

COG OPERATING LLC

601H, 603H, 702H, 706H, 707H Stove Pipe Federal Com

Section 6 & 7-T25S-R35E Lea County, New Mexico Case No. 20527 (Re-Opened)
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, LEA COUNTY, NEW MEXICO.

CASE NO. 20527 (Re-opened) Order R-20766

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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, LEA COUNTY, NEW MEXICO.

CASE NO. 20527 (Re-opened) ORDER NO. R-20766

AFFIDAVIT OF MEGAN TIPTON

Megan Tipton, of lawful age and being first duly sworn, declares as follows:

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

Landman.

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

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

accepted by the Division and made a matter of record.

3. I am familiar with the application filed by COG to re-open this case, and I am

familiar with the status of the lands in the subject area.

4. None of the parties pooled in this case under Order No. R-20766 has indicated

opposition, therefore I do not expect any opposition at the hearing.

5. Division Order No. R-20766, entered August 8, 2019, created a 640-acre, more or

less, horizontal spacing unit in the WC-025 G-09 S243532M; Wolfbone Pool (98098), comprised

of Lots 3-7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of irregular Section 6, and Lots

1-4, and the E/2 W/2 (W/2 equivalent) of irregular Section 7, Township 25 South, Range 35 East,

Lea County, New Mexico.

6. Order R-20766 dedicated the above-described spacing unit to the following initial

wells:

1

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. A

Submitted by: **COG OPERATING, LLC**Hearing Date: December 12, 2019

Case No. 20527 (re-opened)

- The Stove Pipe Federal Com #601H, the Stove Pipe Federal Com #701H, the Stove Pipe Federal Com #702H, and the Stove Pipe Federal Com #703H wells to be drilled from surface hole locations in SE/4 SW/4 (Unit N) of irregular Section 31, T24S, R35E, to bottom hole locations in the SE/4 SW/4 (Unit N) of irregular Section 7, T25S, R35E.
- The Stove Pipe Federal Com #603H, the Stove Pipe Federal Com #706H, and the Stove Pipe Federal Com #707H wells to be drilled from surface hole locations in SW/4 SW/4 (Lot 4) of irregular Section 31, T24S, R35E, to bottom hole locations in the SW/4 SW/4 (Lot 4) of irregular Section 7, T25S, R35E.
- The Stove Pipe Federal Com #602H, the Stove Pipe Federal Com #704H, and the Stove Pipe Federal Com #705H wells to be drilled from a surface hole location in SE/4 SW/4 (Unit N) of irregular Section 31, T24S, R35E, to a bottom hole location in the SW/4 SW/4 (Lot 4) of irregular Section 7, T25S, R35E.
- 7. Order R-20766 designated the Stove Pipe Federal Com #602H well as the "Proximity Defining Well" to be drilled closer than 330 feet from the proximity tracts and therefore defining this horizontal well spacing unit.
- 8. Since entry of Order No. R-20766, COG has reorganized its development plan within this acreage and seeks an amended order reflecting those changes, however, the spacing unit and pool remain the same as established under Order No. R-20766.
 - 9. The spacing unit will now be dedicated to five initial wells:
 - (1) the Stove Pipe Federal Com #601H well, and (2) the Stove Pipe Federal Com #702H well, to be drilled from surface hole locations in SE/4 SW/4 (Unit N) of irregular Section 31, T24S, R35E, to bottom hole locations in the SE/4 SW/4 (Unit N) of irregular Section 7, T25S, R35E.
 - (3) the Stove Pipe Federal Com #603H well (formerly the Stove Pipe Federal Com #704H well), (4) the Stove Pipe Federal Com #706H well, and (5) the Stove Pipe Federal Com #707H wells, to be drilled from surface hole locations in SW/4 SW/4 (Lot 4) of irregular Section 31, T24S, R35E, to bottom hole locations in the SW/4 SW/4 (Lot 4) of irregular Section 7, T25S, R35E.

- 10. The completed interval for the proposed **Stove Pipe Federal Com #603H well** (formerly the **Stove Pipe Federal Com #704H well**) will be within 330' of the quarter-quarter line separating the W/2 W/2 equivalent and the E/2 W/2 equivalent of irregular Sections 6 and 7 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit.
 - 11. COG Exhibit No. A-1 contains filed Form C-102 for these five proposed wells.
- 12. **COG Exhibit No. A-2** identifies the tracts of land comprising the proposed spacing unit in this case. This exhibit also identifies the interest ownership by tract and ultimately by spacing unit. COG is seeking to pool each of the highlighted interest owners identified on the exhibit.
- 13. All interest owners that COG seeks to pool are locatable. COG has conducted a diligent search of all public records in Lea County, including phone directories and computer databases to locate each the parties owning an interest in the proposed spacing unit.
- 14. **COG Exhibit No. A-3** contains a sample amended well proposal letter along with an AFE provided to the working interest owners COG is seeking to pool in this re-opened case. The costs reflected in the AFE are consistent with what other operators have incurred for drilling similar horizontal wells in the area in each of these formations.
- 15. There are both unleased mineral interest owners and unmarketable title owners in this acreage.
- 16. In my opinion, COG has made good faith efforts, in addition to the well proposal letter, to reach agreement with the parties it is seeking to pool, including the unleased mineral interest owners. If COG reaches an agreement with any of the proposed pool parties before the Division enters an order, I will let the Division know that COG is no longer seeking to pool those parties.

- 17. No ownership depth severances exist within this proposed spacing unit.
- 18. COG has estimated the overhead and administrative costs for drilling and producing the proposed well at \$8,000 per month while drilling and \$800 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells. COG requests these administrative and overhead costs be incorporated into any order entered by the Division in this case.
- 19. I provided the law firm of Holland & Hart LLP a list of names and addresses for the owners that COG seeks to pool and instructed that they be notified of this hearing.
- 20. COG Exhibit Nos. A-1 through A-3 were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

Megan Tipton
MEGAN TIPTON

STATE OF TEXAS

COUNTY OF Midland

SUBSCRIBED and SWORN to before me this ______day of December 2019 by

Megan Tipton.

Becky Zindel
Notary Public, State of Texas
Notary ID 12941587-2
My Commission Exp. 07-10-2021

NOTARY PUBLIC

My Commission Expires:

7/10/21

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico
Exhibit No. A1

Submitted by: COG OPERATING, LLC

Hearing Date: December 12, 2019

Case No. 20527 (re-opened)

DISTRICT I 1625 N. FRENCH DR., HOBBS, NM 86240 Phone: (576) 393-6161 Fax: (576) 393-0720

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

DISTRICT II
811 S. FIRST ST., ARTESIA, NM 88210
Phone: (576) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (506) 334-6178 Fax: (506) 334-6170

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 67505 Phone: (505) 476-3460 Fax: (505) 476-3462

☐ AMENDED REPORT

	WELL LOCATION AND	ACREAGE DEDICATION	PLAT
API Number	Pool Code		Pool Name
Property Code	Prop	erty Name	Well Number
	STOVE PIPE	FEDERAL COM	601H
OGRID No.	-	ator Name RATING, LLC	Elevation 3321.7'

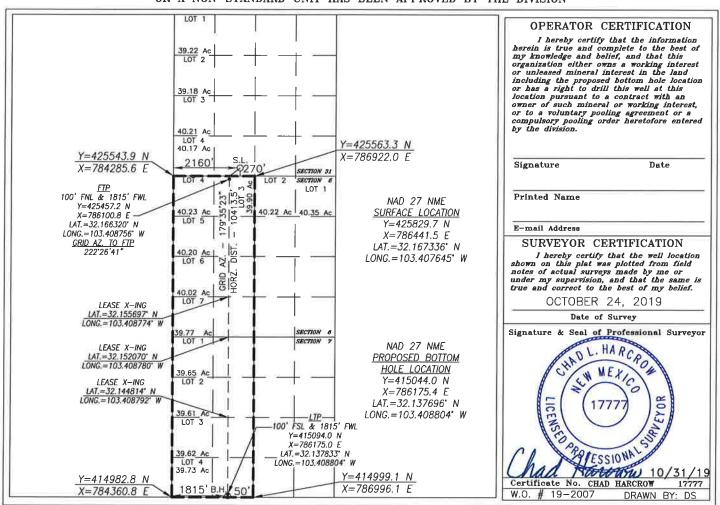
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	31	24-S	35-E		270	SOUTH	2160	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	25-S	35-E		50	SOUTH	1815	WEST	LEA
Dedicated Acres	Joint of	r Infill Con	nsolidation (Code Ore	ler No.	•		',	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



DISTRICT I

State of New Mexico

1825 N. FRENCH DR., HOBBS, NM 88240 Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (875) 748-1283 Fax: (575) 748-9720

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

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

□ AMENDED REPORT

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Phone: (505) 478-3460 Fax: (505) 478-3462

	WELL LOCATION AND ACREAGE DEDICATION PI	AT
API Number	Pool Code Pool	Name
Property Code	Property Name STOVE PIPE FEDERAL COM	Well Number 603H
OGRID No.	Operator Name COG OPERATING, LLC	Elevation 3347.4'

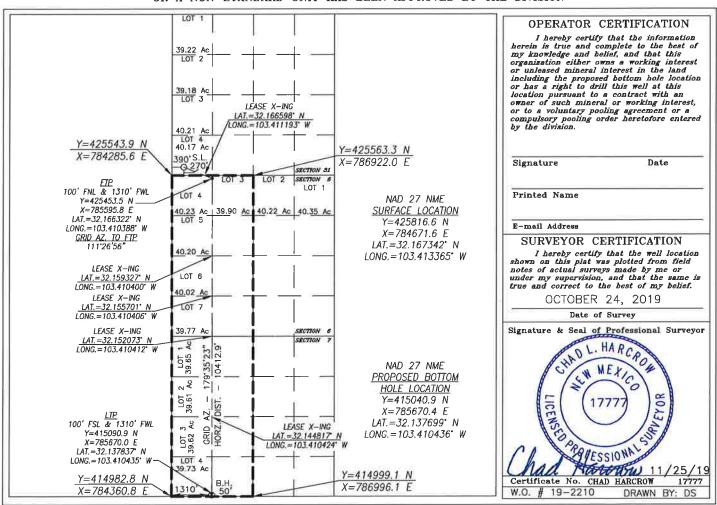
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	31	24-S	35-E		270	SOUTH	390	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	7	25-S	35-E		50	SOUTH	1310	WEST	LEA
Dedicated Acres	s Joint o	r Infill C	onsolidation	Code Or	der No.	•			

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DISTRICT I 1825 N. FRENCH DR., HOBBS, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (676) 748-1283 Fax: (576) 748-9720

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

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87605 Phone: (505) 478-3460 Fax: (505) 476-3462 1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

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

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	
Property Code	_	erty Name FEDERAL COM	Well Number 702H
OGRID No.		ator Name RATING, LLC	Elevation 3321.3'

