rework of the Arabian 6 Fee #10H.

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

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

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

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, sw ve, toolhand, jet tool, elevators, half pit, flowback manifold, delivery of all)  
 \$25,000 pipe rent (2-7/8" LBC workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  


---

 \$80,995      \$86,867  
 cost      tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water- can we take to Arabian bitty or our SWQ?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? OR have J55 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40.6k for Sonic, 49.3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manifold  


---

 \$130,945      \$140,439  
 cost      tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  


---

 \$53,100      \$56,950  
 cost      tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  


---

 \$24,250      \$26,008  
 cost      tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbg pump may need something else depending on water production after -q-)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  


---

 \$37,680      \$40,412  
 cost      tax included

#### **Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

## SENDER: COMPLETE THIS SECTION

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

**EOG Y Resources, Inc.**  
**105 S. Fourth Street**  
**Artesia, NM 88210**  
**RE: Arabian 6 Fee #10H**



9590 9402 3579 7305 0956 67

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2181

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent  
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☒ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

stricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

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**EOG Y Resources, Inc.**  
**105 S. Fourth Street**  
**Artesia, NM 88210**  
**RE: Arabian 6 Fee #10H**



9590 9402 3579 7305 0956 67

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2181

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Kristy Martinez

☐ Agent  
☐ Addressee

B. Received by (Printed Name)

Kristy Martinez

C. Date of Delivery

6/1/18

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



3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☒ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

stricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt



CONCHO

ONE CONCHO CENTER  
 600 W. ILLINOIS AVENUE  
 MIDLAND, TX 79701

91 7199 9991 7038 7627 2181



**EOG Y Resources, Inc.**  
**105 S. Fourth Street**  
**Artesia, NM 88210**

*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2198*

May 24, 2018

Jeannine H. Byron, Trustee  
of the Robert and Jeannine Byron  
Revocable Trust U/T/A dtd 6/18/2003  
PO Box 1562  
Roswell, NM 88202-1562

Attn: Mr. Robert G. Hooper

RE: **Well Proposal – Arabian 6 Fee #10H**

SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Mr. Hooper:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

The interest of the Trust was subject to the lease from Robert P. Byron and Jeannine Hooper Byron, Trustees of the Robert and Jeannine Byron Revocable Trust U/T/A dtd 6/18/2003, as Lessor, to DHA, L.L.C., as Lessee, dated January 7, 2014 (Book 966, Page 975). However, it appears that the lease has expired.

COG would like to acquire a lease of your interest for the following general terms:

- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement will be sent to you for your signature. According to our records, the interest of the Trust in the well is 8.944429%; the share of the Trust in the cost of the Operation would be approximately \$38,058.55.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

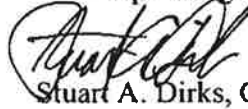
May 24, 2018

Page Two

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC



Stuart A. Dirks, CPL  
Senior Staff Landman

I elect to participate in the rework of the Arabian 6 Fee #10H.

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

Jeannine H. Byron, Trustee of the Robert and Jeannine Byron  
Revocable Trust U/TA dated June 18, 2003



**\*\*Costs are estimates\*\*** Prices may have risen due to increased oil price since previous job on Arabian 6H

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, swivel, toolhand, jet tool, elevators, half pit, flowback manifold delivery of all)  
 \$25,000 pipe rent (2 7/8" L8C workstring + pipe racks)  
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 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  


---

 \$80,995      \$86,867  
 cost      tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
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---

 \$130,945      \$140,439  
 cost      tax included

**Estimate of costs so far**

**\$235,000**

**\$258,500** w/ 10% safety factor

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
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 \$10,000 cement tools (retainer, CIBP, packers, special tools)  


---

 \$33,100      \$56,950  
 cost      tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  


---

 \$24,250      \$26,008  
 cost      tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbg pump - may need something else depending on water production after eq)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  


