

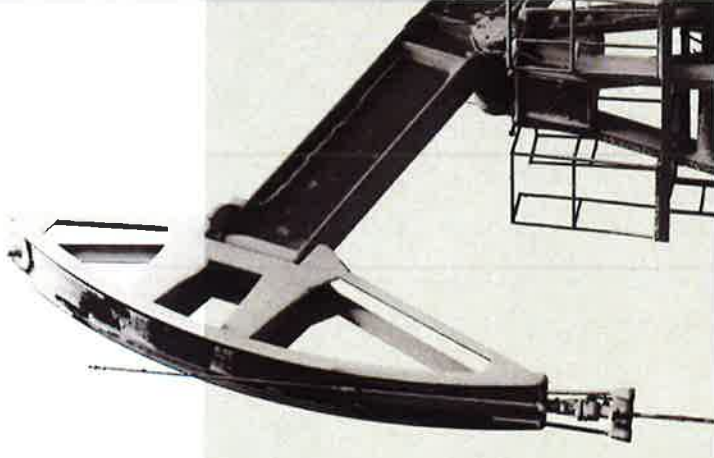


COG OPERATING LLC

Potato Baby Fed Com 701H, 702H, 703H,
704H, 705H, & 706H

Section 22, 27, & 34 - T26S-28E
Eddy County, New Mexico

Case Nos. 20934 & 20935
BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING December 12, 2019



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

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

CASE NOS. 20934 & 20935

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

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

CASE NOS. 20934 & 20935

**AFFIDAVIT OF TRAVIS MACHA
IN SUPPORT OF CASE NOS. 20934 & 20935**

Travis Macha, of lawful age and being first duly sworn, declares as follows:

1. My name is Travis Macha. 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 applications filed by COG in these cases, and I am familiar with the status of the lands in the subject area.
4. None of the parties proposed to be pooled in these cases has indicated opposition, therefore I do not expect any opposition at the hearing.
5. In Case No. 20934, COG seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 767.72-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 22 and 27, and the N/2 NE/4 and Lots 3-4 (E/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico.
6. COG seeks to dedicate this horizontal spacing unit to the following proposed initial wells:

- the **Potato Baby State Com #701H well** and the **Potato Baby State Com #702H well**, both of which will be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 22 to bottom hole locations in the SE/4 NE/4 (Lot 4) of Section 34; and
 - the **Potato Baby State Com #703H well**, to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 22 to a bottom hole location in the SW/4 NE/4 (Lot 3) of Section 34.
7. **COG Exhibit No. A-1** contains draft Form C-102s for each of these wells.
8. These wells are located in the Purple Sage; Wolfcamp (Gas) (Pool code 98220) and the completed intervals of the proposed wells will comply with the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool.
9. **COG Exhibit No. A-2** identifies the tracts of land comprising the proposed spacing unit in **Case No. 20934** that includes both fee and state lands. Exhibit A-2 also identifies the interest ownership by tract and ultimately by spacing unit. COG is seeking to pool each of the working interests owners, overriding royalty interest owners, royalty interest owners, and non-participating royalty interest owners highlighted on the exhibit.
10. No ownership depth severances exist within this proposed spacing unit, and there are no unleased mineral interests in the subject acreage.
11. In **Case No. 20935**, COG seeks an order pooling all uncommitted interests in the Wolfcamp formation underlying a standard 767.52-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico.

12. COG seeks to dedicate this horizontal spacing unit to the following proposed initial wells:

- the **Potato Baby State Com #704H well** to be drilled from a surface hole location in NE/4 NW/4 (Unit C) of Section 22 to a bottom hole location in the SE/4 NW/4 (Lot 2) of Section 34; and
- the **Potato Baby State Com #705H well** and the **Potato Baby State Com #706H well**, both of which are to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 NW/4 (Lot 1) of Section 34.

13. **COG Exhibit No. A-3** contains draft Form C-102s for each of these wells.

14. These wells are located in the Purple Sage; Wolfcamp (Gas) (Pool code 98220) and the completed intervals of the proposed wells will comply with the setback requirements of the Special Rules for the Purple Sage Wolfcamp Pool.

15. **COG Exhibit No. A-4** identifies the tracts of land comprising the proposed spacing unit in **Case No. 20935** that includes both fee and state lands. Exhibit A-4 also identifies the interest ownership by tract and ultimately by spacing unit. COG is seeking to pool each of the working interests owners, overriding royalty interest owners, royalty interest owners, and non-participating royalty interest owners highlighted on the exhibit.

16. No ownership depth severances exist within this proposed spacing unit, and there are no unleased mineral interests in the subject acreage.

17. COG sent well proposal letters, together with corresponding AFEs, to the working interest owners in **Case Nos. 20934** and **20935**. The costs reflected in the AFEs are consistent with what other operators have incurred for drilling similar horizontal wells

in the area. A copy of the well proposal letters, along with the AFE, is attached hereto as **COG Exhibit A-5**.

18. COG has been able to locate contact information for all parties it seeks to pool and has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

19. In my opinion, COG has made good faith efforts to reach agreement with the parties it is seeking to pool in both **Case Nos. 20934 and 20935**. If COG reaches an agreement with any of the proposed pool parties before the Division enters any order, I will let the Division know that COG is no longer seeking to pool that party.

20. I provided the law firm of Holland & Hart LLP a list of names and addresses for the uncommitted interest owners shown on Exhibits A-2 and A-4. In compiling these addresses, 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 interest owners were locatable.

21. COG seeks approval of overhead and administrative costs at \$7,000/month while drilling and \$700/month while producing. These costs are consistent with what COG and 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 these cases.

22. **COG Exhibits A-1 through A-5** were either prepared by me or compiled under my direction and supervision.

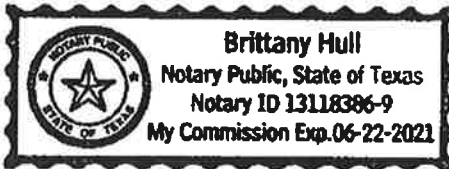
FURTHER AFFIANT SAYETH NOT.



TRAVIS MACHA

STATE OF TEXAS)
COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this 10th day of December 2019 by
Travis Macha.


NOTARY PUBLIC

My Commission Expires:

6-22-21

District I
1625 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 Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp
⁴ Property Code	⁵ Property Name Potato Baby State Com	⁶ Well Number 701H
⁷ GRID NO. 229137	⁸ Operator Name COG Operating LLC	⁹ Elevation

¹⁰ Surface Location

UL or lot no. A	Section 22	Township 26S	Range 28E	Lot Idn	Feet from the 330	North/South line North	Feet From the 1291	East/West line East	County Eddy
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no. P	Section 34	Township 26S	Range 28E	Lot Idn	Feet from the 330	North/South line South	Feet from the 330	East/West line East	County Eddy
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>
	<p>Certificate Number _____</p>
	<p>BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A1 Submitted by: COG OPERATING, LLC Hearing Date: December 12, 2019 Case Nos. 20934 & 20935</p>

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

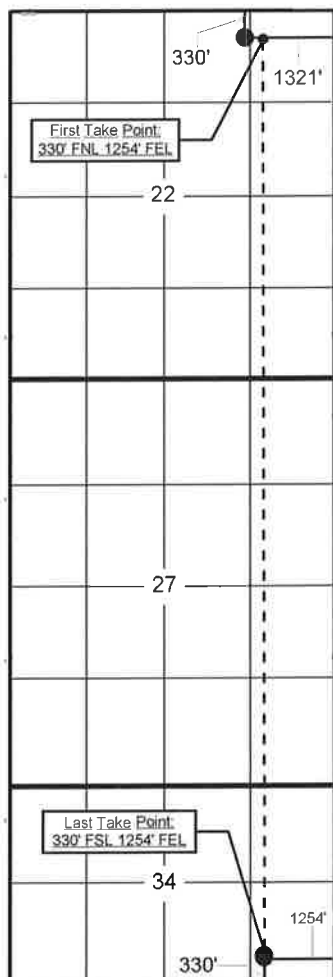
☐ AMENDED REPORT

¹ API Number 30-015-		² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp	
⁴ Property Code	⁵ Property Name Potato Baby State Com			⁶ Well Number 702H
⁷ OGRID NO. 229137	⁸ Operator Name COG Operating LLC			⁹ Elevation

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
B	22	26S	28E		330	North	1321	East	Eddy

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	34	26S	28E		330	South	1254	East	Eddy

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____
Date _____

Printed Name _____

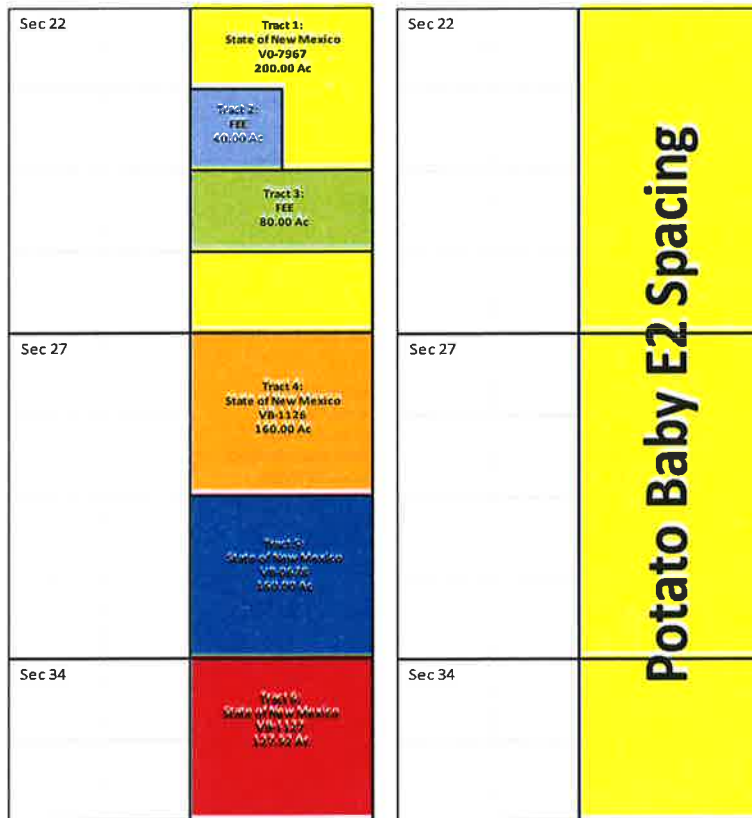
E-mail Address

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.