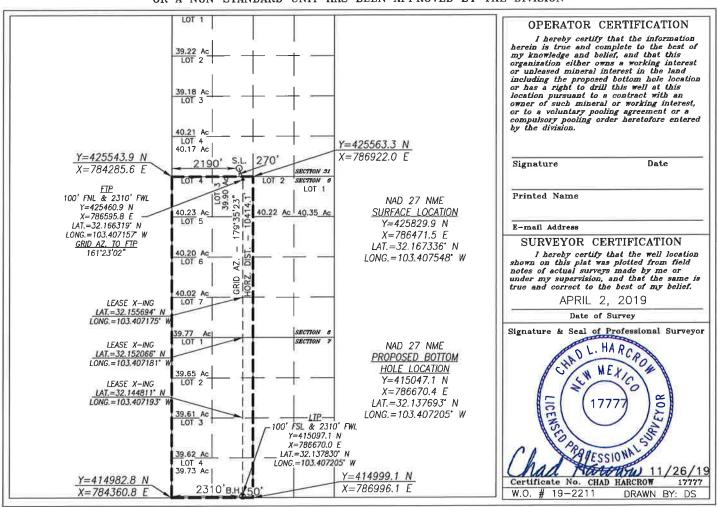
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	31	24-S	35-E		270	SOUTH	2190	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	25-S	35-E		50	SOUTH	2310	WEST	LEA
Dedicated Acre	s Joint o	r Infill C	onsolidation	Code Or	der No.		<u>'</u>		

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DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

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

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

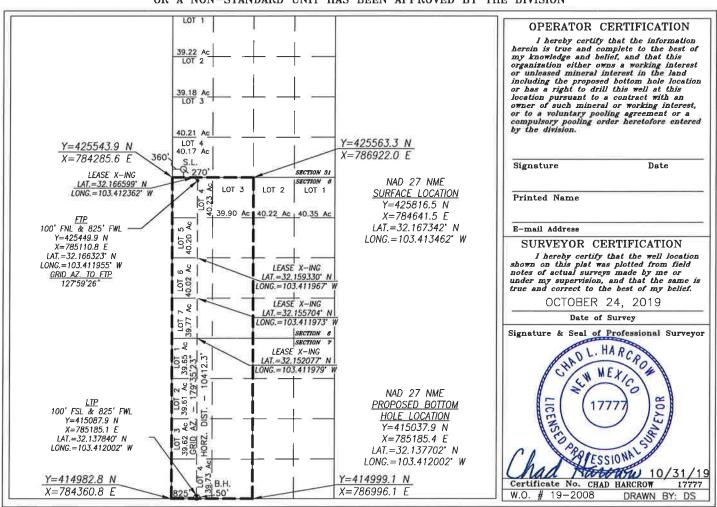
> 1220 SOUTH ST. FRANCIS DR. Santa Fe. New Mexico 87505

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

□ AMENDED REPORT

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87605 Phone: (505) 476-3460 Fax: (505) 476-3462 WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code Property Code Property Name Well Number STOVE PIPE FEDERAL COM 706H OGRID No. Operator Name Elevation COG OPERATING, LLC 3348.2 Surface Location Lot Idn Feet from the North/South line East/West line UL or lot No. Section Township Range Feet from the County 4 31 24-S 35 - E270 SOUTH WEST LEA 360 Bottom Hole Location If Different From Surface UL or lot No. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County 4 7 25 - S35 - E50 SOUTH 825 WEST LEA Dedicated Acres Joint or Infill Consolidation Code Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



DISTRICT I 1626 N. FRENCH DR., HOBBS, NM 88240 Phone: (575) 393-6161 Fax: (676) 393-0720 State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION

DISTRICT II 811 S. FIRST ST., ARTESIA, NM 88210 Phone: (575) 748-9220

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

DISTRICT IV 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

Section

31

Township

24-S

Range

Lot Idn

UL or lot No.

4

1220 SOUTH ST. FRANCIS DR. Santa Fe, New Mexico 87505

Form C-102
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East/West line

WEST

Feet from the

330

☐ AMENDED REPORT

County

LEA

Property Code Property Code Property Name STOVE PIPE FEDERAL COM OGRID No. Operator Name COG OPERATING, LLC Surface Location WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Name Well Number 707H Selevation 3348.5'

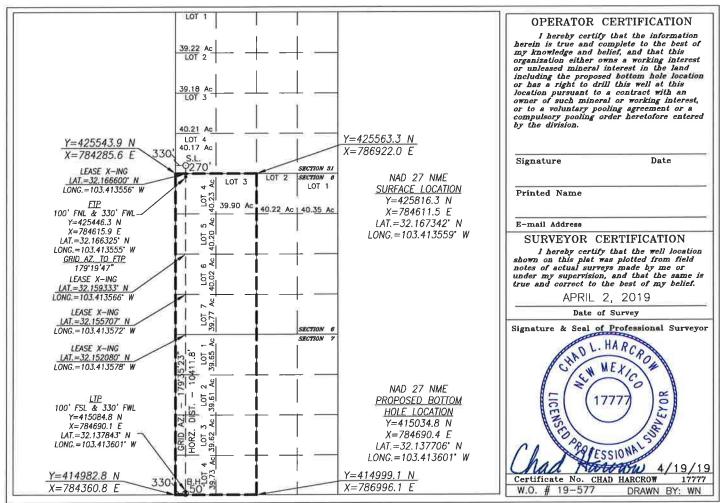
35-E 270 SOUTH

Feet from the

North/South line

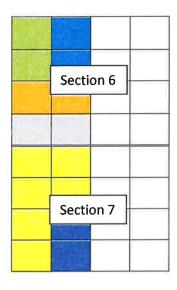
			${\bf Bottom}$	Hole Loc	ation If Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
4	7	25-S	35-E		50	SOUTH	330	WEST	LEA
Dedicated Acre	g Joint o	r Infill Co	nsolidation	Code Or	ler No.				

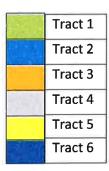
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COG Operating LLC Stove Pipe Federal Com 601H, 603H, 702H, 706H, 707H

Township 25 South- Range 35 East, N.M.P.M.
Section 6: Lots 3-7, SE/4 NW/4, E/2 SW/4 (aka W/2)
Section 7: Lots 1-4, E/2 W/2 (aka W/2)
Lea County, New Mexico
Limited in Depth to the Wolfbone Pool





Tract 1: Section 6: Lots 4-5 (80.48 Acres)

COG Operating LLC	100.00000%
Tract 2: Section 6: Lot 3 and the SE/4 NW/4 (80.15 Acres)	
COG Operating LLC	23.75000%
MRC Permian Company	8.75000%
Burlington Resources Oil & Gas Company LP	50.00000%
BEXP I, LP	8.75000%
Pivotal Permian Basin II, LLC	8.75000%
Total	100.00000%

Tract 3: Section 6: Lot 6, NE/4 SW/4 (79.94 Acres)	
COG Operating LLC	42.773333%
COG Acreage LP	39.982222%
Marathon Oil Permian, LLC	8.000000%
MRC Permian Company	6.400000%
Noroma Energy, LLC	0.355556%
Ozark Royalty Company, LLC	0.35556%
Chief Capital (O&G) II LLC	2.133333%
Total	100.00000%
Tract 4: Section 6: Lot 7, SE/4SW/4 (79.75 Acres)	
Oxy Y-1 Company	20.000000%
COG Operating LLC	80.000000%
Total	100.00000%
Tract 5: Section 7: Lots 1-4, E/2NW/4 (238.76 Acres)	
COG Production LLC	100.00000%
	100.00000%
Tract 6: Section 7: E/2SW/4 (80 Acres)	
	100.00000%
Tract 6: Section 7: E/2SW/4 (80 Acres)	
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC	100.00000%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest	100.00000% 43.423143%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC	100.00000% 43.423143% 37.359955%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC	100.00000% 43.423143% 37.359955% 5.001219%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP	100.00000% 43.423143% 37.359955% 5.001219% 2.495775%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC MRC Permian Company	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC MRC Permian Company Burlington Resources Oil & Gas Company LP	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929% 6.270733% 1.097379%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC MRC Permian Company Burlington Resources Oil & Gas Company LP Pivotal Permian Basin II, LLC	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929% 6.270733% 1.097379% 1.097379%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC MRC Permian Company Burlington Resources Oil & Gas Company LP Pivotal Permian Basin II, LLC BEXP I, LP	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929% 6.270733% 1.097379% 1.097379% 0.044475%
Tract 6: Section 7: E/2SW/4 (80 Acres) COG Operating LLC Unit Working Interest COG Operating, LLC COG Production, LLC COG Acreage LP OXY Y-1 Company Marathon Oil Permian, LLC MRC Permian Company Burlington Resources Oil & Gas Company LP Pivotal Permian Basin II, LLC BEXP I, LP Ozark Royalty Company, LLC	100.00000% 43.423143% 37.359955% 5.001219% 2.495775% 1.000689% 1.897929% 6.270733%

Uncommitted Working Interest Owner

Parties with Unmarketable Title

Heirs or Devisees of Barney L. Alsobrook

Heirs or Devises of Russell Kirby

Heirs or Devises of Erma Kirby

Michael Edwin Thompson

Heirs or Devises of Judith A. Greene

Scott Reed Greene

Elizabeth Alsobrook Schuler

Jonathon Barney Alsobrook

Stephen Reed Alsobrook

Heirs or Devisees of Bob Mason

Heirs or Devisees of Edwin Hall Baird

Heirs or Devisees of Sallie Knight Baird

Scott Gary Mason

Bruce Mason

Ozark Royalty Company, LLC

Noroma Energy, LLC

Jetstream Royalty Partners, LP

Heirs or Devisees of Willie Margaret Lain Baird

Chisos Minerals, LLC

G. Dan Thompson

Tilden Capital Minerals, LLC

GGM Exploration, Inc.

Pegasus Resources, LLC

TD Minerals, LLC

Charlotte Lain McGhee

Betty Ruth Lain Patterson

Georgia Ann Lain McGhee

Heirs or Devisees of Rubiedick K. Hawes

Heirs or Devisees of Hugh Rust Hawes, Jr.

Heirs or Devisees of Peggy Joyce Caudill Hawes

Hugh R. Hawes, IV

Heirs or Devisees of Madge Ferrel

Heirs or Devisees of John H. Ferrel

Heirs or Devisees of J.D. Ferrel

PCB LLC

Flatland Mineral Fund, LP

Flatland Sidecar, LLC

Brigham Minerals, LLC

Heirs or Devisees of Georgia Mosley

Heirs or Devisees of Eddie May Mosley

Heirs or Devisees of Guy Neal

Peggy Neal Marquez

W2 Stove Pipe Fed Com Wells - Wolfbone Pool

COG Operating LLC

Heirs or Devisees of Evelyn Gentry

Mitchell Cappadonna

Carol Cappadonna

Heirs or Devisees of Jewell Hosford

Ruth Vaughn

Heirs or Devisees of Richard G. Hosford

Barry Hosford

Michael Hosford

Bruce Hosford

Diann Hosford

Heirs or Devisees of Shirley Sue Mosley

Elizabeth Hogan

Pivotal Permian Basin II, LLC

Chief Capital (O&G) II LLC



August 22, 2019

U.S. Certified Mail

Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056

Re:

Well Proposal - Stove Pipe Federal Com #601H

Sec 6: Lots 3-7, SE/4NW/4, E/2SW/4 (W/2) - T25S-R35E

Sec 7: Lots 1-4, E/2W/2 (W/2) - T25S-R35E

SHL: 270 FSL/2160 FWL, or a location in Sec 31 - T24S-R35E BHL: 50 FSL/2080 FWL, or a location in Sec 7 - T25S-R35E

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Stove Pipe Federal Com #601H well as a horizontal well at the above-captioned location to a TVD of approximately 12,550' and a MD of 23,069' to test the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$14,874,855.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the attached order granted by the NMOCD (Order #R-20766). Please make your election by signing the attached AFE and prepaying your share of the cost within 30 days of receipt of the AFE herein. Failure to prepay or lack of response will be deemed a non-consent election pursuant to the enclosed order.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2588.