---

 \$37,680      \$40,412  
 cost      tax included

**Total estimate**

**\$370,000**

**\$407,000** w/ 10% safety factor

**\$425,500** w/ 15% safety factor

## SENDER: COMPLETE THIS SECTION

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

Jeannine H. Byron, Trustee  
of the Robert and Jeannine Byron  
Revocable Trust U/T/A dtd 6/18/2003  
P.O. Box 1562  
Roswell, NM 88202-1562  
RE: Arabian 6 Fee #10H



9590 9402 3579 7305 0956 74

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2198

ricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X

☐ Agent☐ Addressee

## B. Received by (Printed Name)

## C. Date of Delivery

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

## 3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted☐ Delivery☒ Return Receipt for

Merchandise

☐ Signature Confirmation™☐ Signature Confirmation

Restricted Delivery

Domestic Return Receipt



CONCHO

ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

## SENDER: COMPLETE THIS SECTION

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PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

## A. Signature

X Jeannine Byron

☐ Agent☐ Addressee

## B. Received by (Printed Name)

Jeannine BYRON

## C. Date of Delivery

5/31/18

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

## 3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted☐ Delivery☒ Return Receipt for

Merchandise

☐ Signature Confirmation™☐ Signature Confirmation

Restricted Delivery

Domestic Return Receipt

91 7199 9991 7038 7627 2198



CERTIFIED MAIL

Jeannine H. Byron, Trustee  
of the Robert and Jeannine Byron  
Revocable Trust U/T/A dtd 6/18/2003  
P.O. Box 1562  
Roswell, NM 88202-1562

*Sent Certified Mail*  
*Receipt No.: 91-7199-9991-7038-7627-2129*

May 24, 2018

Gatorex Holdings, LLC  
1320 Clover Lane  
Fort Worth, TX 76107

RE: **Well Proposal – Arabian 6 Fee #10H**  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico

Dear Madam or Sir:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

COG would like to acquire a lease of your interest for the following general terms:

- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

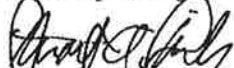
If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement will be sent to you for your signature. According to our records, the interest of Gatorex Holdings, LLC is 0.420479%; the share of the cost would be approximately \$1789.14.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC



Stuart A. Dirks, CPL  
Senior Staff Landman

May 24, 2018  
Page Two

Gatorex Holdings, LLC elects to participate in the rework of the Arabian 6 Fee #10H.

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

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

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

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, swivel, toolhand, jet tool, elevators, half pit, flowback manifold, delivery of all)  
 \$25,000 pipe rent (2-7/8" L8C workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995 cost      \$86,867 tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water - can we take to Arabian bttv or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? OR have J55 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40.6k for Sonic, 49.3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manlift  
 \$130,945 cost      \$140,439 tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  
 \$53,100 cost      \$56,950 tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  
 \$24,250 cost      \$26,008 tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
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 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbg pump - may need something else depending on water production after qd)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  
 \$37,680 cost      \$40,412 tax included

#### **Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

## SENDER: COMPLETE THIS SECTION

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1.

**Gatorex Holdings, LLC**  
**1320 Clover Lane**  
**Fort Worth, TX 76107**  
**RE: Arabian 6 Fee #10H**



9590 9402 3579 7305 0956 05

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2129

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☐ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

ricted Delivery

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053



ONE CONCHO CENTER  
 600 W. ILLINOIS AVENUE  
 MIDLAND, TX 79701

CONCHO

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**Gatorex Holdings, LLC**  
**1320 Clover Lane**  
**Fort Worth, TX 76107**  
**RE: Arabian 6 Fee #10H**



9590 9402 3579 7305 0956 05

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2129

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X Rebecca Denke

☐ Agent☐ Addressee

B. Received by (Printed Name)

Rebecca Denke

C. Date of Delivery

6-12-18

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

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3. Service Type

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ricted Delivery

Domestic Return Receipt

PS Form 3811, July 2015 PSN 7530-02-000-9053

91 7199 9991 7038 7627 2129



**Gatorex Holdings, LLC**  
**1320 Clover Lane**  
**Fort Worth, TX 76107**

*Sent Certified Mail*

*Receipt No.: 91-7199-9991-7038-7627-2136*

May 24, 2018

The Estate of Mary Ellen Taylor  
13947 Valley Vista Blvd  
Sherman Oaks, CA 91423

Attn: Mr. Eric Moore

RE: **Well Proposal – Arabian 6 Fee #10H**

SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E

BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E

Eddy County, New Mexico

Dear Mr. Moore:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

The interest of Mary Ellen Taylor was subject to the lease from Mary Ellen Taylor, as Lessor, to DMD LLC, as Lessee, dated October 5, 2010 (Book 830, Page 604). However, it appears that the lease expired before COG commenced the Operation.

