



BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING JANUARY 10, 2019

CASE NO. 20121

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

APPLICATION OF COP OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20121

AFFIDAVIT OF DANNY KIDWELL IN SUPPORT OF CASE NO. 20121

Danny Kidwell, of lawful age and being first duly sworn, declares as follows:

1. My name is Danny Kidwell. I work for COG Operating LLC ("COG") as a

Landman.

2. I have previously testified before the New Mexico Oil Conservation Division as

an expert witness in petroleum land matters. My credentials as a petroleum landman have been

accepted by the Division and made a matter of record.

3. I am familiar with the application filed by COG in this case, and I am familiar

with the status of the lands in the subject area.

4. None of the proposed pool parties has indicated opposition, and therefore I do not

expect any opposition at the hearing.

5. COG is seeking an order (a) pooling all uncommitted interests in the Bone Spring

formation in the 320-acre horizontal spacing unit comprised of the E/2W/2 of Section 15 and the

E/2W/2 of Section 22, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico;

and (b) dedicating the horizontal spacing unit for the proposed Lychee State Com No. 3H Well.

6. COG has filed a Form C-102 with the Division for the proposed Lychee State

Com No. 3H Well. The C-102 is attached hereto as COG Exhibit A-1. The assigned Pool Code

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is 96660.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A

Submitted by: COG Operating LLC
Hearing Date: January 10, 2019

Case No. 20121

- 7. The completed interval for the proposed well will comply with the Division's setback requirements.
 - 8. There are no depth severances in the Bone Spring formation.
- 9. COG Exhibit A-2 is an exhibit prepared by me that identifies the tracts of land comprising the spacing unit. This spacing unit includes state land only. This exhibit shows the interest owners and the percentage of their interest by tract. A unit recapitulation, showing the percentage of ownership interests in the proposed spacing unit, is also included on the exhibit. COG is only seeking to pool the working interest owners identified on the last page of the exhibit. There are no mineral interest owners.
- 10. The only overriding royalty interest owner is EOG A Resources, Inc., but COG is already seeking to pool it as a working interest owner.
- 11. COG sent a well proposal letter to the working interest owners. An AFE was included with the well proposal letter. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of one of the well proposal letters, along with the AFE, is attached as COG Exhibit A-3.
- 12. COG has made an estimate of overhead and administrative costs for drilling and producing the proposed well. It is \$7,000/month while drilling, and \$700/month while producing. These costs are consistent with what other operators are charging in this area for these types of wells. COG respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division in this case.
- 13. In my opinion, COG has made good faith efforts to reach an agreement with the parties it is seeking to pool. I have had multiple conversations and email exchanges with contacts at the working interest owners that COG is seeking to pool. If COG reaches an agreement with

any of the proposed pool parties before the Division enters an order, I will let the Division know that COG is no longer seeking to pool those parties.

- 14. I provided the law firm of Holland & Hart LLP a list of names and addresses for the proposed pool parties. The names and last known addresses are included in Exhibit C. In compiling these notice lists, COG conducted a diligent search of all public records in the county where the proposed wells are located and of phone directories, including computer searches. All parties were locatable.
- 15. **COG Exhibit A-1 through A-3** were either prepared by me or compiled under my direction and supervision.

DANNY KIDWELL

STATE OF TEXAS

COUNTY OF Midland

SUBSCRIBED and SWORN to before me this 4th day of January 2019 by Danny Kidwell.

NOTARY PUBLIC

My Commission Expires:

•

Becky Zindel Notary Public, State of Texas Notary ID 12941587-2

11848069_1

State of New Mexico

Property Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505 State of New Mexico Ferm C-102 4 August 1, 8011 y la approp District Office TIVE AND AND AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT Bone Spring 30-025-45256 500 Property Cedo 322718 LYCHEE STATE COM 3H COG OPERATING, LLC Elevation 229137 3709.3 Surface Location UL or lot No. Foot from the Morth/South lin-34-E N 22 21-S SOUTH 210 1980 WEST LEA Bottom Hole Location If Different From Surface UL or let No. Range Foot from the Morth/South Line of from the Cast/Vest Has Crusty C 15 21-5 34-E 50 **NORTH** 1980 WEST LEA Dedicated Acres Joint or Infill Concelidation Code 64020 NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION OPERATOR CERTIFICATION <u>Y=541723.8 N</u> X=811314.0 E LTP 180" FM, & 1990" FM, Y=541815.5 H X=810854.8 E LAI.=32.485832" N NAD B3 HME PROPOSED BOTTOM
HOLE LOCATION Y=541665.5 N X=810654.3 E LAT.=32.486070" N ONG.=103.459911" W Mayte Reyes STATE mreyes1@concho.com FEE BURVEYOR CERTIFICATION SECTION 18 I havely worldy that the will hooting about in this plot we plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and extract to the heat of my boild. RECTION PE SEPTEMBER 11, 2018 Date of Burrey STATE HARCRO NAD B3 NHE SH HEN CO SURFACE LOCATION Y=531367.8 N X=810743.1 E LAT.=32.457784" N LONG.=103.459897" I W.O. # 18-1028