Respectfully,

COG OPERATING LLC

Megan L Tipton

Megan Tipton Landman

Case No. 20527 (re-opened)

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	STOVE PIPE FEDERAL COM #501H	PROSPECT NAME:	Buildog 2535 (717109)
SHL:	Sec 31: 270 FSL & 2160 FWL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 7: 50 FSL & 2080 FWL	OBJECTIVE:	DRILL AND COMPLETE
FORMATION:	Wollbone Pool	DEPTH:	23,069
LEGAL:	Sec 31: 24S-35E	TVD:	12,550

NTANGIBLE COSTS itld/Curative/Permit	201	Orlg - Rig Release(D) 20,000		Completion(C)		Tank Bitty Construtn(TB)		Pmpq Equipment(PEO)	TOTAL
nantance	202	2,500							2,
amages/Aight of Way	203	20,000	303		351				20,
ocallon/Pris/Road Expense	204	7,000	305	10.000	052	45 000	955		7,
riling / Complation Overhead	205	135,000		10,000	350	45,000	366		26,
urnkey Contract	207	11,100	300	13,000					20.
cotage Contract	208								
aywark Contract	209	984,000							984
rectional Onling Services	210	442,000				***************************************			142,
ac Equipment			307	1,829,000					1,829
ac Chunicals			308	473,000					470,
ac Proppant			300	814,000					814,
ac Propount Yransportation			310	309,000					399,
Jel & Power	211	211,000	311	GB,000	354		367		279.
ater	212	G0_000	312	966,000			360		1,026,
is.	213	13,000	313	4,500			369		15,
ud & Chemicats	214	275,000	314	25,000			370		300,
II Stein Test	215		315						
oring & Antilysis	216								
ment Surface	217	28,000							28,
ement Intermediate	218	75,000							75,
emant 2nd Intermediate/Production	219	115,000							115
emeni Squeeze & Other (Nickell Plug)	220						371		
on Equipment & Convalizors	221	65,000							65
ising Crews & Equipment	222	70,000							70,
hing Tools & Service	223		323				372	2 20 27 3	8
ologic/Engineering	224	11_400	324		355		373		11,
ntract Labor	225	6,500	325	20,000	356	122,935	374	6,500	155,
impany Supervision	226	GG,600	326	15,000	357		375		81,
intract Supervision	227	157,000	327	255,000	358		376	5,000	417,
esting Casing/Tubing	228	30,000	320	5,000			377		35,
ud Logging Unit	220	52,000	329						52,
nging	230						37H		
rforating/Wireline Services	231	4,000	331	588,000			379		592,
mulalion/Trenting			332	397,000			380		397,
empletion Unit			333	138,000			381	000,B	140
rabbing Unit			334				382		
entals Surface	235	190,000	335	400,000	359		383	7.000	GOU,
entals-Subsurface	236	150,000	336	30,000			384		180.
ucking/i prkMVRig Mobilization	237	200,000	337	20,000	360		385	3,000	223,
elding Services	238	3,000	338	5,000	361		386		8.
alar Disposal	239		339	60,000	362	135,000	387	250,000	445,
n la Abandan	240		340						
HISTORY AND PRINCE	241		341						
scellaneous	242	10,000	342				289		10,
onbrigercy	243	71,000	343	250,000	363		390		321,
osed Loop & Environmental	244	330,000	344	5,000	364		CAR		335,
yed Oresel	245		345	484,000					
al Tubing			346	750,000					750,
owback Craws & Equa			347	18,000					48,
Iset Directional/Frac									
	248		348	10,000			391		
	248	3,613,100	348	8,07G,500		302,935	391	280,300	12,472,
TOTAL INTANGIBLES	248	3,813,100	348			200,935	391	280,300	12,472,
TOTAL INTANGIBLES	248	3,813,100	348			302,935	391	280,300	12,472,
TOTAL INTANGIBLES ANGIBLE COSTS	401	3,813,100	348			202,935	391	000,089	12,472,
TOTAL INTANGIBLES ANGIBLE COSTS #face Casing			348			308,935	391	000,089	
TOTAL INTANGIBLES ANGIBLE COSTS stace Casing ermediate Crising	401	52,000	348			302,936	391	289,300	52,
TOTAL INTANGIBLE ANGIBLE COSTS If see Casing ermediate Chang document Casing Canny	401 402	52,000 555,000	348 504	8,076,500		302,936	391 530	289,300	52, 555.
TOTAL INTANGIBLE ANGIBLE COSTS Ifface Casing ormediate Casing bing bing	401 402	52,000 555,000				308,936			52, 555. 783,
TOTAL INTANGIBLES ANGIBLE COSTS Hake Casing mendate Casing duction Casinguner bing literal Equipment	401 402 403	52,000 555,000 782,000	\$04	8,076,500 52,030		302,935	5110	5,000	52, 555. 782, 57,
TOTAL INTENDIFIES ANGIBLE COSTS Ifface Casing ormediate Casing ormediate Casing ormediate Casingularer ormin ormin	401 402 403	52,000 555,000 782,000	\$04	8,076,500 52,030 22,000		302,935	500 531	5,000 1,000	52, 555. 762, 57, 100, 96,
TOTAL INTENDIFIES ANGIBLE COSTS Ifface Casing ormediate Casing ormediate Casing ormediate Casingularer ormin ormin	401 402 403	52,000 555,000 782,000	\$04	52,030 22,000 0		302,935	500 531 506	5,000 1,000	52, 555. 762, 57,
	401 402 403	52,000 555,000 782,000	\$04	\$2,030 22,000 0 0		300,936	500 531 506 507	5,000 3,000 96,000	52, 555, 782, 57, 100, 96,
TOTAL INTANGIBLE ANGIBLE COSTS Iface Casing emediate Casing oduction GassingTuner bring Ultimat Equipment impring Unit unto Mover dis	401 402 403	52,000 555,000 782,000	504 505	\$2,030 22,000 0 0	510	302,935	500 531 506 507 508	5,000 3,000 96,000 55,000	52, 555, 763, 57, 100, 96,
TOTAL INTENDIBLES ANGIBLE COSTS Ifface Casing ormediate Casing obuction Casingfuner bing littles of gupmont repring Unit mon Movor ids mags Sub Surface (BH) nks	401 402 403	52,000 555,000 782,000	504 505	\$2,030 22,000 0 0	510 511		500 531 506 507 508	5,000 3,000 96,000 55,000	52, 555, 782, 57, 100, 96,
TOTAL INTANGIBLE ANGIBLE COSTS Iface Casing errediate Casing docution CassingLiner biring littlend Equipment imping Unit imping Unit imping Stub Surface (BH) impis stud	401 402 403	52,000 555,000 782,000	504 505	\$2,030 22,000 0 0		63,645	500 531 506 507 508	5,000 1,000 90,000 55,000	\$2, 555, 784, 57, 100, 96, 55, 63, 26,
TOTAL INTRANGIBLES ANGIBLE COSTS Ifface Casama correction Casama controllar Casama c	401 402 403	52,000 555,000 782,000	504 505	\$2,030 22,000 0 0	511	63,645 26,593	500 531 506 507 508	5,000 3,000 96,000 55,000	52, 555, 782, 572, 100, 96, 55, 63, 26, 140,
TOTAL INTENSIBLES ANGIBLE COSTS Ifface Cashing erimediate Cashing erimediate Cashing erimediate Cashing erimediate Cashing literal Equipment mping Unit mping Unit mo Mover ds mips Sub Surface (BH) nks alter Tronter/Separator cicrital systySeparator cicrital systySeparator cicrital systySeparator	401 402 403 405	52,000 555,000 782,000	504 505	\$2,030 22,000 0 0	511 512	63,645 26,593 140,007 130,000	500 531 506 507 508 502	5,000 1,000 90,000 55,000	52, 555, 762, 57, 100, 96, 55, 51, 26, 140,
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Casing ermediate Casing douclion GassingLiner biring literad Equipment imping Unit imping Unit imping Word ids imps Sub Surface (BH) inks inter Troites/Separator activitial System	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512	63,645 26,593 140,007	500 531 506 507 508 502	5,000 3,000 96,000 55,000 5,000	52, 555, 782, 572, 100, 96, 55, 63, 26, 140,
TOTAL INTANGIBLES ANGIBLE COSTS Ifase Casang mediate Casang duction CasingLuner biting b	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512 513	63,645 26,593 140,007 130,000	500 531 506 507 508 502	5,000 3,000 96,000 55,000 5,000	52, 555, 762, 57, 100, 96, 55, 51, 26, 140,
TOTAL INTANQUELES ANGIBLE COSTS Idace Casung, Idace Casung, Idace Casung, Idace Casung, Idace Casung, Idace Casung, Idace Idac	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512 513 515	63,645 26,593 140,007 130,000	500 531 506 507 508 502	5,000 3,000 96,000 55,000 5,000	52, 555, 762, 57, 100, 96, 55, 51, 26, 140,
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Costing emediate Costing emediate Costing douclion GassingLiner biring eliterad Equipment imping Unit imping Unit imping Voror dis dis impis Sub Surface (BH) inks wifers Tronter/Separator etitical System etitical	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512 513 515 517	63,645 26,593 140,007 130,000	500 531 506 507 508 502	5,000 3,000 96,000 55,000 5,000	52, 555, 762, 57, 100, 96, 55, 51, 26, 140,
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Casing emediate Casing douclion Cassingtaner bring Ultimat Equipment mping Unit mo Mover ds subs Sub Subface (BH) nits and Tronter/Separator citical System citical Syste	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518	63,645 26,593 140,007 190,000	500 531 506 507 508 502	5,000 3,000 96,000 55,000 5,000	52, 555, 782, 577, 100, 96, 58, 5, 633, 20, 140, 145, 102,
TOTAL INTENDIFIES ANGIBLE COSTS If see Casing errectiate Chang oduction Casingfuner biring birin	401 402 403 405	52,000 555,000 782,000	\$04 505	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518 521	63,645 26,593 140,007 130,000 102,282 5,000 10,482	530 531 506 507 508 532 533 534	5,000 3,000 96,000 55,000 5,000 15,000 2,000	52, 555, 555, 563, 100, 100, 100, 100, 100, 100, 100, 10
TOTAL INTENDIGLES ANGIBLE COSTS Ifface Casing mediate Chaing otherina Casing Control of Casing otherina Equipment mpling Unit mon Mover dis mas Sub Surface (BH) nits whites whites whites cherical System cherical	401 402 403 405	52,000 555,000 782,000	504 505 509	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518 521 522	63,645 26,593 140,007 130,000 102,282 5,000	530 531 506 507 508 532 533 534	5,000 3,000 90,000 55,000 5,000 15,000 2,000	52, 555, 57, 100, 96, 55, 5, 61, 140, 145, 102,
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Casing introduction Casing Current pring billined Equipment impring Unit mon Morer ds superior Cost System discontinuous Cost Cost Cost superior Cost Cost superior C	401 402 403 405	52,000 555,000 782,000	504 505 509 514	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518 521 522 523	63,645 26,593 140,007 130,000 102,282 5,000	530 531 506 507 508 532 533 534	5,000 3,000 90,000 55,000 5,000 15,000 2,000	52, 555, 57, 100, 96, 55, 5, 61, 140, 145, 102,
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Casing emediate Casing douclion Cassingtaner bring Ultimat Equipment mping Unit mo Mover ds subs Sub Subface (BH) nits and Tronter/Separator citical System citical Syste	401 402 403 405	52,000 555,000 782,000	504 505 509 514	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518 521 522 523 524	63,645 26,593 140,007 130,000 107,282 5,000 10,482 5,241	530 531 506 507 508 532 533 534	5,000 3,000 90,000 55,000 5,000 15,000 2,000	52, 555, 555, 57, 100, 00, 100, 100, 100, 100, 100, 100
TOTAL INTANGIBLES ANGIBLE COSTS Ifface Casing introduce Casing Control Casing Control billing a Equipment Cost Cost Cost Cost Cost Cost Cost Cos	401 402 403 405	52,000 555,000 782,000	504 505 509 514	\$.076,500 \$2,000 0 0 0	511 512 513 515 517 518 521 522 523 524 525	5,000 10,282 5,245 100,000 10,282 5,000 10,482 5,241 25,156	530 531 506 507 508 532 533 534	5,000 3,000 90,000 55,000 5,000 15,000 2,000	52, 555, 555, 57, 100, 96, 55, 61, 140, 145, 145, 142, 177, 18, 8, 255, 255, 255, 256, 256, 256, 256, 256
TOTAL INTANGIBLES ANGIBLE COSTS Ifase Casing primediate Charing duction CassingLiner primy Illited Equipment imping Unit to Mover ds ds ds ds ds ds ds direct ds ds direct ds direct ds direct ds direct ds direct ds dr dr dr dr dr dr dr dr dr	401 402 403 405	52,000 555,000 782,000	504 505 509 514	52,030 22,000 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,282 5,245 100,000 10,282 5,000 10,482 5,241 25,156	500 531 506 507 508 502 502 504	5,000 3,000 90,000 55,000 5,000 15,000 2,000	52, 555, 555, 57, 100, 96, 97, 97, 97, 97, 97, 97, 97, 97, 97, 97
TOTAL INTANGIBLES INGIBLE COSTS ISEC CASING INTERCLATED INTERCLATE	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,452 5,241 10,007 10,282 5,000 10,452 5,241 25,156 23,554 60,000	500 531 506 507 508 502 502 504	5,000 3,000 90,000 55,000 5,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
INGIBLE COSTS Issee Gasaing Immediate Cassing duction Cassingfuner Ining Illimed Equipment Ining Illimed Equipment Ining Illimed Equipment Ining Illimed Equipment Ining In	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	\$2,030 22,000 0 0 0 0 0 0 0 0 15,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,0282 5,000 10,000 10,482 5,241 25,156 23,544 60,000	500 531 506 507 508 502 502 504	5,000 3,000 96,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
INGIBLE COSTS Sace Casain Immediate Casain duction Casainpfuner Intro Illinead Equipment Intended Culpment Intended System Intended Syste	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,452 5,241 10,007 10,282 5,000 10,452 5,241 25,156 23,554 60,000	500 531 506 507 508 502 502 504	5,000 3,000 96,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
TOTAL INTANGIBLES INGIBLE COSTS Iface Casing Introduction Casing Line Viduction Casing	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 0 0 0 0 0 15,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
INGIBLE COSTS Sace Casain Immediate Casain duction Casainpfuner Intro Illinead Equipment Intended Culpment Intended System Intended Syste	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
TOTAL INTANGIBLES ANGIBLE COSTS Ifase Casing Introduction Casing Line provide and Casing Line provide and Casing Line form Illihead Equipment Import Unit Import Unit	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 0 0 0 0 0 15,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
TOTAL INTANGIBLES ANGIBLE COSTS Ifase Casing Introduction Casing Line provide and Casing Line provide and Casing Line form Illihead Equipment Import Unit Import Unit	401 402 403 405	52,000 555,000 782,000 75,000 1,464,000 5,277,100 35**	504 505 509 514	52,030 22,000 0 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
ANGIBLE COSTS Ifface Casing mendiate Charg poduction Casing/Liner birring billitenal Equipment mpling Unit mo Mover ds ds ds ds ds ds ds ds ds d	401 402 403 405	52,000 555,000 782,000 75,000	504 505 509 514	52,030 22,000 0 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
TOTAL INTANGIBLES ANGIBLE COSTS flase Casing primediate Casing disclind Equipment disclind Equipment monitorial Equipment monitorial Equipment monitorial Equipment monitorial Equipment miss Substace (BH) miss discreased Equipment miss Substace (BH) miss discreased Equipment miss Substace (BH) miss discreased Equipment miss Substace discreased Equipment	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 556, 557, 100, 966, 55, 556, 651, 140, 145, 145, 145, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 162, 177, 18, 18, 18, 18, 18, 18, 18, 18, 18, 18
ANGIBLE COSTS Ifface Casing mendiate Charg poduction Casing/Liner birring billitenal Equipment mpling Unit mo Mover ds ds ds ds ds ds ds ds ds d	401 402 403 405	52,000 555,000 782,000 75,000 1,464,000 5,277,100 35**	504 505 509 514	52,030 22,000 0 0 0 66,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 555, 563, 363, 364, 364, 364, 364, 364, 364, 3
ANGIBLE COSTS Ifface Cashing mediate Cashing mediate Cashing douclion Cashinghaner biting illiend Equipment mpling Unit mo Movor ds mings Sub Surface (BH) nits submines distribution Cost of the Cos	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175
ANGIBLE COSTS Ifface Casing Introduction CasingCuner Diring Ultimate Equipment Impinio Unit Impinio Mover Ids Impinio Sub Surface (BH) Inits Impinio Sub Surface (BH) Inits Impinio Unit	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175
ANGIBLE COSTS Ifface Cashing mediate Cashing mediate Cashing douclion Cashinghaner biting illiend Equipment mpling Unit mo Movor ds mings Sub Surface (BH) nits submines distribution Cost of the Cos	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175
TOTAL INTANGIBLES ANGIBLE COSTS flase Casing primediate Chisery pduction Casingfuner primy Billiand Equipment mpring Unit mps Sub Surface (BH) his winces and or Tronter/Separator citrical System ci	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175
TOTAL INTANGIBLES INGIBLE COSTS Iface Casain Intrinediate Int	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175
INGIBLE COSTS Inset Casing Inset Surface (Birg) Inset Surface (B	401 402 403 405	52,000 555,000 782,000 75,000 75,000 1,464,000 5,277,100 35** Date Prepared:	504 505 509 514	52,030 22,000 0 0 0 0 0 0 155,030 8,232,000	511 512 513 515 517 518 521 522 523 524 525 526	5,000 10,482 5,241 28,593 140,007 102,282 5,000 10,482 5,241 25,156 23,594 60,000 591,990	500 531 506 507 508 502 502 504	5,000 1,000 90,000 55,000 15,000 2,000 7,000 3,000	52, 555, 555, 557, 100, 966, 55, 631, 140, 145, 145, 145, 145, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 177, 18, 175, 175, 175, 175, 175, 175, 175, 175