COG would like to acquire a lease of this interest for the following general terms:

- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

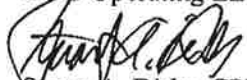
If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of the Operating Agreement covering the well will be sent to you for your signature. According our records, the Estate has an interest of 34.261751% in the well; the share of the costs of the Estate would be approximately \$145,783.75.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

  
Stuart A. Dirks, CPL  
Senior Staff Landman

May 24, 2018  
Page Two

The Estate of Mary Ellen Taylor

I elect to participate in the rework of the Arabian 6 Fee #10H.

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

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

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



**\*\*Costs are estimates\*\*** Prices may have risen due to increased oil price since previous job on Arabian 6H

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, swivel, toolhand, jet tool, elevators, half pit, flowback manifold, delivery of all)  
 \$25,000 pipe rent (2-7/8" L8C workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995      \$86,867  
 cost      tax included

#### Logging

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water - can we take to Arabian bttty or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
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 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40 6k for Sonic, 49 3k for Production)  
 \$1,000 frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manifold  
 \$130,945      \$140,439  
 cost      tax included

#### **Estimate of costs so far**

**\$235,000**

**\$258,500** w/ 10% safety factor

#### Evaluate logs

#### Cementing/Squeezing

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
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 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  
 \$53,100      \$56,950  
 cost      tax included

Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
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 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  
 \$24,250      \$26,008  
 cost      tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

#### Put on production

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
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 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & sign unit  
 \$37,680      \$40,412  
 cost      tax included

#### **Total estimate**

**\$370,000**

**\$407,000** w/ 10% safety factor

**\$425,500** w/ 15% safety factor

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The Estate of Mary Ellen Taylor  
13947 Valley Vista Blvd  
Sherman Oaks, CA 91423  
RE: Arabian 6 Fee #10H



9590 9402 3579 7305 0956 12

2. Article Number (Transfer from service label)

91 7199 9991 7038 7627 2136

PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt



CONCHO

ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

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RE: Arabian 6 Fee #10H



9590 9402 3579 7305 0956 12

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PS Form 3811, July 2015 PSN 7530-02-000-9053

## COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *[Signature]*☐ Agent☐ Addressee

B. Received by (Printed Name)

X SERIC MOORE

C. Date of Delivery

X 6/14/18

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

RECEIVED  
JUN 19 2018

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
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☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☒ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

Restricted Delivery

Domestic Return Receipt

91 7199 9991 7038 7627 2136



The Estate of Mary Ellen Taylor  
13947 Valley Vista Blvd  
Sherman Oaks, CA 91423

Sent Certified Mail  
Receipt No.: 91-7199-9991-7038-7627-2129

May 24, 2018

Gatorex Holdings, LLC  
1320 Clover Lane  
Fort Worth, TX 76107

RE: Well Proposal – Arabian 6 Fee #10H  
SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico



Dear Madam or Sir:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

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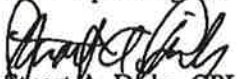
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If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC

  
Stuart A. Dirks, CPL  
Senior Staff Landman

BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. F  
Submitted by: CONCHO COG OPER.  
Hearing Date: August 8, 2018  
Case Nos. 15090

May 24, 2018  
Page Two

Gatorex Holdings, LLC elects to participate in the rework of the Arabian 6 Fee #10H.

By: Perry Portwood

Name: Perry Portwood

Title: Manager

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

#### Cleanout

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wrh (reverse unit, sw've, toolhand, jet tool, elevators, half pit, flowback manifold delivery of all)  
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 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995 \$86,867  
 cost tax included

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**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
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 \$10,000 N2rogen (cost was ~8,500 for last project)  
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 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
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 Crane? Looks like job at Arabian 6 had a manlift  
 \$130,945 \$140,439  
 cost tax included

**Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

#### Evaluate logs

#### Cementing/Squeezing

**\$50,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  
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Can we set packer in horizontal?  
 Special tools needed?

#### Drill out cement

**\$30,000**

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**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming the pump - may need something else depending on water production after 1 qz)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  
 \$37,680 \$40,412  
 cost tax included

**Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

May 24, 2018

Roy G. Barton, Jr.  
1919 N. Turner  
Hobbs, NM 88240



Sent Certified Mail  
Receipt No.: 91-7199-9991-7038-7627-2143

RE: **Well Proposal – Arabian 6 Fee #10H**

SHL: 150' FSL & 210' FWL (Lot 4) of Section 31, T18S, R26E -156  
BHL: 359' FSL & 495' FWL (Lot 4) of Section 6, T19S, R26E  
Eddy County, New Mexico 149

Dear Mr. Barton:

COG Operating LLC ("COG"), as Operator, has drilled the Arabian 6 Fee #10H as a horizontal well at the above-captioned location, to a measured depth of approximately 7750', and a true vertical depth of approximately 2863' to test the Yeso Formation. The well has ceased production and COG plans to attempt a workover ("Operation") to bring the well back on production. The total cost of the Operation is estimated to be \$425,500 and a detailed description of the cost is enclosed.

Your interest was subject to the lease from Roy G. Barton, Jr., as Lessor, to DHA, L.L.C., as Lessee, dated January 7, 2014 (Book 966, Page 973). However, it appears that the lease has expired.

COG would like to acquire a lease of your interest for the following general terms:

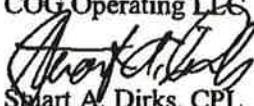
- One year primary term
- $\frac{1}{4}$  Royalty Interest
- \$150 per net acre bonus consideration

If you do not choose to lease your interest, you may elect to participate in the Operation by signing below and returning a copy to the undersigned. A copy of our proposed Operating Agreement will be sent to you for your signature. According to our records, your interest in the well is 4.472215%; your share of the costs would be approximately \$19,029.27.

If we do not reach an agreement within 30 days of the date of this letter COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into the spacing unit for the proposed well.

If you have any questions, please do not hesitate to contact the undersigned at 432-685-4354.

Yours Truly,

COG Operating LLC  
  
Stuart A. Dirks, CPL  
Senior Staff Landman

Join 6/7/18

**\*\*Costs are estimates\*\* Prices may have risen due to increased oil price since previous job on Arabian 6H**

**Cleanout**

**\$90,000**

\$10,290 rig (assuming 14 hr/d for 3 day)  
 \$4,275 kill trk (assuming 15 hr/d for 3 day)  
 \$15,000 wh (reverse unit, swivel, toolhand, jet tool, elevators, half pit, flowback manifold, delivery of air)  
 \$25,000 pipe rent (2-7/8" L80 workstring + pipe racks)  
 \$15,000 trucking (delivery of workstring, forklift, pick up workstring)  
 \$2,400 water (for frac tank/cleanout)  
 \$4,250 frac tank (delivery + daily rental for entire job)  
 \$2,500 BOP (assuming annular)  
 \$2,280 transport (vac trucks w/ water)  
 \$80,995 \$86,867  
 cost tax included

**Logging**

**\$145,000**

\$5,880 rig (assuming 12 hr/d for 2 day)  
 \$2,660 kill trk (assuming 14 hr/day for 2 day)  
 \$4,320 transport (haul produced water - can we take to Arabian btt or our SWD?)  
 \$4,000 water (assuming 2500 bbl)  
 \$8,085 pipe rent? OR have J55 yellowband delivered (\$3.5/ft for 2310 ft)  
 \$10,000 Nitrogen (cost was ~8,500 for last project)  
 \$90,000 Logging (40.6k for Sonic, 49.3k for Production)  
 \$1,000 Frac tank (going to need 2 frac tanks for flowback)  
 \$2,500 Crown valve rental (cost last job, may have gone up due to oil price)  
 \$2,500 Flowback manifold (WRH?)  
 Crane? Looks like job at Arabian 6 had a manlift  
 \$130,945 \$140,439  
 cost tax included