Lychee Sate Com 3H T21S-R34E-Section 15, E/2W/2 T21S-R34E-Section 22, E/2W/2 Lea County, NM

| | TRACT 1 E/2NW/4 80 AC. | |
|----------|------------------------------|--|
| | TRACT 2 E/2SW/4 80 AC. | |
| 15 22 | TRACT 3 NE/4NW/4 40 AC. | |
| | TRACT 4 SE/4NW/4 40 AC. | |
| | TRACT 5 E/2SW/4 80 AC. | |

Tract 1: E/2NW/4 Section 15-T21S-R34E (80 ACRES)

| Kaiser-Francis Oil Company | 87.500000% |
|----------------------------|-------------|
| COG Operating LLC | 12.500000% |
| Total | 100.000000% |

Tract 2: E/2SW/4 Section 15-T21S-R34E (80 ACRES)

| COG Operating LLC | 67.500000% |
|---------------------------|-------------|
| EOG Y Resources, Inc. | 12.857143% |
| EOG M Resources, Inc. | 6.428571% |
| EOG A Resources, Inc. | 3.214286% |
| Vladin, LLC | 5.000000% |
| EOG Resources Assets, LLC | 5.000000% |
| Total | 100.000000% |

Tract 3: NE/4NW/4 Section 22-T21S-R34E (40 ACRES)

| Total | 100.000000% |
|-----------------------|-------------|
| EOG Y Resources, Inc. | 25.000000% |
| COG Operating LLC | 75.000000% |

Tract 4: SE/4NW/4 Section 22-T21S-R34E (40 ACRES)

COG Operating LLC 100.000000%

Tract 5: E/4SW/4 Section 22-T24S-R35E (80 ACRES)

| COG Operating LLC | 67.500000% |
|---------------------------|-------------|
| EOG Y Resources, Inc. | 12.857143% |
| EOG M Resources, Inc. | 6.428571% |
| EOG A Resources, Inc. | 3.214286% |
| Vladin, LLC | 5.000000% |
| EOG Resources Assets, LLC | 5.000000% |
| Total | 100.000000% |

UNIT RECAPITULATION

T21S-R34E-Section 15, E/2W/2 T21S-R34E-Section 22, E/2W/2 Lea County, NM

| COG Operating LLC | 57.812500% |
|----------------------------|-------------|
| Kaiser-Francis Oil Company | 21.875000% |
| EOG Y Resources, Inc. | 9.375000% |
| EOG M Resources, Inc. | 3.125000% |
| EOG Resources Assets, LLC | 3.125000% |
| Vladin, LLC | 3.125000% |
| EOG A Resources, Inc. | 1.562500% |
| Total: | 100.000000% |

Interest seeking to Compulsory Pool

Kaiser-Francis Oil Company

EOG Y Resources, Inc.

EOG M Resources, Inc.

EOG Resources Assets, LLC

EOG A Resources, Inc.



October 5, 2018

Kaiser-Francis Oil Company 6733 South Yale Avenue Tulsa, OK 74136

Re: Well Proposal - Lychee State Com 3H

Sec 15: E/2W/2 Sec 22: E/2W/2

Township 21 South, Range 34 East, N.M.P.M.

SHL: 210' FSL and 1980' FWL, or a legal location in Sec 22 (Unit N) BHL: 50' FNL and 1980' FWL, or a legal location in Sec 15 (Unit C)

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC ("COG"), as Operator, hereby proposes to drill the Lychee State Com 3H well as a horizontal well at the above-captioned location, or at a legal location as approved by the governing regulatory agency, to a TVD of approximately 9,066' and a MD of approximately 19,100' to test the Avalon Formation ("Operation"). The total cost of the Operation is estimated to be \$11,793,397.00, and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement, a completed executable copy is enclosed for your review and execution. Please sign and return the additional signature pages included. The Operating Agreement covers E/2W/2 of Section 22 and the E/2W/2 of Section 15 - T21S-R34E. It has the following general provisions:

- 100/300 Non-Consenting Penalty
- \$7,000/\$700 Drilling and Producing Rate
- COG Operating LLC named as Operator

Please indicate your participation election in the space provided on page 2, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements. A self-addressed, postage paid envelope is enclosed for your convenience. If you do not wish to participate, COG proposes to acquire your interest via term assignment. It has the following general provisions:

- 3 year primary term
- Delivering a 75% NRI, proportionately reduced
- \$750 per net acre bonus consideration

The Term Assignment offer terminates December 30, 2018 and is subject to the approval of COG's management and verification of title.

If an agreement cannot be reached 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 a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2535 or dkidwell@concho.com.