of the actual costs incurred.





August 22, 2019

Marathon Oil Permian LLC 5555 San Felipe Street Houston, TX 77056

Re:

Well Proposal - Stove Pipe Federal Com #702H

Sec 6: Lots 3-7, SE/4NW/4, E/2SW/4 (W/2) - T25S-R35E

Sec 7: Lots 1-4, E/2W/2 (W/2) - T25S-R35E

SHL: 270 FSL/2190 FWL, or a location in Sec 31 - T24S-R35E BHL: 50 FSL/2080 FWL, or a location in Sec 7 - T25S-R35E

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Stove Pipe Federal Com #702H well as a horizontal well at the above-captioned location to a TVD of approximately 12,700' and a MD of 23,162' to test the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$15,050,255.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the attached order granted by the NMOCD (Order #R-20766). Please make your election by signing the attached AFE and prepaying your share of the cost within 30 days of receipt of the AFE herein. Failure to prepay or lack of response will be deemed a non-consent election pursuant to the enclosed order.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2588.

Respectfully,

COG OPERATING LLC

Megan L Tipton

Megan Tipton Landman

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	STOVE PIPE FEDERAL COM #702H	PROSPECT NAME:	Bulldon 2535 (717109)
SHL:	Sec 31: 270 FSL & 2190 FWL	STATE & COUNTY:	New Mexico, Lea
BHL:	Sec 7: 50 FSL & 2080 FWL	OBJECTIVE:	DRILL AND COMPLETE
FORMATION:	Wollbone Pool	DEPTH:	23,162
LEGAL:	Sec 31: 24S-35E	TVD:	12,700
THE RESERVE OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TW	The state of the s	TO A TO A SHARE A SHAR	The state of the s

INTANGIBLE COSTS Title/Curalive/Permit	201	Drig - Rig Release(D) 20,000		Completion(C)		Tank Bity Constrctn(TB)		Pmpq Equipment(PEQ)	<u>TOT/</u>
nsurance Damages/Right of Way	202	2,500			i.				
urvoy/Stake Location	200	20,000	30	,	351				2
ocation/Pits/Road Expense	205	135 000	30	10,000			2166		19
rilling / Completion Overhead	206	11,100							- 2
urnkey Contract	207								
polage Contract	208								-
nywork Contract	209	000,Nie							90
rectional Drilling Services	210	480,000							4F
rac Equipment			30						1,02
rne Chemicals			301						47
rac Proppant			309						- 81
rac Proppant Transportation			310						3.9
uel & Power	211	211,000			354		367		27
foles	212	000,000					368		1,04
ds .	213	119,000	313				1109		. 12
rill Stem Test	214	275,000	310				370		30
oring & Analysis	216		311			$\overline{}$			-
ement Surface	217	000,80							-
enient Intermediate	218	75.000							7
ement 2nd Intermediate/Production	219	115,000							11
Coment Squeeze & Other (Kickoff Plug)	220	110,000					371		
loat Equipment & Centralizers	221	G5,000					3/1		
asing Crows & Equipment	272	70,000		-					- 6
ishing Tools & Service	223		323				372		
icologic/Engineering	224	11,800	324		355		373		-
entract Labor	225	6,500	Л25	20,000	356		374	0,500	15
empany Supervision	226	66,600	326		357		375		8
onuact Supervision	227	157,000	327				376	5,000	41
esting Casing/Tubing	228	30,000	128				377		3
Aud Logging Unit	229	70.000							/
ogging	230						37B		
erlanding/Wireling Services	231	4,000	331	508,000			379		59
dimutation/Troating			332	397,000			380		39
ampletian Unit			333	138,000			301	H,R00	14
wabbing Unit			934				302		
Rentals-Surface	205	190,000	335	403,000	359		383	7,000	GO
tentals Subsurface	236	150,000	330	000,00			304		18
rucking/Forklit/Rvq Mobilization	237	200,000	337	20,000	360		305	3,000	22:
Velding Services	238	3,000	330	5,000	361		SAG		
/ator Disposal	200		3319	60,000	362	135,000	387	250,000	44
Rig to Abandon	240		340						
eismic Analysis	241		341						
fiscellaneous	242		342				389		
entingency	243	72,000	343	250,000	363		330		32
losed Loop & Environmental	244	000,00D	344	5,000	064		388		33
lyed Diesel	245		345	184,000					
Coll Tubing			346	750,000					751
flowback Crews & Equip			347	4A,000					- 41
Diset Directiona/Frac TOTAL INTANGIBLES	248	3,978,500	348	8,076,500			391		-
TOTAL ITTARODELS		3,876,300		1,070,500		302,935		280,300	12,63F
ANGIBLE COSTS									
uriaco Casario	-101	18,000							44
dermediate Casing	402	555.000				-			565
roduction Castria/Liner	103	796,000							/00
produ	100	130,000	504	52,000			500	5,000	57
fellifond Equipment	405	75,000	505	22,000			531	3,000	100
umping Unit				0			50G	96,000	91
riine Mover				0			507	10000	-
ods				0			SOB	55,000	55
umps Sub Surface (BH)			509				532	5,000	3
anks			200		510	63,645	aratic.	7,000	63
owbnes					511	26,593			20
paler Treater/Separator					512	140,007			140
lectrical System					513	130,000	503	15,000	145
ackers/Anctors/Hangers	414		514	66,000			534	2,000	Gt
ouplings/Filtings/Valves	415				515	102,202			102
ollydration					517				
ection Plant/CO2 Equipment					518				
umps Surface					521	5.000			5
strumentation/SCADA/POC					522		529	7,000	17
rscellaneous	419		519		523		535	3,000	
onlingency	480		520		524		536		
elors/LACT					525	25,156			25
ures/Combustars/Emission					526	23,584			23
as Lift/Compression			527		516		528		75
TOTAL TANGIBLES		1,474,000		155,030		591,990		191,000	2,412
TOTAL WELL COSTS		5,452,500		8,232,000		894,925		471,300	15,050
e of Total Walt Cont		0.00		eer:					
of Total Well Cost OG Operating LLC		36%		55%		616		3%	
sv		Date Prepared		2/28/19					
				7/2/17/19					
e approve:		COG Operating LLC							
S Working Interest		Ву:		ΛL					
				, AC					
singary.									
6									
inted Name:									
		Tivs AFE is only an estima	ato: I	av sidming way aning to pay	vour	share			
<u> </u>				sy organia you maree to this					
tes.		of the natural costs incurred		of angrand for adice of but					



October 1, 2019

U.S. Certified Mail

Marathon Oil Permian, LLC 5555 San Felipe Street Houston, TX 77056

Re:

Well Proposal - Stove Pipe Federal Com #704H

Sec 6: Lots 3-7, SE/4NW/4, E/2SW/4 (W/2) - T25S-R35E

Sec 7: Lots 1-4, E/2W/2 (W/2) - T25S-R35E

SHL: 270 FSL/390 FWL, or a location in Sec 31 - T24S-R35E BHL: 50 FSL/1230 FWL, or a location in Sec 7 - T25S-R35E

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Stove Pipe Federal Com #704H well as a horizontal well at the above-captioned location to a TVD of approximately 12,865' and a MD of 23,334' to test the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$12,291,100.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the attached order granted by the NMOCD (Order #R-20766). Please make your election by signing the attached AFE and prepaying your share of the cost within 30 days of receipt of the AFE herein. Failure to prepay or lack of response will be deemed a non-consent election pursuant to the enclosed order.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2588.

Respectfully,

COG OPERATING LLC

Megan L. Tipton

Megan Tipton Landman

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	Stove Pipe Federal Com 704H	PROSPECT NAME:	Bulldog 2535 (717109)	
SHL:	SEC 31: 270 FSL 390 FWL (or a location in Lot 4)	STATE & COUNTY:	New Mexico, Lea	
SHL:	SEC 7: 60 FSL 1230 FWL (or a location in Lot 4)	OBJECTIVE:	DRILL & COMPLETE	
FORMATION:	Wolfbone Pool	DEPTH:	23,334	
LEGAL:	Sec 31: 24S-35E	TVD:	12,865	

NTANGIBLE COSTS	201	Drig - Rig Release(D)		Completion(C)		Tank Bity. Constrctn(TB)		Pmpg. Equipment(PEQ)	TOTA
	202		302					god and the said	
Damages/Right of Way	203		303		361	1,000		DOCUMENTS OF THE PARTY.	1
	204			67,000	362				- 6
	205		305	10,000	363	26,000	366		21
	206		306	15,000		The Part of the last		AND THE PARTY OF T	2
	207		307	1,070,000		SILL STATE OF THE		CONTRACTOR OF THE PARTY OF THE	1,07
	208		308	434,000					43
	209		309	210,000				ACCOUNT OF THE PARTY.	1,36
Frectional Drilling Services	210	535,000	310	347,000		Liver of the Park		MIDDELM BOOKS	88
uel & Power	211	237,000	311	68,000	354	"	367		30
fotor	212	100,000	312	551,000			368		65
1	213	184,000	313				369		18
ud & Chemicals	214	446,500	314			COMMENSATION OF THE PARTY OF	370		44
	215		315	550,000		No. of Concession, Name of Street, or other party of the Concession, Name of Street, or other pa			55
	216	0		Language Co.		and the same of the			
	217	27,900		P. Committee Com					2
	218	83,700		THE RESERVE OF STREET					8:
	219	116,300		A PARTY OF THE PAR		The state of the			110
	220	0					371		
							311		7
	221	70,000							
	222	60,000							. 8
	223		323				372		
	224		324		365		373		1
	226		325	20,000	355	160,000	374	6,500	19
	226		326	15,000	357	3,000	375	0	10
	227		327	295,000	366		378	5,000	49
	228		328	5,000		And the second	377		4
	229		329	68,000		THE RESIDENCE OF THE PARTY OF T		MISCONICE	13
	230	0		CHI COST OF THE		The second second	378		
	231		331	404,000		Married Williams	379		40
imulation/Treating			332	0		INDEXES INC.	380		
			333	0			381	10,000	- 1
ompletion Unit			334			A THE RESERVE	382	0	
wabbing Unit	005		338		389		383	7,000	28
	235				208	-	384	0	16
	236		336	0				3,000	28
The state of the s	237		337	20,000	380		385	3,000	
	238		338	5,000	361		386		2
	239		339	60,000	362	200,000	387		26
ug to Abandon	240		340			DUMPART OF THE		Annual Control of the last of	
siamic Analysis	241		341			- The state of the		Manufacture	
scellaneous	242		342				389	On the second	
ontingency	243	99,000	343	200,000	383		390		29
	244	517,000	344	0	384		388		51
	245		345	402,000					
oil Tubing			348	495,000		THE PERSON NAMED IN		District Section 19	49
owback Crews & Equip			347	0		COMMISSION OF THE PARTY OF THE		THE PERSON NAMED IN	
	248		348						
TOTAL INTANGIBLES	2-10	4,976,100		5,311,000		390,000		31,500	10,30
TOTAL INTRAGIGLES		7,47,414		0,011,000					
ANCIDI E COSTO									
ANGIBLE COSTS		45.000		times to the same		Union and the second		plants are balance or professional	4
	401	45,000							44
Water Marie Control of the Control o	402	443,000		A STREET, SQUARE, SQUARE,					
	403	458,000		A CONTRACTOR OF THE PARTY OF TH		HOLDER SHEWAR			45
ibling			604	62,000		2 15 March 1997	530	10,000	6.
elihead Equipment	405	75,000	505	22,000		DESCRIPTION OF THE PARTY OF THE	631	3,000	10
umping Unit		Comment of the same of		THE PARTY NAMED IN		CONTRACTOR OF THE PARTY OF THE	508	98,000	9
ima Mover		THE RESIDENCE		1,574 PARENT MARKET			507	0	
ods		CONTRACTOR OF		Secretarios de la constante de			506	65,000	- 6
umps-Sub Surface (BH)			509				532	5,500	8
inks		San Laboratoria		The state of the s	510	45,000		THE RESERVE THE PARTY.	4
ovenes				Charles and the Control of the Contr	611	20,000		A STATE OF THE PARTY.	2
TO THE STATE OF TH					512	145,000		A STATE OF THE PARTY OF THE PAR	14
eater Treater/Separator							402	20,000	40
ectrical System				44.000	513	108,000	533	20,000	- 12
	414		514	66,000			634	2,000	
	415				815	170,000			17
as Lift/Compression				Harris Market Cont.	516	28,000		A STATE OF THE PARTY OF	2
Land and the second sec		DIM TARREST CONT.		The second secon	617			COLUMN TO SERVICE STREET	
anyaration		AND THE RESIDENCE OF THE PARTY		REPLEMENTAL	518	0		ON THE PROPERTY OF	
					521	20,000			2
ection Plant/CO2 Equipment				TO WENT TO SHARE	522	15,000	629	7,000	2
ection Plant/CO2 Equipment mps-Surface		Personal Property	519		623	15,000	635	3,000	- 1
action Plant/CO2 Equipment imps-Surface strumentation/SCADA/POC	419				524	0	536	*******	
ection Plant/CO2 Equipment mps-Surface tournentstoon/SCADA/POC scellaneous	419							STATE AND ASSESSMENT	2
ection Plant/CO2 Equipment mps-Surface strumentation/SCADA/POC acetaneous pringency	419 420		520	Maria de la compansión de	625	20.000			
action Plan/CO2 Equipment mps-Surface strumentation/SCADA/POC scalaracous philingency sters/LACT					525 526	20,000		The second secon	2
action Plant/CO2 Equipment imps-Surface trumentation/SCADA/POC scellaneous printingency sters/LACT tree/Combusters/Emission				240.000	626 626	24,000		213.600	1.08
ection Plant/CO2 Equipment mps-Surface strumentation/SCADA/POC scellaneous scellaneous scellaneous scellaneous resurfact resurfact resurfact resurfact royal TANGIBLES		1,021,000		140,000		24,000 610,000		213,500	1,98
nction Plant/CO2 Equipment mps-Surface trumentation/SCADA/POC scalaneous nitingency test/ACT resiCombusters/Emission				140,000 5,451,000		24,000		213,500 245,000	1,98
nction Plant/CO2 Equipment mps-Surface trumentation/SCADA/POC toelaneous mitingency mitingency mersinAct resiCombusters/Emission TOTAL TANGIBLES TOTAL WELL COSTS		1,021,000 5,997,100		5,451,000		24,000 610,000 1,000,000		245,000	1,98
action PlanUCO2 Equipment inumentation/SCADA/POC scalaneous intimentation/SCADA/POC scalaneous intingency steru/LACT realCombusters/Emission TOTAL TANGBLES TOTAL WELL COSTS % of Total Well Cost		1,021,000				24,000 610,000			1,98
nction PlanUCO2 Equipment imps-Surface tumentalson/SCADA/POC scellaneous intingency interACT realCombusters/Emission TOTAL TANGIBLES TOTAL WELL COSTS % of Total Well Cost		1,021,000 5,997,100		5,451,000		24,000 610,000 1,000,000		245,000	1,98
action PlanUCO2 Equipment inumentation/SCADA/POC scalaneous intimentation/SCADA/POC scalaneous intingency steru/LACT realCombusters/Emission TOTAL TANGBLES TOTAL WELL COSTS % of Total Well Cost		1.021,000 5,097,100 49%		5,451,000		24,000 610,000 1,000,000		245,000	1,98
action PlanUCO2 Equipment inumentation/SCADA/POC scalaneous intimentation/SCADA/POC scalaneous intingency steru/LACT realCombusters/Emission TOTAL TANGBLES TOTAL WELL COSTS % of Total Well Cost		1,021,000 5,997,100		5,451,000		24,000 610,000 1,000,000		245,000	1,98
priingency seer/LAC seer/LAC seer/LAC seer/LAC seer/LAC TOTAL TANGIBLES TOTAL WELL COSTS		1.021,000 5,997,100 49% Date Prepared:		5,451,000		24,000 610,000 1,000,000		245,000	1,98 12,20
action Plan/CO2 Equipment imps-Surface stormentation/SCADA/POC scellaneous politiquency politiquency acestication total Andibles TOTAL TANGIBLES TOTAL WELL COSTS "% of Total Well Cost DG Operating LLC		1.021,000 5,097,100 49%		5,451,000		24,000 610,000 1,000,000		245,000	1,98
action Plant/CO2 Equipment imps-Surface imps-Surface scellaneous prilingency aceilaneous prilingency area/Combusters/Emission TOTAL TANGIBLES TOTAL WELL COSTS % of Total Well Cost a approve:		1.021,000 5,997,100 49% Oate Prepared: COG Operating LLC		5,451,000		24,000 610,000 1,000,000		245,000	1,98
action Plan/CO2 Equipment imps-Surface stormentation/SCADA/POC scellaneous politiquency politiquency acestication total Andibles TOTAL TANGIBLES TOTAL WELL COSTS "% of Total Well Cost DG Operating LLC		1.021,000 5,997,100 49% Date Prepared:		5,451,000		24,000 610,000 1,000,000		245,000	1,98
nction Plant/CO2 Equipment mps-Surface turnentation/SCADA/POC todaneous mingency test/ACT treat/Combusters/Emission TOTAL TANGIBLES TOTAL WELL COSTS % of Total Well Cost a approve:		1.021,000 5,997,100 49% Oate Prepared: COG Operating LLC		5,451,000		24,000 610,000 1,000,000		245,000	1,98

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



October 1, 2019

U.S. Certified Mail

Marathon Oil Permian, LLC 5555 San Felipe Street Houston, TX 77056

Re:

Well Proposal - Stove Pipe Federal Com #706H

Sec 6: Lots 3-7, SE/4NW/4, E/2SW/4 (W/2) - T25S-R35E

Sec 7: Lots 1-4, E/2W/2 (W/2) - T25S-R35E

SHL: 270 FSL/360 FWL, or a location in Sec 31 - T24S-R35E BHL: 50 FSL/825 FWL, or a location in Sec 7 - T25S-R35E

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Stove Pipe Federal Com #706H well as a horizontal well at the above-captioned location to a TVD of approximately 12,550' and a MD of 22,948' to test the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$11,850,000.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the attached order granted by the NMOCD (Order #R-20766). Please make your election by signing the attached AFE and prepaying your share of the cost within 30 days of receipt of the AFE herein. Failure to prepay or lack of response will be deemed a non-consent election pursuant to the enclosed order.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2588.

Respectfully,

COG OPERATING LLC

Megan L. Tipton

Megan Tipton Landman

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	Stove Pipe Federal Com 706H	PROSPECT NAME:	Bulldog 2535 (717109)	
SHL:	SEC 31: 270 FSL 360 FWL (or a location in Lot 4)	STATE & COUNTY:	New Mexico, Lea	
BHL:	SEC 7: 50 FSL 825 FWL (or a location in Lot 4)	OBJECTIVE:	DRILL & COMPLETE	
FORMATION:	Wolfbone Pool	DEPTH:	22,948	
LEGAL:	Sec 31: 24S-35E	TVD:	12,550	
LEGAL:	Sec 31: 24S-35E	TVD:	12,550	

Je/Curalive/Permit surance mages/Right of Way rrvey/Stake Location cation/Pits/Road Expense		Release(D)		Completion(C)		Tank Btty Constrctn(TB)		Pmpg Equipment(PEQ)	TOTAL
amages/Right of Way urvey/Stake Location	201		302	THE REAL PROPERTY.					
	203		303		351	1,000		Company of the second second	1,0
cation/Pits/Road Expense	204			67,000	352			PARTITION COLUMN	67,0
	205	180,000	305	10,000	353	26,000	366		216,0
illing / Completion Overhead	206	12,600	306	15,000					1,070,0
imkey Contract lotage Contract	207	0	307 308	1,070,000				Land to the second second	434,0
nywork Contract	209	1,035,000	309	210,000				of community and the	1,245,0
rectional Drilling Services	210	490,000	310	347,000		and the second		Control of the last	837,0
el & Power	211	212,000	311	68,000	354		367		280,
aler	212	85,000	312	551,000		THE REPORT ASSESSMENT	368		636,
s	213	162,000	313			ing/Assembly in a	369		162,
ud & Chemicals	214	378,000	314			- Carl 1979 - 197	370		378,
ill Stem Test	215	0	315	550,000		THE RESIDENCE OF			550,
oring & Analysis	216	0		COLD POTENTIAL RO					
ement Surface	217	27,900		VACCINITIES OF THE PARTY OF THE					83,
ment Intermediate	218 219	83,700 116,300		Note that the party of					116,
ement 2nd Intermediate/Production ement Squesze & Other (Kickoff Plug)	220	110,300					371		
pat Equipment & Centralizers	221	70,000					3/1	71 E S 10 10 10 10 10 10 10 10 10 10 10 10 10	70,
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% of Total Well Cost	2	Date Prepared:	_						
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		COG Operating LLC By: DWD			_		_	-3	
PG Operating LLC s approve:					_		_	=3	
96 Operating LLC 9 approve: 15 Working Interest				_	_			-3	
G Operating LLC approve:	= -	By. DWD	ngl-	By signing you agreé lo p.		ar chare		-3	



October 1, 2019

U.S. Certified Mail

Marathon Oil Permian, LLC 5555 San Felipe Street Houston, TX 77056

Re:

Well Proposal - Stove Pipe Federal Com #707H

Sec 6: Lots 3-7, SE/4NW/4, E/2SW/4 (W/2) - T25S-R35E

Sec 7: Lots 1-4, E/2W/2 (W/2) - T25S-R35E

SHL: 270 FSL/330 FWL, or a location in Sec 31 - T24S-R35E BHL: 50 FSL/330 FWL, or a location in Sec 7 - T25S-R35E

Lea County, New Mexico

Dear Sir/Madam:

COG Operating LLC (COG), as Operator, proposes to drill the Stove Pipe Federal Com #707H well as a horizontal well at the above-captioned location to a TVD of approximately 12,865' and a MD of 23,400' to test the Wolfbone Pool ("Operation"). The total cost of the Operation is estimated to be \$12,291,100.00 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the attached order granted by the NMOCD (Order #R-20766). Please make your election by signing the attached AFE and prepaying your share of the cost within 30 days of receipt of the AFE herein. Failure to prepay or lack of response will be deemed a non-consent election pursuant to the enclosed order.

If you have any questions, please do not hesitate to contact the undersigned at (432) 685-2588.

Respectfully,

COG OPERATING LLC

Megan L. Tipton

Megan Tipton Landman

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

WELL NAME:	Stove Pipe Federal Com 707H	PROSPECT NAME:	Bulldog 2535 (717109)	
SHL:	SEC 31: 270 FSL 330 FWL (or a location in Lot 4)	STATE & COUNTY:	New Mexico, Lea	
BHL:	SEC 7: 50 FSL 330 FWL (or a location in Lot 4)	OBJECTIVE:	DRILL & COMPLETE	
FORMATION:	Wolfbone Pool	DEPTH:	23,400	
LEGAL:	Sec 31: 24S-35E	TVD;	12,865	

Indicator for Part	NTANGIBLE COSTS		Drig - Rig Release(D)		Completion(C)		Tank Btty Constrctn(TB)		Pmpg Equipment(PEQ)	тот
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Date Prepared: COG Operating LLC e approve: % Working Interest By: DWD	TOTAL TANGIBLES		5,997,100		5,451,000	- 8	1,000,000		245,000	12,29
Oate Prepared: COG Operating LLC a approve: % Working Interest By: DWO	TOTAL TANGIBLES		49%		44%		6%		2%	
c approve: % Working Interest By: DWD	TOTAL TANGIBLES TOTAL WELL COSTS % of Total Well Cost									
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	TOTAL TANGIBLES TOTAL WELL COSTS % of Total Well Cost OG Operating LLC s approve:		COG Operating LLC							

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

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

APPLICATION OF COG OPERATING LLC FOR COMPULSORY POOLING,

LEA COUNTY, NEW MEXICO.

CASE NO. 20527 (Re-opened) ORDER NO. R-20766

AFFIDAVIT OF CODY BACON

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

1. My name is Cody Bacon. I work for COG Operating LLC ("COG") as a geologist.

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

expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted

by the Division and made a matter of record.

3. I am familiar with the application filed by COG to re-open this case, and I have

conducted a geologic study of the targeted intervals within the Bone Spring and Wolfcamp

formations underlying the subject acreage.

4. As presented at hearing on July 25, 2019, COG is targeting what is known as the

Wolfbone Pool, in both the Bone Spring and Wolfcamp formations, with its proposed wells in

this re-opened case. While the pool and spacing unit remain the same, COG's

development plan and well spacing has changed.

5. COG Exhibit No. B-1 is a project locator map showing the location of the proposed

spacing unit in this case and the path of the proposed wellbores for each of the five wells depicted

by red and purple dashed lines.

6. COG Exhibit No. B-2 is a subsea structure map that I prepared for the base of the

Third Bone Spring Sand that is representative of the targeted interval within the Bone Spring

BEFORE THE OIL CONSERVATION DIVISION

formation. The proposed Stove Pipe Federal Com #601H well and Stove Pipe Federal Com #706H well are depicted by purple dashed lines. Existing producing wells in the Third Bone Spring Sand are represented by solid purple lines. The structure map shows that the formation is gently dipping to the west 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 is a subsea structure map that I prepared for the top of the Wolfcamp that is representative of the targeted interval within the Wolfcamp formation. The proposed Stove Pipe Federal Com #702H well, Stove Pipe Federal Com #603H well (formerly the Stove Pipe Federal Com #704H well), and Stove Pipe Federal Com #707H well are depicted by red dashed lines. Existing producing wells in the Wolfcamp Shale are represented by solid red lines. The structure map shows that the formation is gently dipping to the west 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.
- 8. **COG Exhibit No. B-4** overlays a cross-section line in green consisting of three wells penetrating the Bone Spring and Wolfcamp formations 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.
- 9. **COG Exhibit No. B-5** is a cross section using the representative wells depicted on Exhibit B-4. Each well in the cross-section contains gamma ray, resistivity, and porosity logs. The proposed target intervals in the Third Bone Spring Sand and Wolfcamp Shale are labeled and depicted as the lateral interval on the exhibit. The cross-section demonstrates that the targeted interval extends across the proposed spacing unit.

- 10. In my opinion the stand-up orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.
- 11. Based on my geologic study, the Wolfbone, within the Bone Spring and Wolfcamp formations, underlying the subject area, including the targeted Third Bone Spring Sand and Wolfcamp Shale, are 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 wellbore.
- 12. In my opinion, the granting of COG's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

31 211

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FURTHER AFFIANT SAYETH NOT.

M. Cady Bacon CODY BACON

STATE OF TEXAS

COUNTY OF Midland

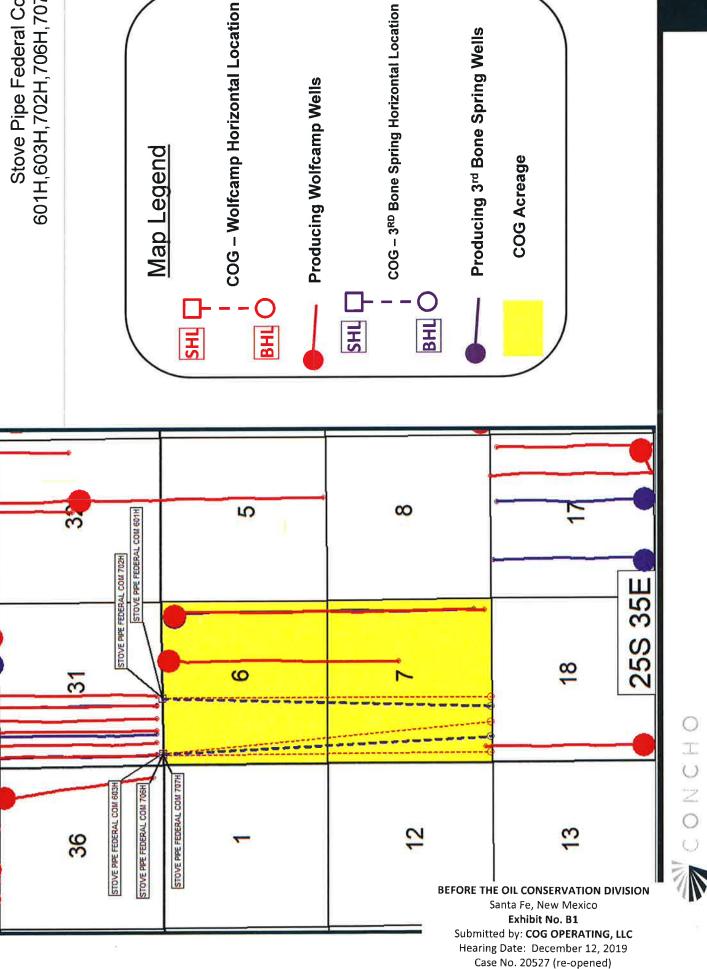
SUBSCRIBED and SWORN to before me this ______day of December 2019 by Cody Bacon.

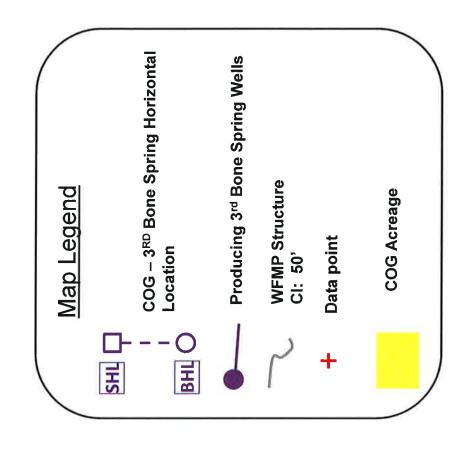
Becky Zindel
Notary Public, State of Texas
Notary ID 12941587-2
My Commission Exp. 07-10-2021

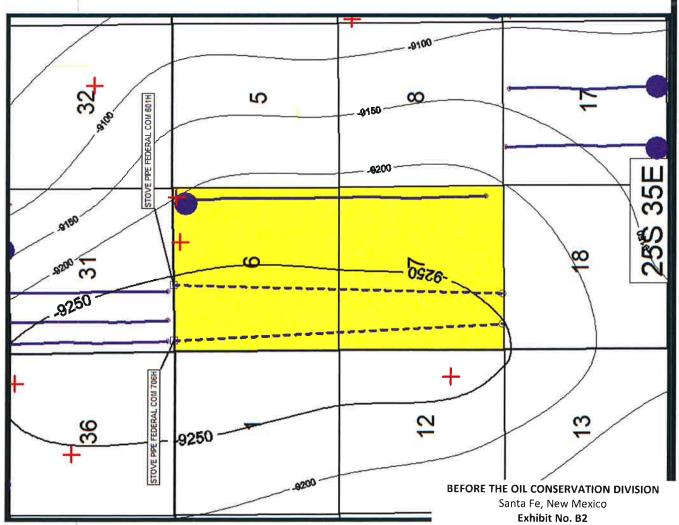
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My Commission Expires:

7/10/21



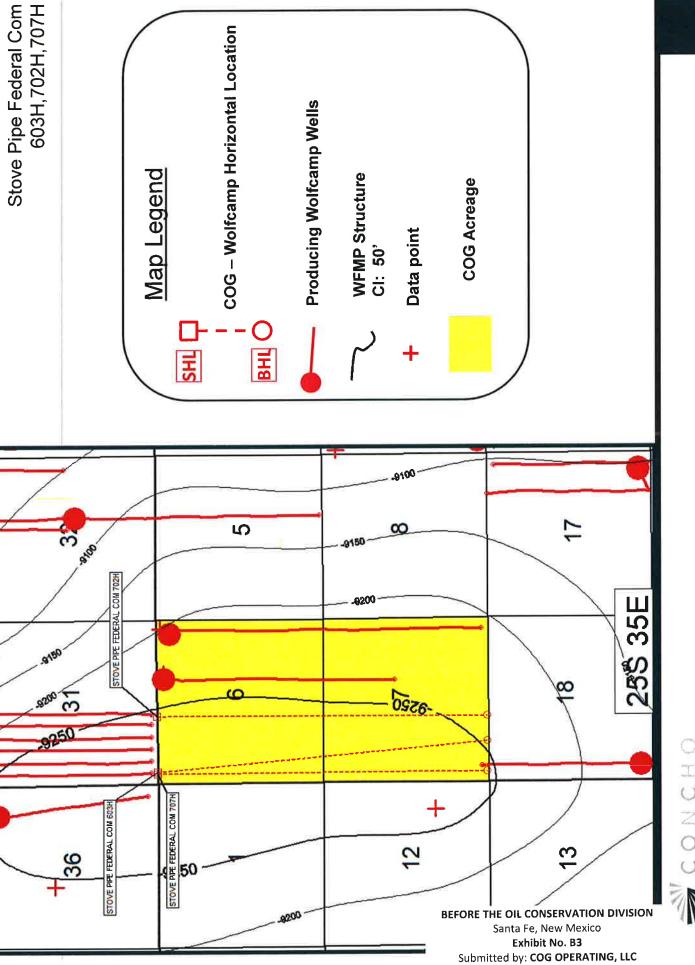






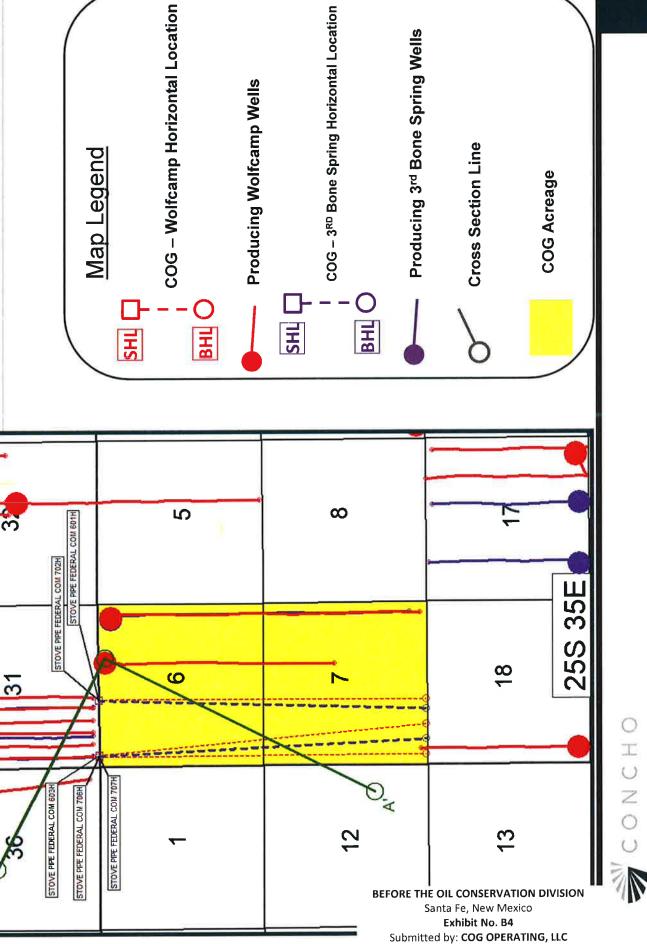
Submitted by: **COG OPERATING, LLC**Hearing Date: December 12, 2019

Case No. 20527 (re-opened)



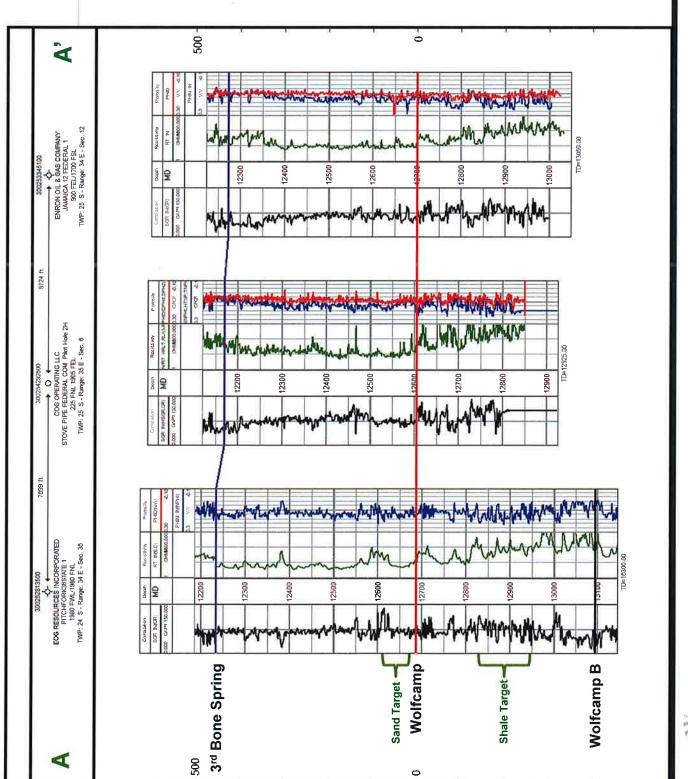
CONCHO

Hearing Date: December 12, 2019 Case No. 20527 (re-opened)



Hearing Date: December 12, 2019 Case No. 20527 (re-opened)

Stratigraphic Cross Section A – A' BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B5
Submitted by: COG OPERATING, LLC
Hearing Date: December 12, 2019
Case No. 20527 (re-opened)





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

APPLICATION OF COG OPERATING LLC TO REOPEN CASE NO. 20527 TO AMEND COMPULSORY POOLING ORDER NO. R-20766, LEA COUNTY, NEW MEXICO.

CASE NO. 20527 (Re-Opened)

AFFIDAVIT

STATE OF NEW MEXICO)	
)	SS
COUNTY OF SANTA FE)	

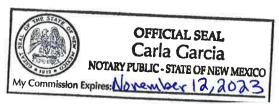
Kaitlyn A. Luck, attorney in fact and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Kaitlyn A. Luck

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

My Commission Expires:

November 12, 2023



Notary Public



Kaitlyn A. Luck Associate kaluck@hollandhart.com

November 20, 2019

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

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re:

Application of COG Operating, LLC to Re-Open Case No. 20527 to Amend Compulsory Pooling Order No. R-20766, Lea County, New Mexico.

Stove Pipe Federal Com #601H, 603H, #702H, 706H, 707H 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 Megan Tipton at (432) 685-2588 or MTipton@concho.com.

Sincerely,

Kaitlyn A. Luck

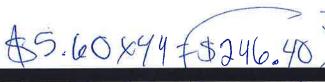
ATTORNEY FOR COG OPERATING LLC

COG - Stove Pipe Fed Com Wells

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> COG - Stove Pipe 601H, 702H, 603H, 704H, 706H, 707H Case No. 20527 CM# 51500.0010

Shipment Date: 11/20/2019

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City: SANTA FE

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Priority Mail®	0
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International*	
Other	44
Total	44

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1. 9214 8901 9403 8399 7579 38	OXY Y-1 Company 5 Greenway Plaza Suite 110 Houston TX 77046-0521	0.50	3.50	value					
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5. 9214 8901 9403 8399 7579 76	The Estates of Barney L Alsobrook Russell Kirby & Erma Kirby The Estate of Judilh A Greene c/o Scott Reed Greene 200 Old Schoolhouse Rd Beebe AR 72012-9204	0.50	3.50	Registered					
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24. 9214 8901 9403	8399 7581 64	The Estate of Wille Margaret Lain Baird c/o TD Miner	als LLC	0.50	3.50	Hand				
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29. 9214 89 0 1 9403 8	399 7582 18	The Estates of Madge Ferrel John H Ferrel & J D Ferrel c/o PCB		0.50	3.50	te				
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31. 9214 8901 9403 8	399 7582 32	The Estates of Madge Ferrel John H Ferrel & J D Ferr	ret c/o	0.50	3.50	Ċ				
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32. 9214 8901 9403 8	399 7582 49	The Estales of Madge Ferrel John H Ferrel & J D Ferr	el c/o	0.50	3.50	Hand				
		Flatland Sidecar LLC 4925 Greenville Avenue Suite 1				T				
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33.	9214 8901 9403	8399 7582 56	The Estates of Madge Ferrel John H Ferrel & J D Ferre	l c/o	0.50	3.50					
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LEGAL NOTICE NOVEMBER 28, 2019

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 Portor Hall, the Oil Conservation Division Hearing Room, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpretor, 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.emricd.state.nmus/OCD/. Please contact Ms. Davidson if a summary or other type of accessible form is needed. 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.)

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To: All overriding royalty interest owners and pooled parties, including: Oxy Y-1 Company; Marathon Oil Permian LLC; Ozark Royalty Company, LLC; Noroma Energy, LLC; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Michael Edwin Thompson; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Scott Reed Greene; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, The Estate of Judith A. Greene, their heirs and devisees, C/O Scott Reed Greene; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Scott, Reed Greene; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Jonathon Barney Alsobrook; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Jonathon Barney Alsobrook; The Estates of Barney L. Alsobrook, Russell Kirby & Erma Kirby, their heirs and devisees, C/O Scott Gary Mason; The Estates of Bob Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Scott Gary Mason; The Estates of Bob Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Ozark Royalty Company, LLC; The Estates of Bob Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Ozark Royalty Company, LLC; The Estates of Bob Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Cark Devise Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Cark Devise, C/O Estates of Bob Mason, Edwin Hall Baird, and Sallie Knight Baird, their heirs and devisees, C/O Cark Devise, C/O Estates of Bob Mason, Edwin Hall Baird, their heirs and devisees, C/O Cark Devise, C/O Estates of Willie Margaret Lain Baird, her heirs and devisees, C/O Cark Devise, C/O Estates of Willie Margaret Lain Baird, her heirs and devisees, C/O C

Permian Basin II, LLC.

CASE 20527 (re-opened): Application of COG Operating, LLC to Re-Open Case No. 20527 to Amend Compulsory Pooling Order No. R-20766, Lea County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-20768 to change the initial wells dedicated to the 840-acre, more or less, horizontal well spacing unit within the WC-025 G-09 Sz49532M; Wollbone Pool (98098), underlying Lots 3-7, the SE/4 NW/4, and the E/2 SW/4 (W/2 equivalent) of irregular Section 6, and Lots 1-4, and the E/2 W/2 (W/2 equivalent) of irregular Section 7, Township 25 South, Range 35 East, Lea County, New Mexico. The spacing unit will now be dedicated to the following wells:

• the Stove Pipe Federal Com #601H well and the Stove Pipe Federal Com #702H well to be drilled from surface hole locations in SE/4 SW/4 (Unit N) of irregular Section 31, T24S, R35E; at bottom hole locations in the SE/4 SW/4 (Unit N) of irregular Section 7, T25S, R35E; and "the Stove Pipe Federal Com #603H well (formerly the Stove Pipe Federal Com #704H well), the Stove Pipe Federal Com #706H well), the Stove Pipe Federal Com #706H well to be drilled from surface hole locations in SW/4 SW/4 (Lot 4) of irregular Section 31, T24S, R35E, to bottom hole locations in the SW/4 SW/4 (Lot 4) of irregular Section 31, T25S, R35E.

The completed interval for the proposed Stove Pipe Federal Com #603H well (Illormerly the Stove Pipe Federal Com #704H well) will be within 330 of the quarter-quarter line separating the W/2 W/2 equivalent and the E/2 W/2 equivalent of irregular Sections 6 and 7 to allow inclusion of this acreage into a standard 640-acre horizontal well spacing unit. Said area is located approximately 12.6 miles southeast of Malaga, New Mexico.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. C1

Submitted by: COG OPERATING, LLC Hearing Date: December 12, 2019 Case No. 20527 (re-opened)

Advertising Invoice

Hobbs Daily News-Sun

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Salesperson:

Kayla

Class: Sort Line: 673

34907 CASE NO 20527

Ad Notes:

Description

Amount

Ad Taker:

AFF2 Affidavits (Legals)

6.25

BOLD bold

1.00 21.51

07 07 Daily News-Sun 2019-11-28

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Ad Text:

LEGAL NOTICE NOVEMBER 28, 2019 Payment Reference:

null

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

Total: Tax:

315.80

Net:

21.51 337.31

Prepaid:

null

Total Due

337.31

Exhibit "A"

Applicant: <u>COG Operating LLC</u>

Operator: <u>COG Operating LLC (OGRID 229137)</u>

Spacing Unit: Horizontal Oil

Building Blocks: quarter-quarter section equivalents

Spacing Unit Size: 638.71 acres (more or less)

Orientation of Unit: North/South

Spacing Unit Description:

W/2 Equivalent of Section 6 and W/2 Equivalent of Section 7,

Township 25 South, Range 35 East, NMPM, Lea County, New Mexico

Pooling this Vertical Extent: Wolfbone Formation

Depth Severance? (Yes/No): No

Pool: Wildcat Wolfbone Oil (Pool code 98098)

Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules Apply.

Proximity Tracts: Yes

Proximity Defining Well: Well No. 603H is to be drilled closer than 330 feet from the

Proximity Tracts and therefore defines the Horizontal Spacing Unit.

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

Proposed Wells:

Stove Pipe Federal Com Well No. 601H, API No. 30-025-Pending

SHL: 270 feet from the South line and 2160 feet from the West line, (Unit N) of Section 31, Township 24 South, Range 35 East, NMPM. BHL: 50 feet from the South line and 1815 feet from the West line, (Unit N) of Section 7, Township 25 South, Range 35 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approx 12550 feet TVD.

Well Orientation: North to South

Completion Location expected to be: standard

Stove Pipe Federal Com Well No. 603H, API No. 30-025-Pending

SHL: 270 feet from the South line and 390 feet from the West line.

(Lot 4 or Unit M) of Section 31, Township 24 South, Range 35 East, NMPM.

BHL: 50 feet from the South line and 1310 feet from the West line,

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D

Submitted by: COG OPERATING, LLC Hearing Date: December 12, 2019 Case No. 20527 (re-opened) Case No. 20527 Order No. R-Page 2 of 2

(Lot 4 or Unit M) of Section 7, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp Shale at approximately 12865 feet TVD

Well Orientation: North to South

Completion Location expected to be:standard

Stove Pipe Federal Com Well No. 702H, API No. 30-025-Pending

SHL: 270 feet from the South line and 2190 feet from the West line, (Unit N) of Section 31, Township 24 South, Range 35 East, NMPM. BHL: 50 feet from the South line and 2310 feet from the West line, (Unit N) of Section 7, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp Shale at approximately 12700 feet TVD

Well Orientation: North to South

Completion Location expected to be: standard

Stove Pipe Federal Com Well No. 706H, API No. 30-025-Pending

SHL: 270 feet from the South line and 360 feet from the West line, (Lot 4 or Unit M) of Section 31, Township 24 South, Range 35 East, NMPM. BHL: 50 feet from the South line and 825 feet from the West line, (Lot 4 or Unit M) of Section 7, Township 25 South, Range 35 East, NMPM.

Completion Target: 3rd Bone Spring Sand at approximately 12550 feet TVD

Well Orientation: North to South

Completion Location expected to be: standard

Stove Pipe Federal Com Well No. 707H, API No. 30-025-Pending

SHL: 270 feet from the South line and 330 feet from the West line, (Lot 4 or Unit M) of Section 31, Township 24 South, Range 35 East, NMPM. BHL: 50 feet from the South line and 330 feet from the West line, (Lot 4 or Unit M) of Section 7, Township 25 South, Range 35 East, NMPM.

Completion Target: Upper Wolfcamp Shale at approximately 12867 feet TVD

Well Orientation: North to South

Completion Location expected to be: standard