Date of Survey _____

Signature and Seal of Professional Surveyor:

Certificate Number _____



Potato Baby State Com 701H, 702H, 703H - Compulsory Pooling Info
 Section 22: E2, Section 27: E2, Section 32: N2NE, Lots 3, 4, T26S-R28E - Wolfcamp

Proposal Sent	YES
COM Sent	YES
DPU Sent	YES
JOA Sent	YES

NPRI/ORRI Parties to Pool:
 John M. Fowlkes
 Ricky D. Raindl
 Marguerite Fort Bruns
 Douglas C. Koch
 Suzanne B. Koch

RI Owner Requiring Pooling:
 Delaware Ranch

Pooling

Working Interest Parties:

COG Operating LLC
 COG Production LLC
 Concho Oil & Gas LLC
 COG Acreage LP
 Allar Development LLC
 Chevron USA, Inc.
 Tap Rock Resources, LLC
 Oxy USA, Inc.
 EG3 Development LLC

	Leasehold Ownership				
	COG & Concho WI	Allar & EG3 WI	Chevron WI	TRR WI	Oxy WI
Tract 1	57.812500%	0.000000%	0.000000%	0.000000%	42.187500%
Tract 2	41.552295%	1.994348%	8.230949%	19.925000%	28.297408%
Tract 3	55.077500%	0.000000%	0.000000%	44.922500%	0.000000%
Tract 4	0.000000%	0.000000%	100.000000%	0.000000%	0.000000%
Tract 5	0.000000%	0.000000%	100.000000%	0.000000%	0.000000%
Tract 6	0.000000%	0.000000%	100.000000%	0.000000%	0.000000%

Notes:

Due to a number of separate JOAs covering the area, leasehold ownership does not exactly correspond with Contractual Ownership.

Delaware Ranch was sent a Communitization Agreement to sign as well, no signatures have been received back. Their lease requires consent to pool.

Unit Recapitulation	
Owner	Working Interest
COG Operating LLC	6.159999%
Concho Oil & Gas LLC	0.261598%
COG Production LLC	14.396972%
COG Acreage LP	0.587794%
OXY USA, Inc.	14.984768%
Allar Development LLC	0.327327%
Chevron USA, Inc.	60.119368%
EG3 Development, LLC	0.109109%
Tap Rock Resources LLC	3.053066%
Total	100.000000%

District I
1625 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 Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-		² Pool Code 98220		³ Pool Name Purple Sage; Wolfcamp	
⁴ Property Code		⁵ Property Name Potato Baby State Com			⁶ Well Number 704H
⁷ GRID NO. 229137		⁸ Operator Name COG Operating LLC			⁹ Elevation

¹⁰ Surface Location

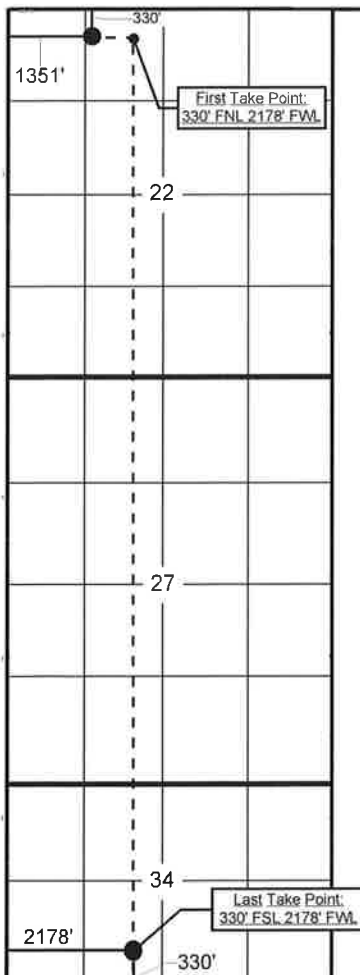
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
C	24	26S	28E		330	North	1351	West	Eddy

¹¹ 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
N	34	26S	28E		330	South	2178	West	Eddy

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

¹⁸ 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.

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

License Number _____

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. A3

Submitted by: **COG OPERATING, LLC**

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

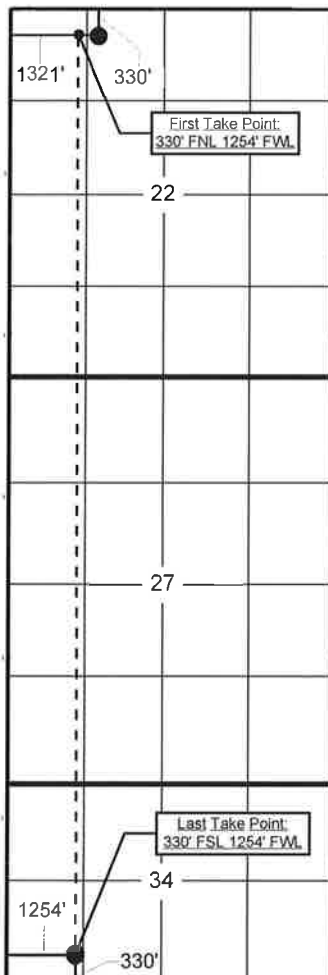
☐ AMENDED REPORT

¹ API Number 30-015-	² Pool Code 98220	³ Pool Name Purple Sage; Wolfcamp
⁴ Property Code	⁵ Property Name Potato Baby State Com	⁶ Well Number 705H
⁷ OGRID NO. 229137	⁸ Operator Name COG Operating LLC	⁹ Elevation

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
C	22	26S	28E		330	North	1321	West	Eddy

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	26S	28E		330	South	1254	West	Eddy

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature	Date
-----------	------

Printed Name _____

E-mail Address

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.

Date of Survey: _____

Signature and Seal of Professional Surveyor:

Certificate Number _____

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Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-		² Pool Code 98220		³ Pool Name Purple Sage; Wolfcamp	
⁴ Property Code		⁵ Property Name Potato Baby State Com			⁶ Well Number 706H
⁷ GRID NO. 229137		⁸ Operator Name COG Operating LLC			⁹ Elevation

¹⁰ Surface Location

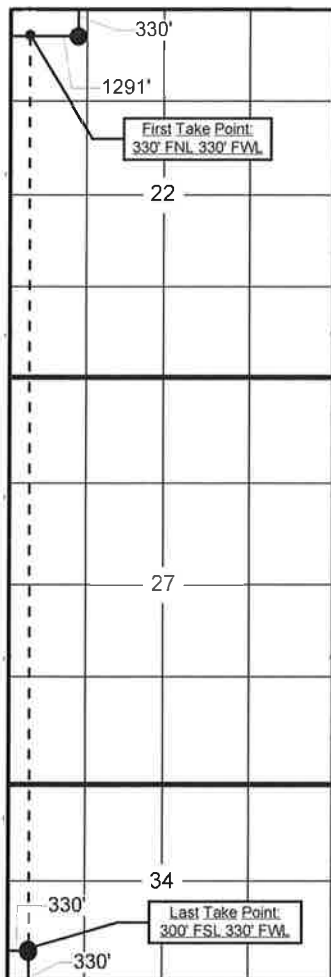
UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet From the	East/West line	County
D	22	26S	28E		330	North	1291	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot 1dn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	26S	28E		330	South	330	West	Eddy

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

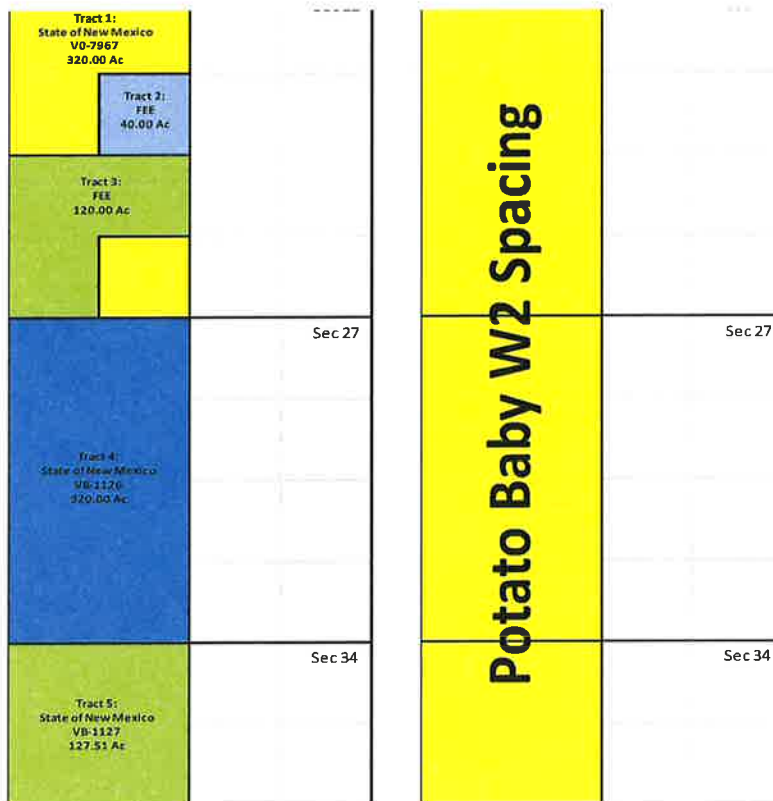
¹⁸ SURVEYOR CERTIFICATION

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.

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____



Potato Baby State Com 704H, 705H, 706H - Compulsory Pooling Info
 Section 22: W2, Section 27: W2, Section 32: N2NW, Lots 1, 2, T26S-R28E - Wolfcamp

Proposal Sent	YES
COM Sent	YES
DPU Sent	YES
JOA Sent	YES

NPRI/ORRI Parties to Pool:

John M. Fowlkes
 Ricky D. Raindl
 Marguerite Fort Bruns
 Douglas C. Koch
 Suzanne B. Koch

Working Interest Parties:

COG Operating LLC
 COG Production LLC
 Concho Oil & Gas LLC
 COG Acreage LP
 Allar Development LLC
 Chevron USA, Inc.
 Tap Rock Resources, LLC
 Oxy USA, Inc.
 EG3 Development LLC
 Lee M. Kugle

RI Owner Requiring Pooling:
 Delaware Ranch

Pooling

Leasehold Ownership						
	COG & Concho WI	Allar & EG3 WI	Chevron WI	TRR WI	Oxy WI	Kugle WI
Tract 1	60.040060%	1.245297%	5.017500%	0.000000%	33.697143%	0.000000%
Tract 2	20.745808%	0.976873%	3.935978%	54.257500%	13.563841%	6.520000%
Tract 3	40.190179%	0.466986%	1.881563%	38.672500%	18.788772%	0.000000%
Tract 4	0.000000%	0.000000%	100.000000%	0.000000%	0.000000%	0.000000%
Tract 5	0.000000%	0.000000%	100.000000%	0.000000%	0.000000%	0.000000%

Notes:

Due to a number of separate JOAs covering the area, leasehold ownership does not exactly correspond with Contractual Ownership.