**Estimate of costs so far**

**\$235,000**

**\$258,500 w/ 10% safety factor**

**Evaluate logs**

**Cementing/Squeezing**

**\$60,000**

\$14,700 rig (assuming 15 hr/d for 4 day)  
 \$5,700 kill trk (assuming 15 hr/d for 4 day)  
 \$2,000 water (general estimate of 1000 bbl)  
 \$5,700 transport (assuming 15 hr/d for 4 day)  
 \$15,000 cement (+ pump truck)  
 \$10,000 cement tools (retainer, CIBP, packers, special tools)  
 \$53,100 \$56,950  
 cost tax included

Can we set packer in horizontal?  
 Special tools needed?

**Drill out cement**

**\$30,000**

\$9,188 rig (assuming 15 hr/d for 2.5 day)  
 \$3,563 kill trk (assuming 15 hr/d for 2.5 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,000 WRH (bit, swivel, jet tool, half pit, flowback, etc)  
 \$24,250 \$26,008  
 cost tax included

Clean out well again after drill out?  
 If so, need pipe rental + jet tool cost

**Put on production**

**\$45,000**

\$6,860 rig (assuming 14 hr/d for 2 day)  
 \$2,850 kill trk (assuming 15 hr/d for 2 day)  
 \$1,500 water (assuming 1000 bbl)  
 \$10,450 tubing (this may be lower if we decide to purchase pipe for initial logging)  
 \$5,720 rods (enough to get to KOP only most likely)  
 \$4,500 pump (assuming tbg pump - may need something else depending on water production after sqz)  
 \$1,500 TAC + supplies  
 \$2,800 BHA (possibly desander, mud anchors, etc)  
 \$1,500 balance & align unit  
 \$37,680 \$40,412  
 cost tax included

**Total estimate**

**\$370,000**

**\$407,000 w/ 10% safety factor**

**\$425,500 w/ 15% safety factor**

May 24, 2018  
Page Two

I elect to participate in the rework of the Arabian 6 Fee #10H.

By: 

Roy G. Barton, Jr.

575-318-1793

DAILY REPORT VIA EMAIL, NevadaCivide@aol.com,  
No logs.



**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**


**APPLICATION OF COG OPERATING LLC TO RE-OPEN  
CASE NO. 15090 TO POOL THE INTERESTS OF ADDITIONAL  
MINERALS OWNERS UNDER THE TERMS OF COMPULSORY  
POOLING ORDER R-13808, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15090**


**AFFIDAVIT**

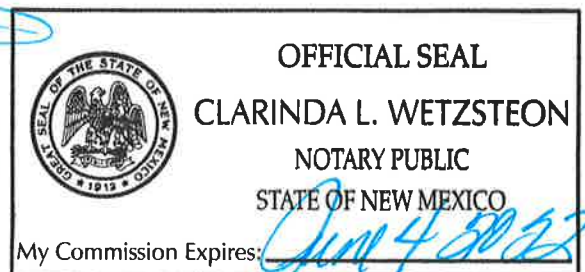
STATE OF NEW MEXICO   )  
  ) ss.  
COUNTY OF SANTA FE   )

Jordan L. Kessler, attorney in fact and authorized representative of COG Operating, LLC,  
the Applicant herein, being first duly sworn, upon oath, states that the above-referenced  
Applications have been provided under the notice letters and proof of receipts attached hereto.