Respectfully,

Danny Kiolevell

Date:

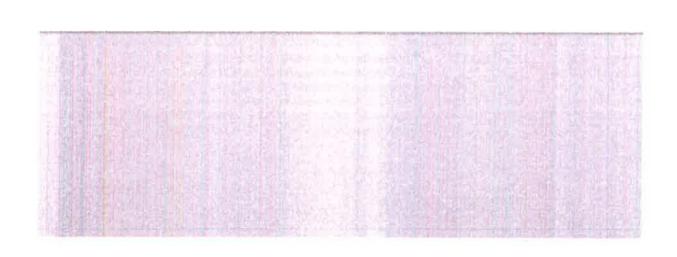
Danny Kidwell Senior Staff Landman Delaware Basin East – New Mexico

________I/We hereby elect to participate in the Lychee State Com 3H.

I/We hereby elect not to participate in the Lychee State Com 3H.

Company: Kaiser-Francis Oil Company

By: ________
Name: _______
Title: _______



COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

| WELL NAME: | LYCHEE STATE COM #3H | PROSPECT NAME: | Zeus 2134 (717080) | |
|------------|----------------------------|-----------------|--------------------|--|
| SHL: | Sec 22: 210 FSL & 1980 FWL | STATE & COUNTY: | New Mexico, Lea | |
| BHL: | Sec15: 50 FNL & 1980 FWL | OBJECTIVE: | DRILL AND COMPLETE | |
| FORMATION: | Avalon | DEPTH: | 19,100 | |
| LEGAL: | Sec 22: T21S R34E | TVD: | 9,066 | |

| INTANGIBLE COSTS Title/Curative/Permit | 201 | Drig - Rig Release(D) 20,000 | | Completion(C) | | Tank Btty Constrctn(TB) | | Pmpq Equipment(PEQ) | <u>10</u> |
|--|------------|--|------------|---------------|-------|----------------------------|------------|------------------------|-----------|
| nsurance | 201 | 20,000 | | | | | • | | _ |
| Damages/Right of Way | 203 | 20,000 | | | 351 | | • | | - |
| Survey/Stake Location | 204 | 7,000 | | | 352 | | | | |
| .ocation/Pits/Road Expense | 205 | 135,000 | | | 353 | 74,700 | 366 | | - 1 |
| Drilling / Completion Overhead | 206 | 7,500 | | 15,000 | | | | | |
| Turnkey Contract | 207 | 0 | | | | | | | |
| Foolage Contract | 208 | 0 | | | | | | | |
| Daywork Contract | 209 210 | 630,000 186,000 | | | | | | | |
| Directional Drilling Services Frac Equipment | - 210 | 100,000 | 307 | 1,829,000 | | | | | |
| Frac Chemicals | 1 | | 308 | | | | | | 1,6 |
| Frac Proppant | | | 308 | | | | | | |
| Frac Proppant Transportation | • | | 310 | | | | | | |
| Fuel & Power | 211 | 130,000 | 311 | | 354 | | 367 | | 3 |
| Valer | 212 | 60,000 | | | *** | | 366 | | 1,0 |
| 3its | 213 | 103,000 | | | | | 369 | | 1,0 |
| lud & Chemicals | 214 | 70,000 | | | | | 370 | | |
| Orlil Stem Test | 215 | . 0 | 315 | | | | | | |
| Coring & Analysis | 216 | | | | | | | | |
| Cernent Surface | 217 | 30,000 | | | | | | | |
| Cement Intermediate | 218 | 72,000 | | | | | | | |
| Cement 2nd Intermediate/Production | 219 | 130,000 | | | | | | | 13 |
| Sement Squeeze & Other (Kickoff Plug) | 220 | 0 | | | | | 371 | | |
| loat Equipment & Centralizers | 221 | 60,000 | | | | | | | |
| Casing Crews & Equipment | 222 | 39,000 | | | | | | | |
| ishing Tools & Service | 223 | 0 | 323 | | | | 372 | | |
| Seologic/Engineering | 224 | 6,000 | 324 | | 355 | | 373 | | |
| Contract Labor | 225 | , 6,500 | 325 | 40,000 | 356 | 204,073 | 374 | 6,500 | 25 |
| Company Supervision Contract Supervision | 226 227 | 108,000 | 326 | 15,000 | 357 | | 375 | | |
| esting Casing/Tubing | 227 | 30,000 | 327 328 | 182,000 | 358 | - | 376 | 5,000 | 26 |
| fud Logging Unit | 228 | | 328 | 5,000 | | | 377 | | - 3 |
| ogging Unit | 230 | 28,000 | 42¥ | | | | 270 | | 2 |
| erforating/Wireline Services | 230 | | 331 | 588,000 | | | 378 379 | | - |
| timulation/Treating | 201 | 4,000 | 332 | 12,000 | | | 380 | | 59 |
| ompletion Unit | | | 333 | 90,000 | | | 381 | 8,800 | 9 |
| watibing Unit | | | 334 | 00,000 | | | 382 | 0,000 | |
| entals-Surface | 235 | 135,000 | 335 | 466,000 | 359 | | 383 | 7,000 | 60 |
| entals-Subsurface | 236 | | 336 | 80,000 | | | 384 | 7,000 | 20 |
| rucking/Forkiff/Rig Mobilization | 237 | | 337 | | 360 | | 385 | 3,000 | 24 |
| /elding Services | 238 | 3,000 | 338 | | 361 | | 386 | | |
| later Disposal | 239 | 0 | 339 | 60,000 | 362 | 224,100 | 387 | | 28 |
| lug to Abandon | 240 | 0 | 340 | | | | | | |
| eismic Analysis | 241 | | 341 | | - 6 | | | | |
| iscellaneous | 242 | | 342 | | | | 389 | | |
| onlingency | 243 | | 343 | 250,000 | 383 | | 390 | | 29 |
| osed Loop & Environmental | 244 | The state of the s | 344 | 5,000 | 364 | | 388 | | 22 |
| yed Diesel | 245 | | 345 | 484,000 | - 00 | | | | |
| oil Tubing | | | 346 | | .14 | | | | |
| owback Crews & Equip | | | 347 | 48,000 | 0. | | | | 4 |
| fiset Directional/Frac TOTAL INTANGIBLES | 248 | | 348 | 0.050.000 | 100 | | 391 | | |
| TOTAL INTANSIBLES | | 2,658,700 | | 6,659,000 | 33 | 502,873 | | 30,300 | 9,85 |
| ANGIBLE COSTS | | | | | | | | | |
| urface Casing | 401 | 48,000 | | | | | | | |
| ermediate Casing | 402 | 197,000 | | | - | | | | 48 |
| eduction Casing/Liner | 403 | 330,000 | | | | | - 5 | | 197 |
| bing | | | 504 | 52,030 | - | | 530 | 5,000 | 57 |
| ellhead Equipment | 405 | | 505 | 18,700 | - | | 531 | 3,000 | 81 |
| mping Unit | 3 | | 10 | | - | | 506 | 96,000 | 96 |
| me Mover | | | 2 | | - | | 507 | 0 | |
| ds | | | 6 | | - | | 508 | 45,000 | 45 |
| mps-Sub Surface (BH) | | | 509 | | | | 532 | 5,000 | |
| nks | - | | 9.5 | | 510 | 105,651 | | | 105 |
| wines | | | 7 | | 511 | 44,145 | | | 44 |
| ater Treater/Separator | | | 18 | | 512 | 232,411 | | | 232 |
| ctrical System | | | | | 513 | | 533 | 15,000 | 230 |
| ckers/Anchors/Hangers | 414 | | 514 . | 65,000 | _ | | 534 | 2,000 | 67 |
| uplings/Fittings/Valves | 415 | | | | 515 | 169,788 | | | 169 |
| hydration | | | | | 517 | | - | | |
| ection Plant/CO2 Equipment | | | - | | 518 _ | | | | |
| mps-Surface | | | - | | 521 | 7,830 | | | 7 |
| trumentation/SCADA/POC | | | | | 522 | | 529 | 7,000 | 24 |
| cellaneous | 419 | | 19 | | 523 _ | | 535 | 3,000 | 11 |
| ntingency ters/LACT | 420 - | | 520 | | 24 - | | 536 | | _ |
| res/Combustors/Emission | - | | - | | 525 _ | 41,759 | | | 41 |
| s Lift/Compression | - | , | - | | 28 - | 39,149 | - | | 39 |
| TOTAL TANGIBLES | - | 635,000 | 27 | 11,000 5 | 516 | | 528 | 101.000 | 108 |
| TOTAL WELL COSTS | - | | 9 | | - | 979,794 | * | 181,000 | 1,942 |
| - JINE HELE OUGIG | - 25 | 3,293,700 | 2 | 6,808,000 | - | 1,482,667 | | 211,300 | 11,793 |
| % of Total Well Cost | | 28% | | 58% | | 13% | | 2% | |
| | d | Date Prepared: | | 9/5/18 | | | _ | | |
| épprove: | (| COG Operating LLC | | | | | - | | |
| approve:% Working Interest | - 6 | ly: | | TS-KL-SM-JH | | | _ | | |
| | - | | | | | | | | |

This AFE is only an estimate. By signing you agree to pay your share of the actual costs incurred.

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

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20121

AFFIDAVIT OF CODY BACON IN SUPPORT OF CASE NO. 20121

Cody Bacon, of lawful age and being first duly sworn, declares as follows:

- My name is Cody Bacon. I work for COG Operating LLC ("COG") as a Geologist.
- 2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
- 3. I am familiar with the application filed by COG in this case, and I have conducted a geologic study of the lands in the subject area.
 - 4. COG is targeting the Bone Spring formation.
- 5. COG Exhibit B-1 is a locator map. It shows COG's acreage in yellow. The path of the proposed wellbore for the proposed Lychee State Com No. 3H Well is depicted as a dashed line with the surface hole location being a square and the bottom hole location as a circle.
- 6. COG Exhibit B-2 is a subsea structure map that I prepared off the top of the Bone Spring. The proposed wellbore path for the proposed Lychee State Com No. 3H Well is depicted by a dashed line. The structure map shows that the area around the location is gently dipping to the west-northwest. It also shows the data points that make up the structure map. The

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BEFORE THE OIL CONSERVATION DIVISION

structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.

- 7. COG Exhibit No. B-3 shows three wells used to construct a cross-section from A to A'. I consider these wells to be representative of the geology of the area.
- 8. COG Exhibit No. B-4 is a cross section prepared by me for the three representative wells from A to A'. For each well in the cross-section, the COG Exhibit shows the following logs: gamma ray, resistivity, and porosity. The proposed target interval is depicted by the bracket labeled "LATERAL TARGET." The logs in the cross-section demonstrate that the target interval within the Bone Spring is consistent in thickness, across the entire proposed spacing unit.
- 9. Based on my geologic study of the areas, I have not identified any geologic impediments to drilling horizontal wells in the area.
- 10. In my opinion, each quarter-quarter section will be productive and contribute more-or-less equally to each 40-acre unit comprising the spacing and proration units.
- 11. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery.
- 12. In my opinion, the granting of COG's application in this case will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.
- 13. **COG Exhibit B-1 through B-4** were either prepared by me or compiled under my direction and supervision.

M. Cody Bacon
CODYBACON

STATE OF TEXAS

COUNTY OF Midland

SUBSCRIBED and SWORN to before me this ______ day of January 2019 by Cody Bacon.

NOTARY PUBLIC ZUIDU

My Commission Expires:

7/10/21

11848487_1

Becky Zindel

Notary Public, State of Texas

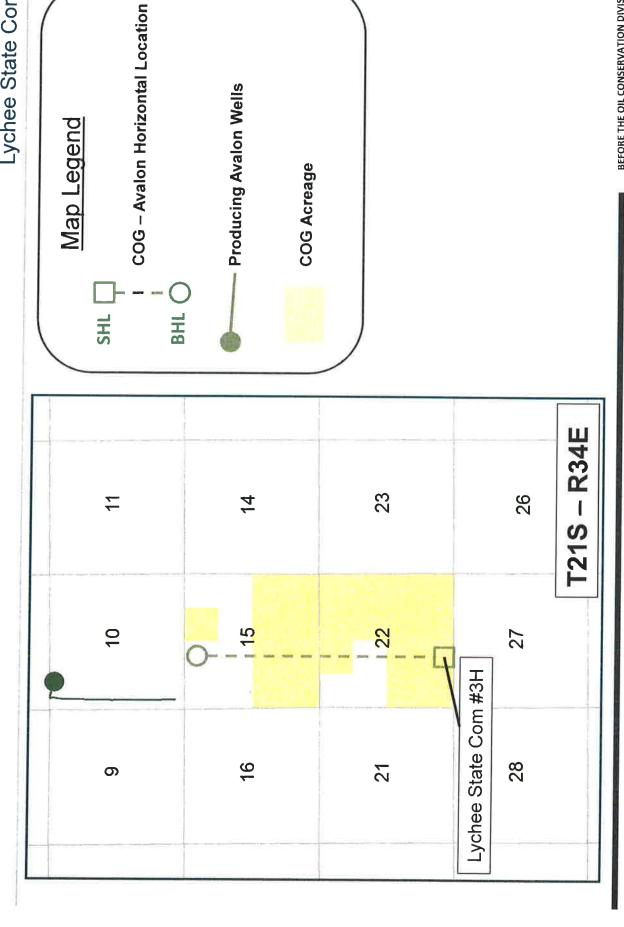
Notary ID 12941587-2

My Commission Exp. 07-10-2021

Berry; Bone Spring, South Pool

Lychee State Com #3H

Map Legend

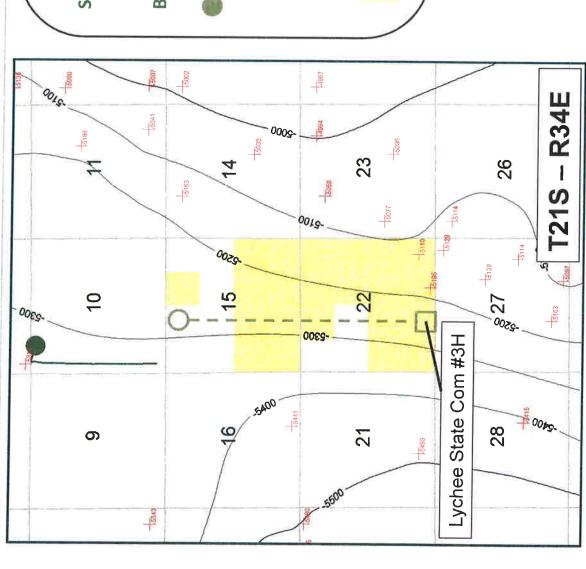


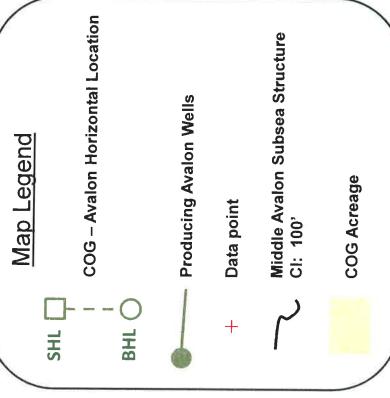
BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Submitted by: COG Operating LLC Hearing Date: January 10, 2017 Exhibit No. B-1 Case No. 20121



Berry; Bone Spring, South Pool Lychee State Com #3H

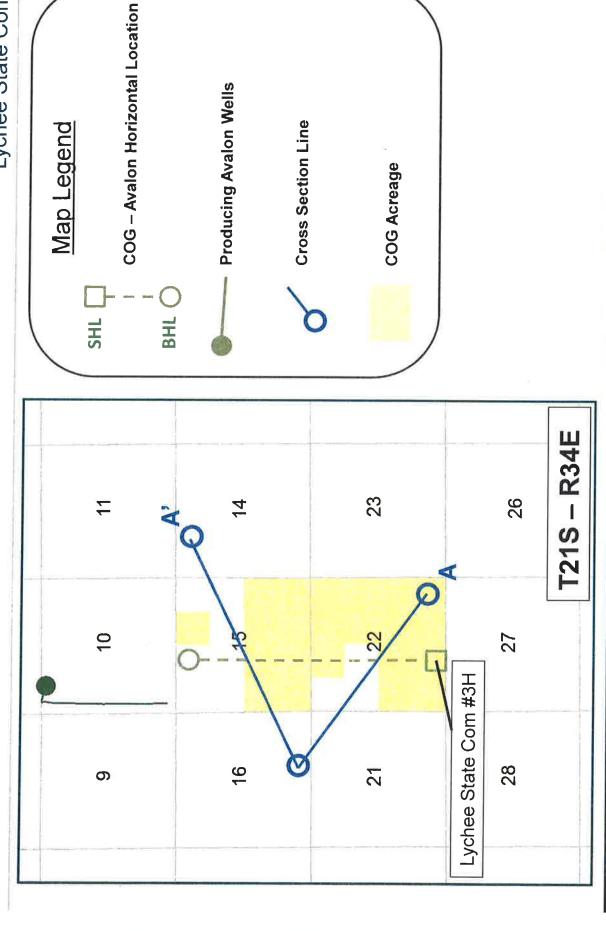




BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-2
Submitted by: COG Operating LLC
Hearing Date: January 10, 201
Case No. 20121



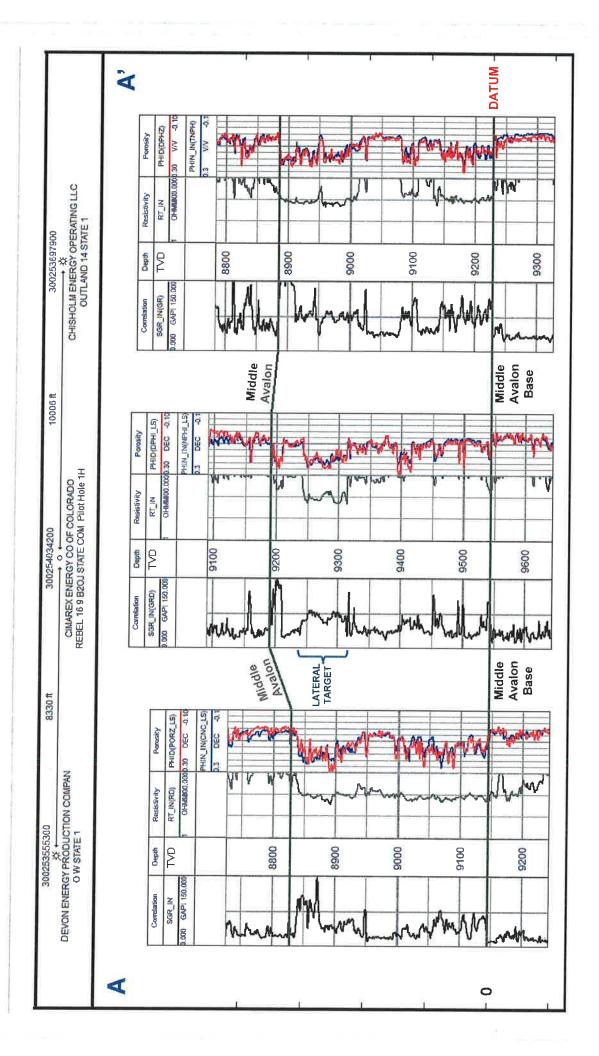
Berry; Bone Spring, South Pool Lychee State Com #3H



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B-3
Submitted by: COG Operating LLC
Hearing Date: January 10, 2019
Case No. 20121



Stratigraphic Cross Section A – A'





BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B- 4
Submitted by: COG Operating LLC
Hearing Date: January 10, 2017
Case No. 20121

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

APPLICATION COG OPERATING LLC FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NO. 20121

AFFIDAVIT

| STATE OF NEW MEXICO |) | |
|---------------------|-----|----|
| |) : | SS |
| COUNTY OF SANTA FE |) | |

Julia Broggi, attorney in fact and authorized representative of **COG OPERATING LLC**, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Julia Broggi

SUBSCRIBED AND SWORN to before me this 9th day of January 2019 by Julia Broggi.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. C
Submitted by: COG Operating LLC
Hearing Date: January 10, 2019
Case No. 20121



Jordan L. Kessler Associate Phone (505) 988-4421 Fax (505) 983-6043 ilkessler@hollandhart.com

November 9, 2018

<u>VIA CERTIFIED MAIL</u> CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of COG Operating LLC for compulsory pooling, Lea County,

New Mexico.

Lychee State Com No. 3H Well

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on December 6, 2018. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Danny Kidwell at (432) 685-2535 or dkidwell@concho.com.

Sincerely.

Jordan L. Kessler

ATTORNEY FOR COG OPERATING LLC



Shipment Confirmation Acceptance Notice

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.

Shipment Date: 11/08/2018 Shipped From: Name: HOLLAND & HART LLP Address: 110 N GUADALUPE ST # 1 City: SANTA FE

ZIP+4® 87501

State: NM

| Type of Mail | Volume | | | |
|------------------------------|--------|--|--|--|
| Priority Mail Express®* | | | | |
| Priority Mail® | 0 | | | |
| First-Class Package Service® | | | | |
| Returns | | | | |
| International* | | | | |
| Other | 8 | | | |
| Total | 8 | | | |

^{*}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
- Scan or enter the barcode/label number from PS Form 5630
- Confirm the volume count message by selecting Yes or No
 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

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Firm Mailing Book For Accountable Mail SE SE Special Handling SCRD Signature Confirmation Restricted Delivery SC Signature Confirmation R B 1.50 1.50 1.50 1.50 1.50 ₹qiəɔəЯ gıutəЯ 윤 음 음 Restricted Delivery ASRD Fee Delivery Adult Signature Restricted ASR Fee Adult Signature Required Due Sender if COD Insured Value Actual Value I additional copies of this receipt).

Postmark with Date of Receipt. (if issued as an international certificate of mailing or for Handling Charge Affix Stamp Here Handling Charge - if Registered and dver \$50,000 in value (Extra Service) Fee 3.45 3.45 3.45 3.45 3.45 3.45 3.45 3,45 Postage 1.21 1.21 1.21 1.21 1.21 1.21 1.21 1.21 ☐ Signature Confirmation Restricted Delivery ☐ Signature Confirmation □ Priority Mail Express □ Return Receipt for Addressee (Name, Street, City, State, & ZIP Code™) ☐ Registered Mail Merchandise Postmaster, Per (Name of receiving employee) EOG Resources Assets LLC 5509 Champions Drive Midland TX 79706 Kaiser-Francia Oil Company 6733 South Yale Avenue Tulsa OK 74136 EOG M Resources Inc 5509 Champions Drive Midland TX 79706 EOG A Resources Inc 5509 Champions Drive Midland TX 79706 EOG Y Resources Inc 5509 Champions Drive Midtand TX 79706 John S Catron & Fletcher R Catron Joint Tenants w Right of Wilson Oil Company Ltd PO BOX 1297 Santa Fe NM 87504 Check type of mail or service survivorable PO BOX 788 Santa Fe NM 87504 Vladin LLC PO BOX 100 Artesia NM 88211 Total Number of Pieces Received at Post Office USPS Tracking/Article Number 9214 8901 9403 8375 0849 11 9214 8901 9403 8375 0848 98 9214 8901 9403 8375 0849 04 9214 8901 9403 8375 0849 28 9214 8901 9403 8375 0849 42 9214 8901 9403 8375 0849 35 9214 8901 9403 8375 0849 59 9214 8901 9403 8375 0849 66 110 N Guadalupe St # 1 Name and Address of Sender Santa Fe NM 87501 Holland & Hart LLP Total Number of Pieces Listed by Sender 7 1 00 4. S, 7 ø

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(Page 1 of 1)

Complete in Ink

PS Form **3877**, April 2015 PSN 7530-02-000-9098

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|-----------------------------|-------------------------------|--|-------------------------------------|-----------------------------------|--|
| powered by ConnectSuite e-C | Certify | | | | Holland & Hart LLP |
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| Home My Queue Pie | ece Search Support Logout | | | | |
| History > Mail Jobs > | Mail Job Details | | | | 0 |
| My Tools | | | | | |
| Mail Jobs | As part of the end-o | f-life (EOL) plans announced In April 20 customer roll-out, Questio | 118, customer m ns regarding the | lgrations from e migration car | e-Certify 3.0 to e-CertIfy 4. n be directed to <u>Connect</u> |
| Mail Pieces | HALL I | To up: | grade your versi | on of e-Certify | to the new version, <u>Click</u> |
| Manual Mailings | ∞ √ | | | · | |
| Reports | Mail Diopos | | | | |
| Setup | Mail Pieces | | | | |
| Account | Filler: : < No Filter > | | | | |
| Tools | 1 (NOTING) | | | | |
| 1005 | Barcode | Recipient | Status | DL , Cus | stom |
| | | Kaiser-Francis Oil Company | Delivered | | |
| | 9214 8901 9403 83750849 66 | 6733 South Yale Avenue | Signature | No | |
| | | Tulsa OK 74136 | Received | | |
| | 021 4 0001 0 402 027500 40 50 | EOG Y Resources Inc | Delivered | | |
| | 9214 8901 9403 83750849 59 | 5509 Champions Drive Midland TX 79706 | Signature Received | No | |
| | | John S Catron & Fletcher R Catron | | | |
| | 9214 8901 9403 83750849 42 | Joint Tenants w Right of survivorship | Delivered | N- | |
| | 7214 0701 7403 037 30047 42 | PO BOX 788 | Signature Received | No | |
| | | Santa Fe NM 87504 | 1,000,700 | | |
| | | EOG Resources Assets LLC | Dellvered | | |
| | 9214 8901 9403 83750849 35 | 5509 Champions Drive Midland TX 79706 | Signature | No | |
| | | | Received | | |
| | 9214 8901 9403 83750849 28 | EOG A Resources Inc 5509 Champions Drive | Delivered | M | |
| | 7214 07017400 03700047 20 | Midland TX 79706 | Signature Received | No | |
| | | EOG M Resources Inc | Delivered | | |
| | 9214 8901 9403 83750849 11 | 5509 Champions Drive | Signature | No | |
| | | Midland IX 79706 | Received | | |
| | | Wilson Oil Company Lld | | | |
| | 9214 8901 9403 83750849 04 | PO BOX 1297 | In-Transit | No | |
| | | Santa Fe NM 87504 | | | |
| | | Vladin LLC | Delivered | | |
| | 9214 8901 9403 83750848 98 | PO BOX 100 | Signature | No | |
| | | Artesia NM 88211 | Received | | |

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Company:

Holland & Hart LLP

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| 77.7 | | |
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| Manual Mailings | | |
| Reports | | |
| Setup | | |
| Account | | |
| Tools | 7-1 | i |

As part of the end-of-life (EOL) plans announced in April 2018, customer migrations from e-Certify 3.0 to e-Certify 4.0 are scheduled to begin Sunday, January 6th, in a phased customer roll-out. Questions regarding the migration can be directed to ConnectSuite Product Support.

To upgrade your version of e-Certify to the new version, Click Here.

Mail Piece Tracking Number: 9214 8901 9403 8375 0849 04

Recipient

Wilson Oil Company Ltd PO BOX 1297 Santa Fe NM 87504

| Date & Time | Event | Event Location |
|------------------|---------------------------------------|--------------------------|
| 11/29/2018 03:06 | PACKAGE RETURN NOTICE GENERATED | Santa fe,nm, 87504 |
| 11/19/2018 03:57 | REMINDER TO SCHEDULE REDELIVERY | Santa fe,nm, 87504 |
| 11/14/2018 13:48 | AVAILABLE FOR PICKUP | Santa fe,nm, 87504 |
| 11/14/2018 13:46 | ARRIVAL AT UNIT | Santa fe,nm, 87501 |
| 11/11/2018 01:23 | PROCESSED THROUGH USPS FACILITY | ALBUQUERQUE,NM, 87101 |
| 11/10/2018 01:50 | DEPART USPS FACILITY | albuquerque,nm, 87101 |

| 11/09/2018 21:34 | PROCESSED THROUGH USPS FACILITY | ALBUQUERQUE,NM, 87101 |
|------------------|---|--------------------------|
| 11/09/2018 10:25 | SHIPMENT RECEIVED ACCEPTANCE PENDING | SANTA FE,NM, 87501 |
| 11/08/2018 17:08 | PRE-SHIPMENT INFO SENT USPS AWAITS ITEM | Santa fe,nm, 87501 |

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