Delaware Ranch was sent a Communitization Agreement to sign as well, no signatures have been received back. Their lease requires consent to pool.

Unit Recapitulation	
Owner	Working Interest
COG Operating LLC	8.316412%
Concho Oil & Gas LLC	0.356475%
COG Production LLC	10.578804%
COG Acreage LP	0.629307%
Oxy USA, Inc.	10.669102%
Chevron USA, Inc.	59.852547%
Allar Development LLC	0.287642%
EG3 Development LLC	0.095880%
Tap Rock Resources, LLC	8.874036%
Lee M. Kugle	0.339796%
Total	100.000000%

BEFORE THE OIL CONSERVATION DIVISION

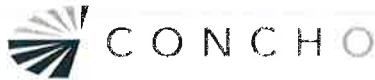
Santa Fe, New Mexico

Exhibit No. A4

Submitted by: **COG OPERATING, LLC**

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935



July 30, 2019

Via E-Certified Mail

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A5
Submitted by: **COG OPERATING, LLC**
Hearing Date: December 12, 2019
Case Nos. 20934 & 20935

Re: **E/2 Potato Baby State Com Unit**
E/2 of Sections 22 and 27, and N2NE4
& Lots 3, 4 (E/2) of Section 34, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells with productive laterals located in the E/2 of Sections 22, 27, and 34, of T26S-R28E, Eddy County, New Mexico:

- **Potato Baby State Com 701H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,560'. The surface hole location for this well is proposed at a legal location in Unit A of Section 22 and the bottomhole location in a legal location in Lot 4 of Section 34. The dedicated project area will be E/2 of Sections 22 and 27, and N2NE4 and Lots 3, 4 (E/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached Authority for Expenditure ("AFE").
- **Potato Baby State Com 702H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,540'. The surface hole location for this well is proposed at a legal location in Unit A of Section 22 and the bottomhole location in a legal location in Lot 4 of Section 34. The dedicated project area will be E/2 of Sections 22 and 27, and N2NE4 and Lots 3, 4 (E/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached AFE.
- **Potato Baby State Com 703H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,520'. The surface hole location for this well is proposed at a legal location in Unit B of Section 22 and the bottomhole location in a legal location in Lot 3 of Section 34. The dedicated project area will be E/2 of Sections 22 and 27, and N2NE4 and Lots 3, 4 (E/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached AFE.

COG is proposing this well under the terms of a new Operating Agreement which will follow under separate cover.

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 a spacing unit for the proposed well.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to tmacha@concho.com. Should you have any questions, please do not hesitate to contact me at 432.221.0452.

Sincerely,

COG Operating LLC

Travis Macha
Landman

WELL NAME	Elect to PARTICIPATE in drilling and completion	Elect NOT TO PARTICIPATE in drilling and completion
Potato Baby State Com 701H		
Potato Baby State Com 702H		
Potato Baby State Com 703H		

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

Via E-CM No. 9414 8149 0246 9822 0201 79

OXY U.S.A., Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046
Attn: Courtney Carr

Via E-CM No. 9414 8149 0246 9822 0201 55

Allar Development LLC
EG3 Development LLC
P.O. Box 1567
Graham, TX 76450

Via E-CM No. 9414 8149 0246 9822 0201 93

Chevron U.S.A. Inc.
6301 Deauville
Midland, TX 79706
Attn: Kristen Hunter

Via E-CM No. 9414 8149 0246 9822 0202 09

Tap Rock Operating, LLC
602 Park Point Drive, Suite 200
Golden, Colorado 80401
Attn: Land Manager

~~*Via E-CM No. 9414 8149 0246 9822 0202 16*~~

~~**Larchmont Resources**
c/o Black Falcon Energy, LLC
600 Travis Street, Suite 4750
Houston, TX 77002~~



July 30, 2019

Via E-Certified Mail

WORKING INTEREST OWNERS ON ATTACHED EXHIBIT "A"

Re: **W/2 Potato Baby State Com Unit**
W/2 of Sections 22 and 27, and N2NW4
& Lots 1, 2 (W/2) of Section 34, T26S-R28E
Eddy County, New Mexico

Dear Sir or Madam:

COG Operating, LLC ("COG") hereby proposes the drilling of the following horizontal wells with productive laterals located in the W/2 of Sections 22, 27, and 34, of T26S-R28E, Eddy County, New Mexico:

- **Potato Baby State Com 704H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 9,500'. The surface hole location for this well is proposed at a legal location in Unit C of Section 22 and the bottomhole location in a legal location in Lot 2 of Section 34. The dedicated project area will be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached Authority for Expenditure ("AFE").
- **Potato Baby State Com 705H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 8,480'. The surface hole location for this well is proposed at a legal location in Unit D of Section 22 and the bottomhole location in a legal location in Lot 1 of Section 34. The dedicated project area will be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached AFE.
- **Potato Baby State Com 706H**, to be drilled to a depth sufficient to test the Wolfcamp A formation at a total vertical depth of 8,460'. The surface hole location for this well is proposed at a legal location in Unit D of Section 22 and the bottomhole location in a legal location in Lot 1 of Section 34. The dedicated project area will be W/2 of Sections 22 and 27, and N2NW4 and Lots 1, 2 (W/2) of Section 34, T26S-R28E, Eddy County, New Mexico. The total estimated cost to drill and complete said well is \$14,771,000, as shown on the attached AFE.

COG is proposing this well under the terms of a new Operating Agreement which will follow under separate cover.

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 a spacing unit for the proposed well.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to tmacha@concho.com. Should you have any questions, please do not hesitate to contact me at 432.221.0452.

Sincerely,

COG Operating LLC

Travis Macha
Landman

WELL NAME	Elect to PARTICIPATE in drilling and completion	Elect NOT TO PARTICIPATE in drilling and completion
Potato Baby State Com 704H		
Potato Baby State Com 705H		
Potato Baby State Com 706H		

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "A"
WORKING INTEREST OWNERS

EXHIBIT "A"
WORKING INTEREST OWNERS

Via E-CM No. 9414 8149 0246 9822 0201 79

OXY U.S.A., Inc.

5 Greenway Plaza, Suite 110
Houston, TX 77046
Attn: Courtney Carr

Via E-CM No. 9414 8149 0246 9822 0201 55

Allar Development LLC

EG3 Development LLC

P.O. Box 1567
Graham, TX 76450

Via E-CM No. 9414 8149 0246 9822 0201 93

Chevron U.S.A. Inc.

6301 Deauville
Midland, TX 79706
Attn: Kristen Hunter

Via E-CM No. 9414 8149 0246 9822 0202 09

Tap Rock Operating, LLC

602 Park Point Drive, Suite 200
Golden, Colorado 80401
Attn: Land Manager

~~*Via E-CM No. 9414 8149 0246 9822 0202 16*~~

~~**Larchmont Resources**~~

~~c/o Black Falcon Energy, LLC
600 Travis Street, Suite 4750
Houston, TX 77002~~

Via E-CM No. 9414 8149 0246 9822 0202 30

Lee M. Kugle

2429 Westlake Drive
Austin, TX 78746

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name	Polato Baby Sl Com 701H	Prospect	ATLAS 2628 (717052)
SHL SEC 22: UNIT A		State & County	NEW MEXICO, EDDY
BHL SEC 34: LOT 4		Objective	Drill & Complete
Formation	WOLFCAMP A	Depth	21,680
Legal	22, 27, 34, T26S-R26E	TVD	9,560
AFE Numbers			

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
D-Production Casing/Liner	403	\$301,259.21	\$0.00	\$301,259.21
D-Wellhead Equip	405	\$30,740.74	\$0.00	\$30,740.74
C-Tubing	504	\$47,340.73	\$0.00	\$47,340.73
C-Wellhead Equip	505	\$16,231.11	\$0.00	\$16,231.11
PEQ-Pumping Unit	506	\$117,921.46	\$0.00	\$117,921.46
PEQ-Rods	508	\$47,340.73	\$0.00	\$47,340.73
TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
TB-Flowlines/Pipelines	511	\$12,296.29	\$0.00	\$12,296.29
TB-Hlr Trtr/Seprtr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fillings/Valves	515	\$282,814.77	\$0.00	\$282,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
PEQ-Pumps	532	\$10,820.74	\$0.00	\$10,820.74
Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
PS-Title/Permits	201	\$17,349.21	\$0.00	\$17,349.21
D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
PS-Damages/ROW	203	\$7,886.00	\$0.00	\$7,886.00
PS-Survey/Slake Lctn	204	\$9,463.20	\$0.00	\$9,463.20
D-Lctn/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cmt	219	\$209,767.70	\$0.00	\$209,767.70
D-Floal Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
D-Company Sprvsn	226	\$56,779.23	\$0.00	\$56,779.23
D-Contract Sprvsn	227	\$100,940.85	\$0.00	\$100,940.85
D-Tstg Csg/Tbg	228	\$31,544.01	\$0.00	\$31,544.01
D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Subsrfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
D-Envrnmntl/Clsd Loop	244	\$283,896.13	\$0.00	\$283,896.13
C-Lctn/Pits/Roads	305	\$19,241.85	\$0.00	\$19,241.85
C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
C-Bits	313	\$7,097.40	\$0.00	\$7,097.40
C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tstg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrnmntl/Clsd Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
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Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: _____

We approve:

% Working Interest

COG Operating LLC

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

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

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name Potato Baby St Com 702H		Prospect ATLAS 2628 (717052)	
SHL SEC 22: UNIT A		State & County NEW MEXICO, EDDY	
BHL SEC 34: LOT 4		Objective Drill & Complete	
Formation WOLFCAMP A		Depth	21,640
Legal 22, 27, 34, T26S-R28E		TVD	9,540
AFE Numbers			

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
D-Production Casing/Liner	403	\$301,259.21	\$0.00	\$301,259.21
D-Wellhead Equip	405	\$30,740.74	\$0.00	\$30,740.74
C-Tubing	504	\$47,340.73	\$0.00	\$47,340.73
C-Wellhead Equip	505	\$16,231.11	\$0.00	\$16,231.11
PEQ-Pumping Unit	506	\$117,921.46	\$0.00	\$117,921.46
PEQ-Rods	508	\$47,340.73	\$0.00	\$47,340.73
TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
TB-Flowlines/Pipelines	511	\$12,296.29	\$0.00	\$12,296.29
TB-Htr Trlr/Seprlr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fittings/Valves	515	\$282,814.77	\$0.00	\$282,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
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Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
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D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
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PS-Survey/Stake Lctn	204	\$9,463.20	\$0.00	\$9,463.20
D-Lctn/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cmt	219	\$209,767.70	\$0.00	\$209,767.70
D-Float Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
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D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Subsrfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
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C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
C-Bits	313	\$7,097.40	\$0.00	\$7,097.40
C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tstg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrnmnt/Clsd Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
-------------------------	------------------------	---------------	------------------------

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: _____

We approve:

COG Operating LLC

% Working Interest

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

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

COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete

Well Name	Potato Baby St Com 703H	Prospect	ATLAS 2628 (717052)
SHL	SEC 22: UNIT B	State & County	NEW MEXICO, EDDY
BHL	SEC 34: LOT 3	Objective	Drill & Complete
Formation	WOLFCAMP A	Depth	21,620
Lequal	22, 27, 34, T26S-R28E	TVD	9,520
AFE Numbers			

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
D-Production Casing/Liner	403	\$301,259.21	\$0.00	\$301,259.21
D-Wellhead Equip	405	\$30,740.74	\$0.00	\$30,740.74
C-Tubing	504	\$47,340.73	\$0.00	\$47,340.73
C-Wellhead Equip	505	\$16,231.11	\$0.00	\$16,231.11
PEQ-Pumping Unit	506	\$117,921.46	\$0.00	\$117,921.46
PEQ-Rods	508	\$47,340.73	\$0.00	\$47,340.73
TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
TB-Flowlines/Pipelines	511	\$12,296.29	\$0.00	\$12,296.29
TB-Htr Trlr/Seprtr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fittings/Valves	515	\$262,814.77	\$0.00	\$262,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
PEQ-Pumps	532	\$10,820.74	\$0.00	\$10,820.74
Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
PS-Title/Permits	201	\$17,349.21	\$0.00	\$17,349.21
D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
PS-Damages/ROW	203	\$7,886.00	\$0.00	\$7,886.00
PS-Survey/Stake Lctn	204	\$9,463.20	\$0.00	\$9,463.20
D-Lctn/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cmt	219	\$209,767.70	\$0.00	\$209,767.70
D-Float Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
D-Company Sprvsn	226	\$56,779.23	\$0.00	\$56,779.23
D-Contract Sprvsn	227	\$100,940.85	\$0.00	\$100,940.85
D-Tslg Csg/Tbg	228	\$31,544.01	\$0.00	\$31,544.01
D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Subarfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
D-Envrnmnt/Clsd Loop	244	\$283,896.13	\$0.00	\$283,896.13
C-Lctn/Pits/Roads	305	\$19,241.85	\$0.00	\$19,241.85
C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
C-Bits	313	\$7,097.40	\$0.00	\$7,097.40
C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tslg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrnmnt/Clsd Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
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Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: _____

We approve:

COG Operating LLC

% Working Interest

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

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

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name Potato Baby St Com 704H	Prospect ATLAS 2628 (717052)
SHL SEC 22: UNIT C	State & County NEW MEXICO, EDDY
BHL SEC 34: LOT 2	Objective Drill & Complete
Formation WOLFCAMP A	Depth 21,600
Legal 22, 27, 34, T26S-R26E	TVD 9,500
AFE Numbers	

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
D-Production Casing/Liner	403	\$301,259.21	\$0.00	\$301,259.21
D-Wellhead Equip	405	\$30,740.74	\$0.00	\$30,740.74
C-Tubing	504	\$47,340.73	\$0.00	\$47,340.73
C-Wellhead Equip	505	\$16,231.11	\$0.00	\$16,231.11
PEQ-Pumping Unit	506	\$117,921.46	\$0.00	\$117,921.46
PEQ-Rods	508	\$47,340.73	\$0.00	\$47,340.73
TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
TB-Flowlines/Pipelines	511	\$12,296.29	\$0.00	\$12,296.29
TB-Htr Trlr/Seprtr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fittings/Valves	515	\$282,814.77	\$0.00	\$282,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
PEQ-Pumps	532	\$10,820.74	\$0.00	\$10,820.74
Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
PS-Title/Permits	201	\$17,349.21	\$0.00	\$17,349.21
D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
PS-Damages/ROW	203	\$7,886.00	\$0.00	\$7,886.00
PS-Survey/Slake Cln	204	\$9,463.20	\$0.00	\$9,463.20
D-Lctr/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cml	219	\$209,767.70	\$0.00	\$209,767.70
D-Float Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
D-Company Sprvsn	226	\$56,779.23	\$0.00	\$56,779.23
D-Contract Sprvsn	227	\$100,940.85	\$0.00	\$100,940.85
D-Tstg Csg/Tbg	228	\$31,544.01	\$0.00	\$31,544.01
D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Subsrfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
D-Envrnmnt/Clsd Loop	244	\$283,896.13	\$0.00	\$283,896.13
C-Lctr/Pits/Roads	305	\$19,241.85	\$0.00	\$19,241.85
C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
C-Bits	313	\$7,097.40	\$0.00	\$7,097.40
C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tstg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrnmnt/Clsd Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
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Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: _____

We approve:

COG Operating LLC

% Working Interest

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

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

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name Potato Baby St Corn 705H	Prospect ATLAS 2628 (717052)
SHL SEC 22: UNIT D	State & County NEW MEXICO, EDDY
BHL SEC 34: LOT 1	Objective Drill & Complete
Formation WOLFCAMP A	Depth 20,580
Legal 22, 27, 34, T26S-R28E	TVD 8,460
AFE Numbers	

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
D-Production Casing/Liner	403	\$301,259.21	\$0.00	\$301,259.21
D-Wellhead Equip	405	\$30,740.74	\$0.00	\$30,740.74
C-Tubing	504	\$47,340.73	\$0.00	\$47,340.73
C-Wellhead Equip	505	\$16,231.11	\$0.00	\$16,231.11
PEQ-Pumping Unit	506	\$117,921.46	\$0.00	\$117,921.46
PEQ-Rods	508	\$47,340.73	\$0.00	\$47,340.73
TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
TB-Flowlines/Pipelines	511	\$12,296.29	\$0.00	\$12,296.29
TB-Hlr Trlr/Seprtr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fittings/Valves	515	\$282,814.77	\$0.00	\$282,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
PEQ-Pumps	532	\$10,820.74	\$0.00	\$10,820.74
Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
PS-Title/Permits	201	\$17,349.21	\$0.00	\$17,349.21
D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
PS-Damages/ROW	203	\$7,886.00	\$0.00	\$7,886.00
PS-Survey/Slake LcIn	204	\$9,463.20	\$0.00	\$9,463.20
D-LcIn/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cmt	219	\$209,767.70	\$0.00	\$209,767.70
D-Floal Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
D-Company Sprvsn	226	\$56,779.23	\$0.00	\$56,779.23
D-Contract Sprvsn	227	\$100,940.85	\$0.00	\$100,940.85
D-Tslg Csg/Tbg	228	\$31,544.01	\$0.00	\$31,544.01
D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Subsfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
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C-LcIn/Pits/Roads	305	\$19,241.85	\$0.00	\$19,241.85
C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
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C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tslg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrnmnt/Clsd Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
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COG Operating LLC

By: _____

Date Prepared: _____

We approve:

% Working Interest

COG Operating LLC

By: _____

Company: _____
By: _____

Printed Name: _____
Title: _____
Date: _____

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

**COG OPERATING LLC
AUTHORITY FOR EXPENDITURE
Drill & Complete**

Well Name	Potato Baby St Com 706H	Prospect	ATLAS 2628 (717052)
SHL	SEC 22: UNIT D	State & County	NEW MEXICO, EDDY
BHL	SEC 34: LOT 1	Objective	Drill & Complete
Formation	WOLFCAMP A	Depth	20,560
Leqal	22, 27, 34, T26S-R28E	TVD	8,460
AFE Numbers			

Cost Description	Code	Cost	Revision	Total
Tangible Costs				
D-Surface Casing	401	\$25,822.22	\$0.00	\$25,822.22
D-Intermed Csg	402	\$70,088.88	\$0.00	\$70,088.88
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TB-Tanks	510	\$92,222.21	\$0.00	\$92,222.21
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TB-Hlr Trlr/Seprtr	512	\$129,111.09	\$0.00	\$129,111.09
TB-Electrical System/Equipment	513	\$92,222.21	\$0.00	\$92,222.21
C-Pckrs/Anchors/Hgrs	514	\$6,148.15	\$0.00	\$6,148.15
TB-Couplings/Fittings/Valves	515	\$262,814.77	\$0.00	\$262,814.77
TB-Gas Lift/Compression	516	\$30,740.74	\$0.00	\$30,740.74
TB-Pumps-Surface	521	\$30,740.74	\$0.00	\$30,740.74
TB-Meters/Lacts	525	\$36,888.88	\$0.00	\$36,888.88
TB-Flares/Combusters/Emission	526	\$55,333.32	\$0.00	\$55,333.32
C-Gas Lift/Compression	527	\$12,296.29	\$0.00	\$12,296.29
PEQ-Instrumentation/SCADA/POC	529	\$5,410.37	\$0.00	\$5,410.37
PEQ-Wellhead Equipment	531	\$4,057.78	\$0.00	\$4,057.78
PEQ-Pumps	532	\$10,820.74	\$0.00	\$10,820.74
Total Tangible Costs		\$1,457,848.64	\$0.00	\$1,457,848.64