  
\_\_\_\_\_  
Jordan L. Kessler

SUBSCRIBED AND SWORN to before me this 8th day of August 2018 by Jordan L. Kessler.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 



**BEFORE THE OIL CONSERVATION DIVISION  
Santa Fe, New Mexico  
Exhibit No. G  
Submitted by: CONCHO COG OPER.  
Hearing Date: August 8, 2018  
Case Nos. 15090**



## Shipment Confirmation Acceptance Notice

### A. Mailer Action

**Note to Mailer:** The labels and volume associated to this form online, **must** match the labeled packages being presented to the USPS® employee with this form.

COG Operating LLC - Arabian 10H Well  
CM# 51500.0010 20180718  
Pooles Parties List

Shipment Date: 07/16/2018

Shipped From:

Name: HOLLAND & HART LLP

Address: 110 N GUADALUPE ST # 1

City: SANTA FE

State: NM ZIP+4® 87501

Type of Mail	Volume
Priority Mail Express®	
Priority Mail®	0
First-Class Package Service®	
Returns	
International*	
Other	10
Total	10

\*Start time for products with service guarantees will begin when mail arrives at the local Post Office™ and items receive individual processing and acceptance scans.

### B. USPS Action

Note to RSS Clerk:

1. Home screen > Mailing/Shipping > More
2. Select Shipment Confirm
3. Scan or enter the barcode/label number from PS Form 5630
4. Confirm the volume count message by selecting Yes or No
5. Select Pay and End Visit to complete transaction

USPS EMPLOYEE: Please scan upon pickup or receipt of mail.  
Leave form with customer or in customer's mail receptacle.

USPS SCAN AT ACCEPTANCE



9275 0901 1935 6200 0009 3378 85



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USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.												
1. 9214 8901 9403 8307 8194 75		Shatbro Energy LLC PO BOX 840 Artesia NM 88211		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender if COD	ASR Fee	ASRD Fee	RD Fee	RR Fee	SC Fee	SCRD Fee	SH Fee
2. 9214 8901 9403 8307 8194 82		Yates Industries LLC PO BOX 1091 Artesia NM 88211		1.21	3.45								1.50			
3. 9214 8901 9403 8307 8194 99		Eric C Moore Rep for Estate of Mary Ellen Hudson Taylor 13947 Valley Vista Blvd Sherman Oaks CA 91423		1.21	3.45								1.50			
4. 9214 8901 9403 8307 8195 05		Successor Trustee of Hudson-Taylor Trust 13947 Valley Vista Blvd Sherman Oaks CA 91423		1.21	3.45								1.50			
5. 9214 8901 9403 8307 8195 12		Yates Brothers a Partnership PO BOX 1394 Artesia NM 88211		1.21	3.45								1.50			
6. 9214 8901 9403 8307 8195 29		EOG Y Resources Inc 105 S Fourth Street Artesia NM 88210		1.21	3.45								1.50			
7. 9214 8901 9403 8307 8195 36		Roy G Barton Jr 1919 N Turner Hobbs NM 88240		1.21	3.45								1.50			
8. 9214 8901 9403 8307 8195 43		Robert & Jeannine Byron trustees of Robert & Jeannine Byron Trust PO BOX 1562 Roswell NM 88202		1.21	3.45								1.50			
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## Firm Mailing Book For Accountable Mail

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9214 89019403 83078195 50	Norma J Chanley 407 E Arriba Drive Hobbs NM 88240	Delivered Signature Received	No	
9214 89019403 83078195 43	Robert & Jeannine Byron trustees of Robert & Jeannine Byron Trust PO BOX 1562 Roswell NM 88202	Delivered Signature Received	No	
9214 89019403 83078195 36	Roy G Barton Jr 1919 N Turner Hobbs NM 88240	Delivered Signature Received	No	
9214 89019403 83078195 29	EOG Y Resources Inc 105 S Fourth Street Artesia NM 88210	Delivered Signature Received	No	
9214 89019403 83078195 12	Yates Brothers a Partnership PO BOX 1394 Artesia NM 88211	Delivered Signature Received	No	
9214 89019403 83078195 05	Successor Trustee of Hudson-Taylor Trust 13947 Valley Vista Blvd Sherman Oaks CA 91423	Delivered Signature Received	No	
9214 89019403 83078194 99	Eric C Moore Rep for Estate of Mary Ellen Hudson Taylor 13947 Valley Vista Blvd Sherman Oaks CA 91423	Delivered Signature Received	No	
9214 89019403 83078194 82	Yates Industries LLC PO BOX 1091 Artesia NM 88211	Delivered Signature Received	No	
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Mail Piece Tracking Number: **9214 8901 9403 8307 8195 67**

### Recipient

Gatorex Holdings LLC  
1320 Clover Lane  
Ft Worth TX 76107

Date & Time	Event	Event Location
07/23/2018 22:55	DELIVERY STATUS NOT UPDATED	FORT WORTH,TX, 76107
07/23/2018 08:55	OUT FOR DELIVERY	FORT WORTH,TX, 76107
07/23/2018 08:45	SORTING/PROCESSING COMPLETE	FORT WORTH,TX, 76107
07/23/2018 06:02	ARRIVAL AT UNIT	FORT WORTH,TX, 76109
07/21/2018 21:30	DEPART USPS FACILITY	FORT WORTH,TX, 76161
07/21/2018 10:21	PROCESSED THROUGH USPS FACILITY	FORT WORTH,TX, 76161
07/20/2018 03:21	DEPART USPS FACILITY	ALBUQUERQUE,NM, 87101
07/19/2018 20:33	PROCESSED THROUGH USPS FACILITY	ALBUQUERQUE,NM, 87101
07/19/2018 19:18	ORIGIN ACCEPTANCE	SANTA FE,NM, 87501
07/19/2018 11:45	SHIPMENT RECEIVED ACCEPTANCE PENDING	SANTA FE,NM, 87501
07/16/2018 11:41	PRE-SHIPMENT INFO SENT USPS AWAITS ITEM	SANTA FE,NM, 87501

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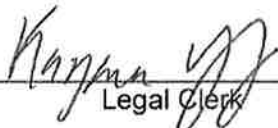
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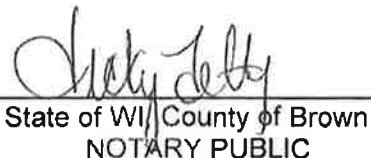
HOLLAND & HART  
110 NORTH GUADALUPE, SUITE 1 PO BOX 2208  
SANTA FE NM 87504

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

07/17/18

  
Legal Clerk

Subscribed and sworn before me this  
10th of August 2018.

  
State of WI, County of Brown  
NOTARY PUBLIC



My Commission Expires

Ad#:0001254766  
P O : 10 H Well  
# of Affidavits :0.00

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND  
NATURAL RESOURCES  
DEPARTMENT  
OIL CONSERVATION  
DIVISION  
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on August 9, 2018, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 30, 2018. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO  
TO:  
All named parties and  
persons  
having any right, title,  
interest  
or claim in the following  
case  
and notice to the public.**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

**To: All offset owners and  
pooled parties, including  
EOG Y Resources, Inc.;  
Sharbro Energy, LLC; Roy  
G. Barton, Jr., his heirs  
and devisees; Yates  
Industries LLC; Robert P.  
Byron and Jeannine  
Hooper Byron, Trustees  
of the Robert and  
Jeannine Byron  
Revocable Trust U/T/A**





dtd 6/18/2003; Norma J. Chanley, her heirs and devisees; Gatorex Holdings, LLC; Eric C. Moore, Personal Representative for the Estate of Mary Ellen Hudson Taylor; Unknown Successor Trustee of the Hudson-Taylor Trust dated December 3, 1998.

**Case No. 15090**

(reopened): Application of COG Operating LLC to re-open Case No. 15090 to pool the interests of additional mineral owners under the terms of Compulsory Pooling Order R-13808, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order R-13808 to include the pooling of additional mineral interests in the Atoka-Glorieta-Yeso Pool (Pool Code 3250) consisting of the W/2 W/2 of Section 6, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico. Said unit is dedicated to the applicant's Arabian 6 Fee No. 10H Well and is located approximately 11 miles south of Artesia, New Mexico.

*July 17, 2018*