Intangible Costs				
PS-Title/Permits	201	\$17,349.21	\$0.00	\$17,349.21
D-Insurance	202	\$6,308.80	\$0.00	\$6,308.80
PS-Damages/ROW	203	\$7,886.00	\$0.00	\$7,886.00
PS-Survey/Stake Lchn	204	\$9,463.20	\$0.00	\$9,463.20
D-Lchn/Pits/Roads	205	\$189,264.09	\$0.00	\$189,264.09
D-Drilling Overhead	206	\$9,463.20	\$0.00	\$9,463.20
D-Daywork Contract	209	\$643,497.90	\$0.00	\$643,497.90
D-Directional Drig Services	210	\$258,660.92	\$0.00	\$258,660.92
D-Fuel & Power	211	\$113,558.45	\$0.00	\$113,558.45
D-Water	212	\$83,591.64	\$0.00	\$83,591.64
D-Bits	213	\$102,518.05	\$0.00	\$102,518.05
D-Mud & Chemicals	214	\$141,948.07	\$0.00	\$141,948.07
D-Cement Surface	217	\$25,235.21	\$0.00	\$25,235.21
D-Cement Intermed	218	\$41,007.22	\$0.00	\$41,007.22
D-Prod-2nd Int Cmt	219	\$209,767.70	\$0.00	\$209,767.70
D-Float Equipment & Centralizers	221	\$63,088.03	\$0.00	\$63,088.03
D-Csg Crews & Equip	222	\$50,470.42	\$0.00	\$50,470.42
D-Contract Labor	225	\$11,040.41	\$0.00	\$11,040.41
D-Company Sprvsn	226	\$56,779.23	\$0.00	\$56,779.23
D-Contract Sprvsn	227	\$100,940.85	\$0.00	\$100,940.85
D-Tslg Csg/Tbg	228	\$31,544.01	\$0.00	\$31,544.01
D-Mud Logging Unit	229	\$33,121.22	\$0.00	\$33,121.22
D-Perf/Wireline Svc	231	\$6,308.80	\$0.00	\$6,308.80
D-Rentals-Surface	235	\$181,378.08	\$0.00	\$181,378.08
D-Rentals-Suberfc	236	\$141,948.07	\$0.00	\$141,948.07
D-Trucking/Forklift/Rig Mob	237	\$205,036.09	\$0.00	\$205,036.09
D-Welding Services	238	\$4,731.60	\$0.00	\$4,731.60
D-Contingency	243	\$55,202.03	\$0.00	\$55,202.03
D-Envrmnt/Cld Loop	244	\$283,896.13	\$0.00	\$283,896.13
C-Lchn/Pits/Roads	305	\$19,241.85	\$0.00	\$19,241.85
C-Fuel Delivery & Services	311	\$7,886.00	\$0.00	\$7,886.00
C-Water	312	\$1,596,127.14	\$0.00	\$1,596,127.14
C-Bits	313	\$7,097.40	\$0.00	\$7,097.40
C-Mud & Chemicals	314	\$39,430.02	\$0.00	\$39,430.02
C-Contract Labor	325	\$63,088.03	\$0.00	\$63,088.03
C-Company Sprvsn	326	\$47,316.02	\$0.00	\$47,316.02
C-Contract Sprvsn	327	\$149,834.07	\$0.00	\$149,834.07
C-Tslg Csg/Tbg	328	\$15,772.01	\$0.00	\$15,772.01
C-Perf/Wireline Svc	331	\$686,082.32	\$0.00	\$686,082.32
C-Stimulation/Treating	332	\$5,944,469.55	\$0.00	\$5,944,469.55
C-Completion Unit	333	\$67,819.63	\$0.00	\$67,819.63
C-Rentals-Surface	335	\$373,796.57	\$0.00	\$373,796.57
C-Trucking/Forklift/Rig Mob	337	\$63,088.03	\$0.00	\$63,088.03
C-Welding Services	338	\$7,886.00	\$0.00	\$7,886.00
C-Water Disposal	339	\$94,632.04	\$0.00	\$94,632.04
C-Contingency	343	\$394,300.18	\$0.00	\$394,300.18
C-Envrmnt/Cld Loop	344	\$7,886.00	\$0.00	\$7,886.00
C-Flowback Crews & Equip	347	\$200,304.49	\$0.00	\$200,304.49
TB-Location/Pits/Roads	353	\$134,062.06	\$0.00	\$134,062.06
TB-Contract Labor	356	\$126,176.06	\$0.00	\$126,176.06
TB-Water Disposal	362	\$141,948.07	\$0.00	\$141,948.07
PEQ-Contract Supervision	376	\$8,674.60	\$0.00	\$8,674.60
PEQ-Completion Unit	381	\$12,144.45	\$0.00	\$12,144.45
PEQ-Rentals-Surface	383	\$10,409.52	\$0.00	\$10,409.52
PEQ-Trkg/Forklift/Rig Mobilization	385	\$8,674.60	\$0.00	\$8,674.60
Total Intangible Costs		\$13,313,151.36	\$0.00	\$13,313,151.36

Total Gross Cost	\$14,771,000.00	\$0.00	\$14,771,000.00
-------------------------	------------------------	---------------	------------------------

Note: The above costs are estimates only. Actual costs will be billed as incurred.

COG Operating LLC

By: _____

Date Prepared: _____

We approve:

COG Operating LLC

% Working Interest

By: _____

Company:

By: _____

Printed Name:

Title: _____

Date: _____

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,
EDDY COUNTY, NEW MEXICO.**

CASE NOS. 20934 & 20935

**AFFIDAVIT OF TRAVIS SPARKS
IN SUPPORT OF CASE NOS. 20934 & 20935**

Travis Sparks, of lawful age and being first duly sworn, declares as follows:

1. My name is Travis Sparks. 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 applications filed by COG in these consolidated cases, and I have conducted a geologic study of the lands in the subject areas.
4. **COG Exhibit B-1** is a project locator map that includes Sections 22, 27 and 24 that comprise the proposed spacing units in **Case Nos. 20934 and 20935**. The proposed wells in both cases are depicted by dashed pink lines. Existing producing wells in the Wolfcamp formation are also noted on the map as indicated on the legend.
5. In **Case Nos. 20934 and 20935**, COG is targeting the Wolfcamp A, within the Wolfcamp formation, with the proposed **Potato Baby State Com #701H well, Potato Baby State Com #702H well, Potato Baby State Com #703H well, Potato Baby State Com #704H well, Potato Baby State Com #705H well, and Potato Baby State Com #706H well.**

6. **COG Exhibit No. B-2** is a subsea structure map that I prepared on the top of the Wolfcamp A that is representative of the targeted interval within the Wolfcamp formation. The structure map shows that the formation is gently dipping to the east in this area. I do not observe any faulting, pinchouts, or other geologic impediments to developing the targeted interval with a horizontal well in this area.

7. **COG Exhibit No. B-3** overlays a cross-section line in red consisting of three wells penetrating the Wolfcamp formation that I used to construct a stratigraphic cross-section from A to A'. I consider these wells to be representative of the geology in the area.

8. **COG Exhibit No. B-4** is a cross section using the representative wells depicted on Exhibit B-3. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed targeted interval in the Wolfcamp is labeled on the exhibit. The cross-section demonstrates that the targeted interval extends across the proposed spacing units.

9. In my opinion, the stand-up orientation of the proposed wells is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

10. Based on my geologic study, the Wolfcamp formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbores.

11. In my opinion, the granting of COG's applications in **Case Nos. 20934** and **20935** will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

12. **COG Exhibit Nos. B-1** through **B-4** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.



TRAVIS SPARKS

STATE OF TEXAS)
COUNTY OF Midland)

SUBSCRIBED and SWORN to before me this 10 day of December 2019 by Travis Sparks.



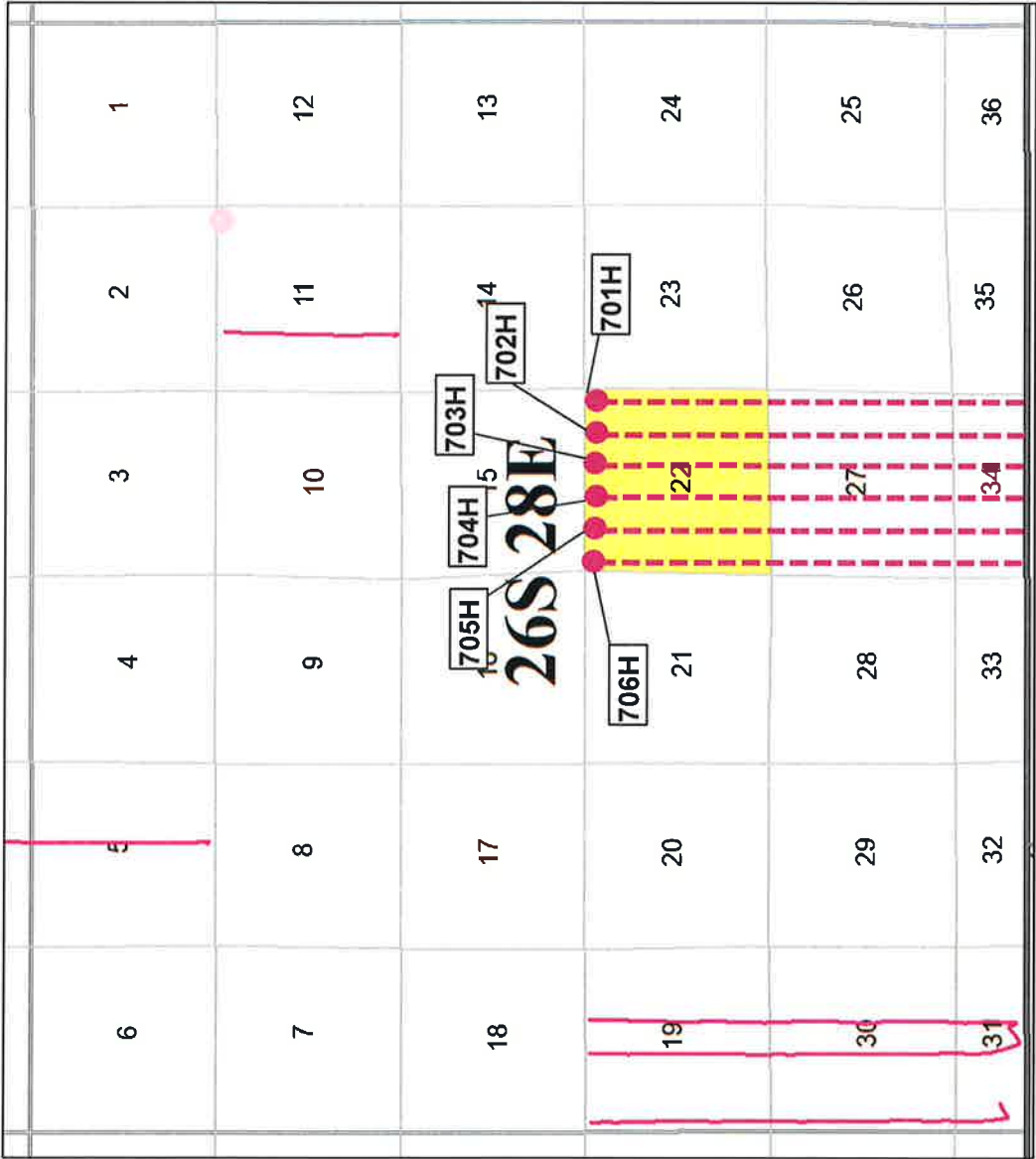
NOTARY PUBLIC

My Commission Expires:

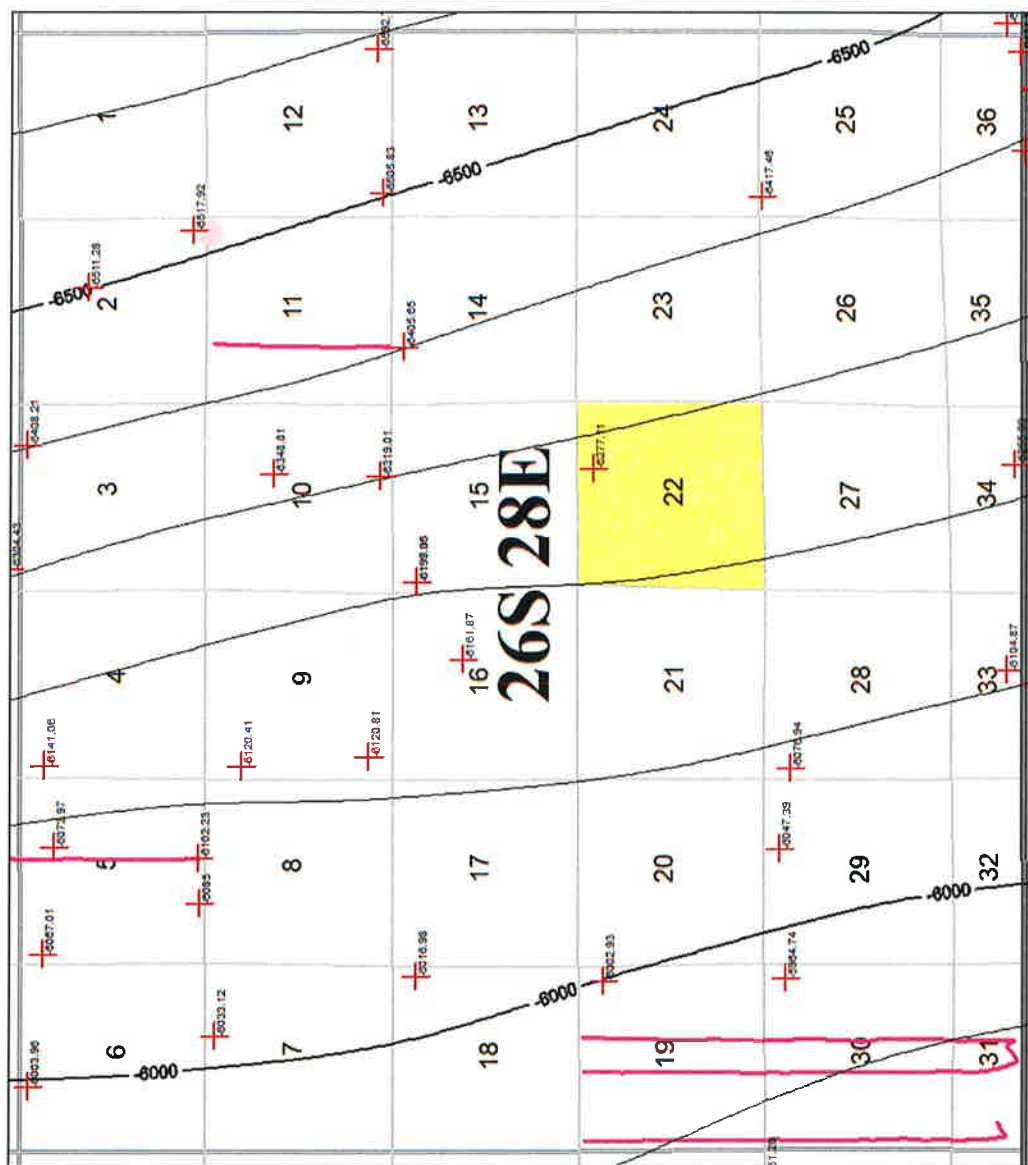
1-29-2021



Purple Sage Wolfcamp Pool Potato Baby Com Location Map



Purple Sage Wolfcamp Pool Wolfcamp Subsea Structure Map



Map Legend

- SHL** COG - Proposed Potato
- BHL** Baby 701H, 702H, 703H, 704H, 705H, & 706H
- Locations
- Producing WFMP A Shale Horizontals
- COG Acreage



Sub Sea Structure Data Point

Contour Interval: 25FT

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B2

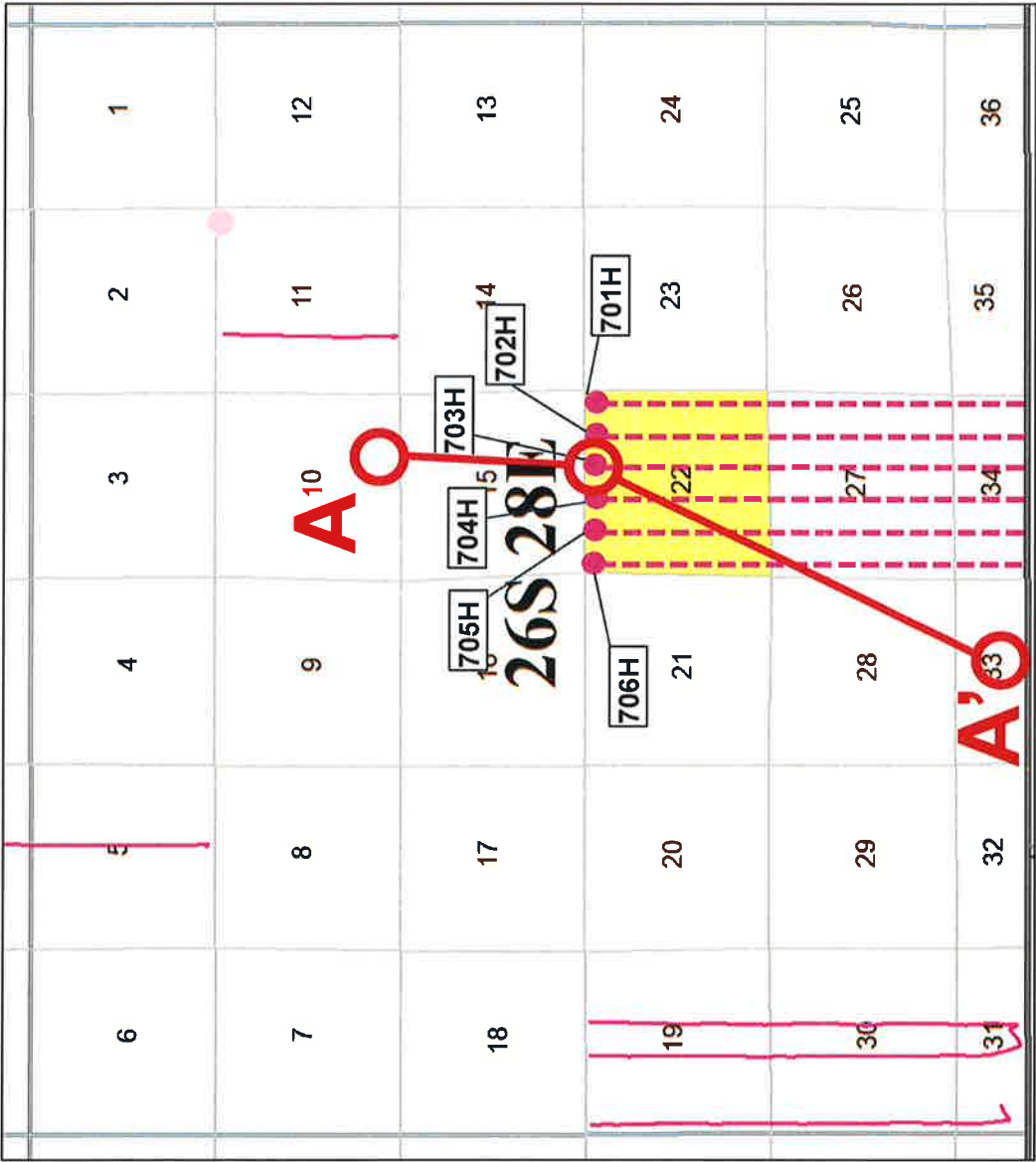
Submitted by: COG OPERATING, LLC

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935



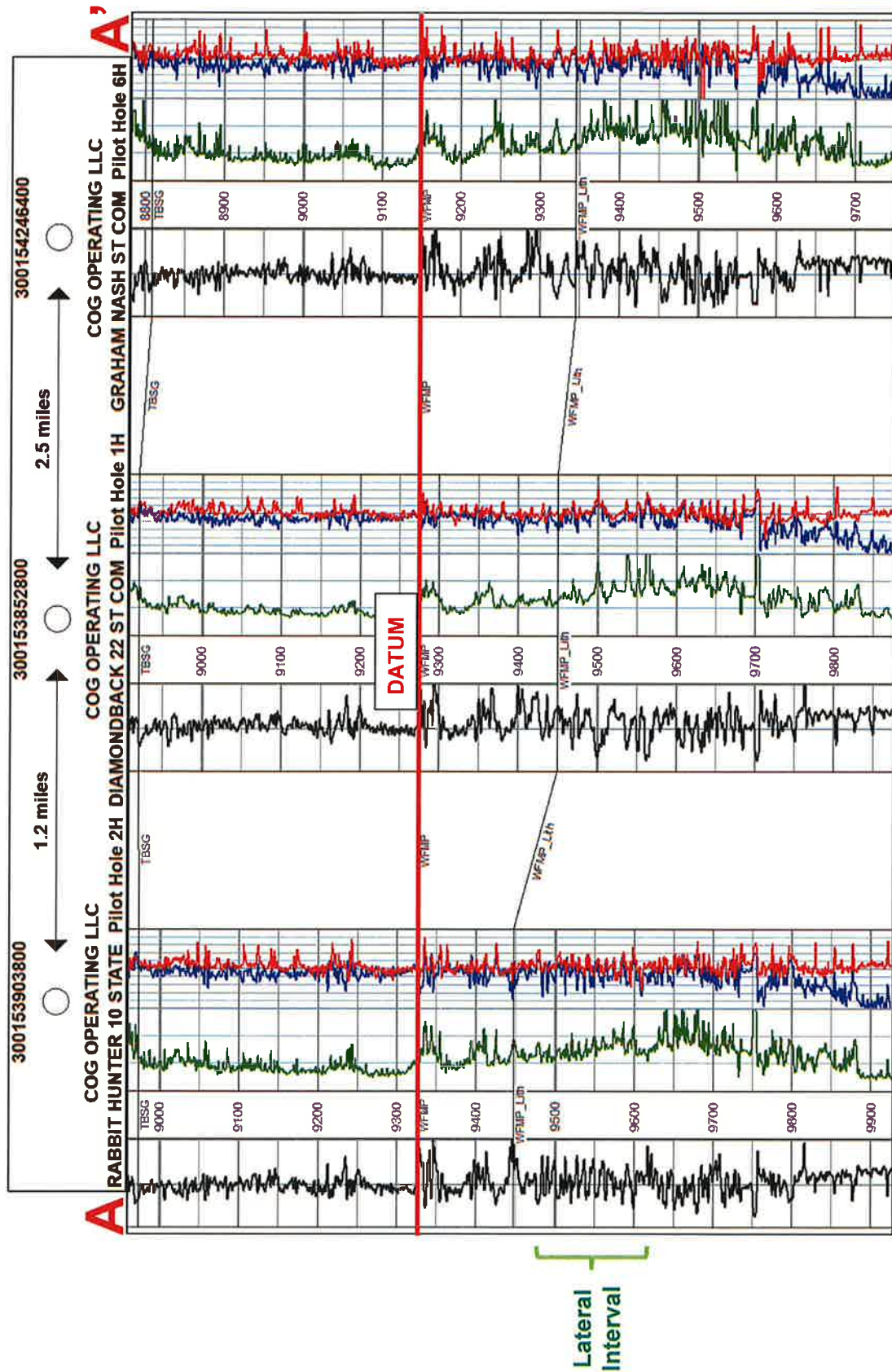
Purple Sage Wolfcamp Pool Cross-Section Location Map



Map Legend

- SHL**
- BHL**
- COG – Proposed Potato Baby 701H, 702H, 703H, 704H, 705H & 706H Locations**
- Producing WFMP A Shale Horizontals**
- COG Acreage**
- Cross Section Line**

Stratigraphic Cross Section A – A'



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. B4

Submitted by: COG OPERATING, LLC

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935



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

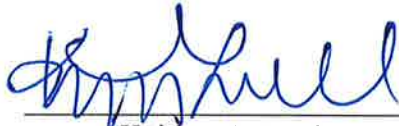
**APPLICATION OF COG OPERATING
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NOS. 20934 & 20935

AFFIDAVIT


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

Kaitlyn A. Luck, 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.



Kaitlyn A. Luck

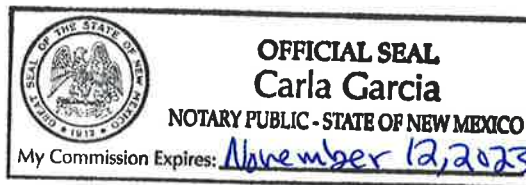
SUBSCRIBED AND SWORN to before me this 11th day of December, 2019 by Kaitlyn
A. Luck.



Notary Public

My Commission Expires:

November 12, 2023



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: **COG OPERATING, LLC**
Hearing Date: December 12, 2019
Case Nos. 20934 & 20935



Kaitlyn A. Luck
Associate
kaluck@hollandhart.com

November 22, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of COG Operating, LLC for Compulsory Pooling, Eddy County,
New Mexico.
Potato Baby State Com #701H, #702H, #703H wells**

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on December 12, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Travis Macha, at (432) 683-7443 or TMacha@concho.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck".

Kaitlyn A. Luck
ATTORNEY FOR COG OPERATING LLC

13729046_v1



Kaitlyn A. Luck
Associate
kaluck@hollandhart.com

November 22, 2019

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of COG Operating, LLC for Compulsory Pooling, Eddy County,
New Mexico.**

Potato Baby State Com #704H, #705H, #706H wells

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on December 12, 2019, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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.

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If you have any questions about this matter, please contact Travis Macha, at (432) 683-7443 or TMacha@concho.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR COG OPERATING LLC

Tracking Number	Recipient	Status
9214890194038399656088	Allar Development LLC EG3 Development LLC PO BOX 1567 Graham TX 76450	Delivered Signature Received
9214890194038399656095	Camie Wade 10706 Orlando Ave Lubbock TX 79423	Delivered
9214890194038399656101	Chevron U S A Inc ATTN: Kristen Hunter 6301 Deauville Midland TX 79706	Delivered Signature Received
9214890194038399656118	David Kerby 16704 County Road 1440 Wolfforth TX 79382	Delivered
9214890194038399656125	Douglas C Koch PO BOX 540244 Houston TX 77254-0244	Delivered
9214890194038399656132	Franco-Nevada Texas LP 1745 Shea Center Dr Suite 400 Highlands Ranch CO 80129	Delivered Signature Received
9214890194038399656149	George Poage III PO BOX 369 Marble Falls TX 78654	Delivered Signature Received
9214890194038399656156	George Thompson 4619 94th ST Lubbock TX 79424	In-Transit
9214890194038399656163	John M Fowlkes PO BOX 1470 Marfa TX 79843-1470	Delivered Signature Received
9214890194038399656170	Kemp Smith LLP ATTN: Ken Slavin 221 N Kansas Ste 1700 El Paso TX 79901	Delivered Signature Received
9214890194038399656187	Madison M Hinkle & Susan M Hinkle PO BOX 2292 Roswell NM 88202-2292	Delivered Signature Received
9214890194038399656194	Marguerite Fort Bruns SSP 12711 Colorado Blvd E #505 Thornton CO 80241	In-Transit
9214890194038399656200	OXY U S A Inc ATTN: Courtney Carr 5 Greenway Plaza Suite 110 Houston TX 77046	Delivered Signature Received
9214890194038399656217	Oxy Usa Inc PO BOX 841803 Dallas TX 75284	Delivered Signature Received
9214890194038399656224	Robert Mitchell Raindl PO BOX 853 Tahoka TX 79373	Delivered Signature Received
9214890194038399656231	Rolla R Hinkle III PO BOX 2292 Roswell NM 88202-2292	Delivered Signature Received
9214890194038399656248	Suzanne B Koch PO BOX 270475 Houston TX 77277	Delivered Signature Received
9214890194038399656255	Tap Rock Operating LLC ATTN: Land Manager 602 Park Point Drive Suite 200 Golden CO 80401	In-Transit
9214890194038399656262	Wayne A Bissett PO BOX 2101 Midland TX 79702-0000	Delivered Signature Received
9214890194038399656279	Wayne A Bissett PO BOX 1470 Marfa TX 79843-1470	Returned



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 - Potato Baby 701H-706H
Case Nos. 20934 & 20935
CM# 51500.0010

Shipment Date: 11/19/2019

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	20
Total	20

*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 0018 4976 48





Firm

Name and Address of Sender Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		Check type of mail or service <input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.					
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender COD
1.	9214 8901 9403 8399 6560 88	Altair Development LLC EG3 Development LLC PO BOX 1567 Graham TX 76450		0.50	3.50	Handling Charge - if Registered and over \$50.000 in value			
2.	9214 8901 9403 8399 6560 95	Carnie Wade 10706 Orlando Ave Lubbock TX 79423		0.50	3.50				
3.	9214 8901 9403 8399 6561 01	Chevron U S A Inc ATTN: Kristian Hunter 6301 Deauville Midland TX 79706		0.50	3.50				
4.	9214 8901 9403 8399 6561 18	David Kerby 16704 County Road 1440 Wolforth TX 79382		0.50	3.50				
5.	9214 8901 9403 8399 6561 25	Douglas C Koch PO BOX 540244 Houston TX 77254-0244		0.50	3.50				
6.	9214 8901 9403 8399 6561 32	Franco-Nevada Texas LP 1745 Shea Center Dr Suite 400 Highlands Ranch CO 80129		0.50	3.50				
7.	9214 8901 9403 8399 6561 49	George Poage III PO BOX 369 Marble Falls TX 78654		0.50	3.50				
8.	9214 8901 9403 8399 6561 56	George Thompson 4619 94th ST Lubbock TX 79424		0.50	3.50				
Total Number of Pieces Listed by Sender 20		Total Number of Pieces Received at Post Office 20		Postmaster, Per (Name of receiving employee)					





Firm #

Name and Address of Sender		Check type of mail or service		Affix Stamp Here (if issued as an international certificate of mailing or for additional copies of this receipt). Postmark with Date of Receipt.							
Holland & Hart LLP 110 N Guadalupe St # 1 Santa Fe NM 87501		<input type="checkbox"/> Adult Signature Required <input type="checkbox"/> Adult Signature Restricted Delivery <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery (COD) <input type="checkbox"/> Insured Mail <input type="checkbox"/> Priority Mail		<input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery							
USPS Tracking/Article Number		Addressee (Name, Street, City, State, & ZIP Code™)		Postage	(Extra Service) Fee	Handling Charge	Actual Value if Registered	Insured Value	Due Sender COD		
9.	9214 8901 9403 8399 6561 63	John M Fowlkes PO BOX 1470 Marfa TX 79843-1470		0.50	3.50	Handling Charge - if Registered and over \$50,000 in value					
10.	9214 8901 9403 8399 6561 70	Kemp Smith LLP ATTN: Ken Slavin 221 N Kansas Ste 1700 El Paso TX 79901		0.50	3.50						
11.	9214 8901 9403 8399 6561 87	Madison M Hinkle & Susan M Hinkle PO BOX 2292 Roswell NM 88202-2292		0.50	3.50						
12.	9214 8901 9403 8399 6561 94	Marguerite Fort Bruns SSP 12711 Colorado Blvd E #505 Thornton CO 80241		0.50	3.50						
13.	9214 8901 9403 8399 6562 00	OXY U S A Inc ATTN: Courtney Carr 5 Greenway Plaza Suite 110 Houston TX 77046		0.50	3.50						
14.	9214 8901 9403 8399 6562 17	Oxy Usa Inc PO BOX 841803 Dallas TX 75284		0.50	3.50						
15.	9214 8901 9403 8399 6562 24	Robert Mitchell Raindl PO BOX 853 Tahoka TX 79373		0.50	3.50						
16.	9214 8901 9403 8399 6562 31	Rolla R Hinkle III PO BOX 2292 Roswell NM 88202-2292		0.50	3.50						
Total Number of Pieces Listed by Sender 20		Total Number of Pieces Received at Post Office		Postmaster, Per (Name of receiving employee)							



(\$5.60)

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 - Potato Baby 70411-70611
Case No. 20935
CM# 51500.0010

Shipment Date: 11/19/2019

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	1
Total	1

*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 0018 4978 77





Firm Mailing Book For Accountable Mail

[illegible]

Total Number of Pieces Listed by Sender 1	Total Number of Pieces Received at Post Office 1	Postmaster, Per (Name of receiving employee) <i>[Signature]</i>
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PS Form **3877**, April 2015 (Page 1 of 1) **Complete in Ink**

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SN 7530-02-000-9098

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0003918220

This is not an invoice

DAVID WASHINGTON

110 NORTH GUADALUPE, SUITE 1 P


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:

November 27, 2019


Legal Clerk

Subscribed and sworn before me this November 27,
2019:


State of WI, County of Brown
NOTARY PUBLIC
1-12-2021
My commission expires



Ad # 0003918220

PO #: 703H

of Affidavits : 1

This is not an invoice

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C1

Submitted by: **COG OPERATING, LLC**

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935

**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 **December 12, 2019**, in Porter Hall, the Oil Conservation Division Hearing Room, 1st Floor, Wendell Chino Building, 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 **December 2, 2019**. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. 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 overriding royalty interest owners and pooled parties, including: Allar Development LLC; EG3 Development LLC; Camie Wade, her heirs and devisees; Chevron U.S.A. Inc.; David Kerby, his heirs and devisees; Douglas C. Koch, his heirs and devisees; Franco-Nevada Texas LP; George Poage, III, his heirs and devisees; George Thompson, his heirs and devisees; John M. Fowlkes, his heirs and devisees; Kemp Smith, LLP; Madison M. Hinkle & Susan M. Hinkle, their heirs and devisees; Marguerite Fort Bruns SSP, her heirs and devisees; OXY U.S.A., Inc.; Robert Mitchell Raindl, his heirs and devisees; Rolla R. Hinkle, III, his heirs and devisees; Suzanne B. Koch, her heirs and devisees; Tap Rock Operating, LLC; and Wayne A. Bissett, his heirs and devisees.

CASE 20934: Application of COG Operating LLC for compulsory pooling, Eddy County, New Mexico. Applicant in the above-

styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 767.72-acre, more or less, horizontal spacing unit comprised of the E/2 of Sections 22 and 27, and the N/2 NE/4 and Lots 3-4 (E/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the Potato Baby State Com #701H well and the Potato Baby State Com #702H well, both of which will be drilled from a common surface hole location in NE/4 NE/4 (Unit A) of Section 22 to bottom hole locations in the SE/4 NE/4 (Lot 4) of Section 34; and

- the Potato Baby State Com #703H well, to be drilled from a surface hole location in NW/4 NE/4 (Unit B) of Section 22 to a bottom hole location in the SW/4 NE/4 (Lot 3) of Section 34.

Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 13 miles south of Malaga, New Mexico.

Current-Argus,
Legal ad #3918220,
Nov. 27, 2019

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0003918234

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DAVID WASHINGTON

110 NORTH GUADALUPE, SUITE 1 P

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:

November 27, 2019


Legal Clerk

Subscribed and sworn before me this November 27,
2019:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

Ad # 0003918234

PO #: 706H

of Affidavits : 1

This is not an invoice

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 December 12, 2019, in Porter Hall, the Oil Conservation Division Hearing Room, 1st Floor, Wendell Chino Building, 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 December 2, 2019. Public documents, including the agenda and minutes, can be provided in various accessible formats. Members of the public may obtain copies of the docket by contacting Ms. Davidson at the phone number indicated above. Also, the docket will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us/OCD/. Please contact Ms. 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 overriding royalty interest owners and pooled parties, including: Allar Development LLC; EG3 Development LLC; Camie Wade, her heirs and devisees; Chevron U.S.A. Inc.; David Kerby, his heirs and devisees; Douglas C. Koch, his heirs and devisees; Franco-Nevada Texas LP; George Poage, III, his heirs and devisees; George Thompson, his heirs and devisees; John M. Fowlkes, his heirs and devisees; Kemp Smith, LLP; Madison M. Hinkle & Susan M. Hinkle, their heirs and devisees; Marguerite Fort Bruns SSP, her heirs and devisees; OXY U.S.A., Inc.; Robert Mitchell Raindl, his heirs and devisees; Rolla R. Hinkle, III, his heirs and devisees; Suzanne B. Koch, her heirs and devisees; Tap Rock Operating, LLC; Wayne A. Bissett, his heirs and devisees; and Lee M. Kugle, his heirs and devisees.

CASE 20935: Application of COG Operating LLC for compulsory pooling, Eddy County, New

Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in the Wolfcamp formation underlying a standard 767.52-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the following proposed wells:

- the Potato Baby State Com #704H well, to be drilled from a common surface hole location in NE/4 NW/4 (Unit C) of Section 22 to bottom hole locations in the SE/4 NW/4 (Lot 2) of Section 34; and
- the Potato Baby State Com #705H well and the Potato Baby State Com #706H well, both of which are to be drilled from a common surface hole location in NW/4 NW/4 (Unit D) of Section 22 to a bottom hole location in the SW/4 NW/4 (Lot 1) of Section 34.

Also, to be considered will be the cost of drilling and completing the wells, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing each well. Said area is located approximately 13 miles south of Malaga, New Mexico.

Current-Argus,
Legal ad #,
Nov. 27, 2019

Exhibit "A"

Applicant: COG Operating LLC
Operator: COG Operating LLC (OGRID 229137)

Spacing Unit: Horizontal Gas
Building Blocks: Half Section Equivalent
Spacing Unit Size: 767.72 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
E/2 of Sections 22 and 27, and the N/2 NE/4 and Lots 3-4 (E/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, NMPM, Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)
Pool Spacing Unit Size: Half Sections
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$8000 While producing: \$800
As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Potato Baby State Com Well No. 701H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1291 feet from the East line,
(Unit A) of Section 22, Township 26 South, Range 28 East, NMPM.
BHL: 330 feet from the South line and 330 feet from the East line,
(Unit P) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 9560 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Potato Baby State Com Well No. 702H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1321 feet from the East line,
(Unit B) of Section 22, Township 26 South, Range 28 East, NMPM.
BHL: 330 feet from the South line and 1254 feet from the East line,
(Unit P) of Section 34, Township 26 South, Range 28 East, NMPM.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D

Submitted by: **COG OPERATING, LLC**

Hearing Date: December 12, 2019

Case Nos. 20934 & 20935

Completion Target: Wolfcamp A at approx 9540 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard

Potato Baby State Com Well No. 703H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1351 feet from the East line,
(Unit B) of Section 22, Township 26 South, Range 28 East, NMPM.

BHL: 330 feet from the South line and 2178 feet from the East line,
(Unit O) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 9520 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard

Exhibit "A"

Applicant: COG Operating LLC
Operator: COG Operating LLC (OGRID 229137)

Spacing Unit: Horizontal Gas
Building Blocks: Half Section Equivalent
Spacing Unit Size: 767.52 acres (more or less)
Orientation of Unit: North/South

Spacing Unit Description:
W/2 of Sections 22 and 27, and the N/2 NW/4 and Lots 1-2 (W/2 equivalent) of irregular Section 34, Township 26 South, Range 28 East, Eddy County, New Mexico

Pooling this Vertical Extent: Wolfcamp Formation
Depth Severance? (Yes/No): No

Pool: Purple Sage; Wolfcamp Gas (Pool code 98220)
Pool Spacing Unit Size: Half Sections
Governing Well Setbacks: Special Rules for the Purple Sage Gas Pool Apply
Pool Rules: Purple Sage and Horizontal Well Rules

Proximity Tracts: No

Monthly charge for supervision: While drilling: \$8000 While producing: \$800
As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Potato Baby State Com Well No. 704H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1351 feet from the West line,
(Unit C) of Section 22, Township 26 South, Range 28 East, NMPM.
BHL: 330 feet from the South line and 2178 feet from the West line,
(Unit N) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 9500 feet TVD.
Well Orientation: North to South
Completion Location expected to be: standard

Potato Baby State Com Well No. 705H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1321 feet from the West line,
(Unit C) of Section 22, Township 26 South, Range 28 East, NMPM.
BHL: 330 feet from the South line and 1254 feet from the West line,
(Unit M) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 8480 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard

Potato Baby State Com Well No. 706H, API No. 30-015-Pending

SHL: 330 feet from the North line and 1291 feet from the West line,
(Unit D) of Section 22, Township 26 South, Range 28 East, NMPM.

BHL: 330 feet from the South line and 330 feet from the West line,
(Unit M) of Section 34, Township 26 South, Range 28 East, NMPM.

Completion Target: Wolfcamp A at approx 8460 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard