



**COG OPERATING LLC  
SNEED FED. COM WELL #2H  
HEARING**

**Case No. 15027 (re-opened)  
Lea County, New Mexico**



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

**APPLICATION OF COG OPERATING, LLC, TO AMEND ORDER R-13744  
TO CHANGE THE INITIAL WELL DEDICATED TO THE  
APPROVED SPACING AND PRORATION UNIT,  
LEA COUNTY, NEW MEXICO.**

**CASE NO.15027 (re-opened)**

**AFFIDAVIT OF SEAN JOHNSON**

STATE OF TEXAS            )  
  ) ss.  
COUNTY OF MIDLAND    )

Sean Johnson, being first duly sworn on oath, states as follows:

1. My name is Sean Johnson and I am employed by COG Operating, LLC, in Midland, Texas, as a Senior Landman. I previously testified as an expert in petroleum land matters at the hearing on July 25, 2013, in Case No. 15027 that resulted in the issuance of pooling Order R-13744 on September 12, 2013.

2. Division Order R-13744 created a 160-acre non-standard spacing and proration unit in the Yeso formation consisting of the N/2 N/2 of Section 9, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico and pooled the uncommitted mineral interest in this spacing and proration unit. This unit was to be initially dedicated to COG's proposed Sneed 9 Federal Com. Well No. 1H, which was proposed to the interest owners as a horizontal well at a surface location 330 feet from the North line and 150 feet from the West line (Unit D) to a terminus 330 feet from the North line and 330 feet from the East line (Unit A) of Section 19. This well has not been drilled by COG.

3. COG has now proposed to all of the interest owners to initially dedicate the spacing and proration unit formed under Division Order R-13744 to the Sneed 9 Federal Com. Well No. 2H (API No. 30-025-41409), which will be horizontally drilled from a surface location 990 feet from the North line and 150 feet from the West line (Unit D) to a standard terminus 990 feet from the North line and 330 feet from the East line (Unit A) of Section 9.

4. Attachment A to this affidavit is a copy of the well proposal letter and authorization for expenditure (AFE) that was provided to all of the interest owners in the spacing and proration unit. The costs reflected on this AFE are the same costs submitted to the Division at the previous hearing in this matter.

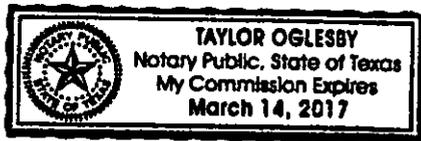
5. Attachment B to this affidavit is the approved Application for Permit to Drill for the Sneed 9 Federal Com. Well No, 2H that was filed with the Bureau Land Management and the New Mexico Oil Conservation Division in September of 2013. It reflects that the initially proposed well was moved to the south and that the completed interval for this well will remain within the 330-foot standard offset required by the Division's Rules.

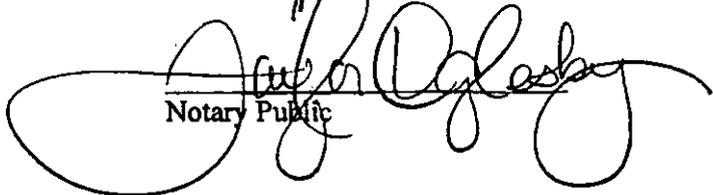
6. Attachment C to this affidavit is a list of the interest owners that remain subject to pooling Order R-13744 and which I have instructed our attorneys to provide notice of this hearing.

FURTHER AFFIANT SAYETH NOT.

  
Sean Johnson

SUBSCRIBED AND SWORN before me on this 25<sup>th</sup> day of April, 2014.



  
Notary Public

My Commission Expires:

3-14-2017



Sent Certified Mail  
Receipt #91-7199-9991-7033-9235-8062

March 26, 2014

Cecile Marie Dressen  
P.O. Box 1696  
Poulsbo, Washington 98370

Re: Well Proposal – Sneed 9 Fed Com #2H  
T17S, R32E, Section 9  
SHL: 990' FNL & 150' FWL, or a legal location in Unit D  
BHL: 990' FNL & 330' FEL, or a legal location in Unit A  
Lea County, New Mexico

Dear Cecile Dressen,

COG Operating LLC (COG), as Operator, proposes to drill the Sneed 9 Fed Com #2H well as a horizontal well at the above-captioned location to a TVD of approximately 5,725' and a MD of 11,330' to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$4,679,000 and a detailed description of the cost is set out in the enclosed Authority for Expenditure ("AFE").

COG is proposing to drill this well under the terms of the AAPL Form 610- 1989 Operating Agreement. The Operating Agreement covers, T17S-R32E Section 9 N2N2, Lea County, NM; a completed copy will be sent for your review shortly with following general provisions:

- 100/300 Non-consenting penalty
- \$6,000/\$600 Drilling and Producing rate
- COG named as Operator

If you do not wish to participate in the Operation and have an un-leased interest, COG would like to offer the following lease terms:

- 3 year primary term
- 20% royalty interest
- \$750 per net acre bonus consideration

The Lease offer is subject to the approval of COG's management and verification of title.

COG is amending current Force Pooling Order NO. R-13744 to address the initial well under the order to be the Sneed 9 Fed Com #2H. If we do not reach an agreement within 30 days of the date of this letter, COG will proceed with the amendment to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well if uncommitted at such time.

If you have any questions, please do not hesitate to contact the undersigned at 432-818-2230.

Respectfully,



Sean Johnson

Landman

**ATTACHMENT**  
**A**

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

WELL NAME: SNEED 9 FEDERAL COM #2H	PROSPECT NAME: MALJAMAR 713083
SHL: 990' FNL & 150' FWL UL-D	STATE & COUNTY: New Mexico, Lea
BHL: 990' FNL & 330' FEL UL-A	OBJECTIVE: SM57 Yeso Horizontal
FORMATION: Giorieta Yeso	DEPTH: 11,330
LEGAL: SEC9 T17S-R32E	TVD: 5,725

INTANGIBLE COSTS	BCP	ACP	TOTAL
Title/Curtail/Permit	201	10,000	10,000
Insurance	202	22,000	22,000
Damages/Right of Way	203	15,000	15,000
Survey/Stake Location	204	3,000	3,000
Location/Pits/Road Expense	205	60,000	85,000
Drilling / Completion Overhead	206	5,000	7,000
Turnkey Contract	207		0
Footage Contract	208		0
Daywork Contract (0 days /spud-ris @ \$0)	209	341,000	388,000
Directional Drilling Services (0 dir days @ \$0)	210	150,000	150,000
Fuel & Power	211	83,000	95,000
Water	212	58,000	158,000
Bits	213	54,500	59,500
Mud & Chemicals	214	47,000	47,000
Drill Stem Test	215		0
Coring & Analysis	216		0
Cement Surface	217	38,000	38,000
Cement Intermediate	218	20,000	20,000
Cement 2nd Intermediate/Production	218	0	100,000
Cement Squeeze & Other (Kickoff Plug)	220		0
Float Equipment & Centralizers	221	2,000	32,000
Casing Crews & Equipment	222	5,000	17,000
Fishing Tools & Service	223		0
Geologic/Engineering	224	10,000	10,000
Contract Labor	225	20,000	41,000
Company Supervision	226	2,000	4,000
Contract Supervision	227	38,000	58,000
Testing Casing/Tubing	228	3,000	15,000
Mud Logging Unit (logging /24 days)	229	21,000	21,000
Logging	230	25,000	25,000
Perforating/Wireline Services	231	3,500	53,500
Stimulation/Treating			1,400,000
Completion Unit			30,000
Swabbing Unit			0
Rentals-Surface	235	38,000	286,000
Rentals-Subsurface	236	84,000	139,000
Trucking/Forklift/Rig Mobilization	237	54,000	74,000
Welding Services	238	5,000	7,500
Water Disposal	239	0	40,000
Plug to Abandon	240	0	0
Seismic Analysis	241	0	0
Closed Loop & Environmental	244	143,000	143,000
Miscellaneous	242	0	0
Contingency 10%	243	134,000	360,500
<b>TOTAL INTANGIBLES</b>		<b>1,472,000</b>	<b>3,954,000</b>

TANGIBLE COSTS	BCP	ACP	TOTAL
Surface Casing (13 3/8" 48# H40 STC)	401	33,000	33,000
Intermediate Casing(9 5/8" 40# J55 LTC)	402	84,000	84,000
Production Casing (7" 26# & 5 1/2" 17# L80)			217,000
Tubing			33,000
Wellhead Equipment	405	6,000	41,000
Pumping Unit			90,000
Prime Mover			20,000
Rods			20,000
Pumps			10,000
Tanks			21,000
Flowlines			11,000
Heater Treater/Separator			30,000
Electrical System			30,000
Packers/Anchors/Hangers	414	0	2,500
Couplings/Fittings/Valves	415	500	60,500
Gas Compressors/Meters			5,000
Dehydrator			0
Injection Plant/CO2 Equipment			0
Miscellaneous	419	500	1,000
Contingency	420	6,000	36,000
<b>TOTAL TANGIBLES</b>		<b>110,000</b>	<b>725,000</b>
<b>TOTAL WELL COSTS</b>		<b>1,582,000</b>	<b>4,679,000</b>

COG Operating LLC

By: Carl Bird

Date Prepared: 2/8/2013

TC

COG Operating LLC

We approve:

% 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.

OCD Hobbs  
**HOBBS OCD**

SEP 17 2013

FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. NMMN-0315712	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. Sneed 9 Federal Com #2H <b>&lt;40134&gt;</b>	
9. API Well No. 30-025- <b>41409</b>	
10. Field and Pool, or Exploratory Maljamar; Yeso, West <b>&lt;44500&gt;</b>	
11. Sec., T. R. M. or Blk. and Survey or Arca Sec 9, T17S, R32E	
12. County or Parish Lea	
13. State NM	
14. Distance in miles and direction from nearest town or post office* 1.3 miles Southwest of Maljamar	17. Spacing Unit dedicated to this well 160
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 150'	16. No. of acres in lease 760
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 244'	19. Proposed Depth TVD: 6626' MD: 11,275'
20. BLM/BIA Bond No. on file NMB000740; NMB000215	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4082' GL
22. Approximate date work will start* 12/31/2013	23. Estimated duration 15 days

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Robyn M. Odom	Date 08/15/2013
Title Regulatory Analyst		

Approved by (Signature) <b>/s/George MacDonell</b>	Name (Printed/Typed)	Date <b>SEP 10 2013</b>
Title <b>FIELD MANAGER</b>		Office <b>CARLSBAD FIELD OFFICE</b>

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached. **APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

Roswell Controlled Water Basin

**KW**  
**09/18/13** SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

ATTACHMENT  
**B**

Approval Subject to General Requirements  
& Special Stipulations Attached

SEP 19 2013

District I  
1623 N French Dr., Hobbs, NM 9824  
Phone (575) 393-6161 Fax (575) 397-0720  
District II  
811 S First St., Artesia, NM 88210  
Phone (575) 749-1283 Fax (575) 749-1284  
District III  
1000 Rio Brazos Road, Artesia, 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

HOBBS OCD  
SEP 17 2013  
RECEIVED

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

<sup>1</sup> Well Number 30-075-41409	<sup>2</sup> Post Code 44500	<sup>3</sup> Pool Name MALJAMAR; YESO, WEST
<sup>4</sup> Property Code 40134	<sup>5</sup> Property Name SNEED 9 FEDERAL COM	
<sup>6</sup> OGRID No. 229137	<sup>7</sup> Operator Name COG OPERATING, LLC	
<sup>8</sup> Well Number 2H		
<sup>9</sup> Elevation 4082'		

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	17-S	32-E		990	NORTH	150	WEST	LEA

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	9	17-S	32-E		990	NORTH	330	EAST	LEA

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

<p>Project Area Producing Area N 89°46'45" E (GRID) - 4798.38' (HORIZ.) S.L. B.H. SEE DETAIL "A" DETAIL "A" GEODETTIC DATA NAD 27 GRID - NM EAST SURFACE LOCATION N 674688.5 E 670216.5 LAT: 32.853575' N LONG: 103.779056' W BOTTOM LOCATION N 674707.0 E 675013.7 CORNER DATA NAD 27 GRID - NM EAST A: FND BRASS CAP 1912 N 670400.2 - E 670086.3 B: FND BRASS CAP 1913 N 673038.1 - E 670068.2 C: FND PK NAIL IN RD. N 675677.6 - E 670065.6 D: CALCULATED CORNER N 675698.0 - E 675338.3 E: FND BC 1913 N 670415.5 - E 675366.5 F: FND 1" IP BRASS CAP BROKE OFF N 670407.8 - E 672725.7</p>	<p><sup>17</sup> 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.</p> <p><i>Robyn M. Odum</i> 7/8/2013 Signature Date Robyn M. Odum Printed Name Rodom@concho.com E-mail Address</p>
	<p><sup>18</sup> 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.</p> <p>5/31/13 Date of Survey Signature and Seal of Professional Surveyor <i>Robert M. Howett</i> 19680 Certificate Number</p>

SEP 19 2013 X M

AFE notice to parties for Sneed Fed Com#2H N/2N/2 Sec.9-T17S-R32E subject to original Pooling Order #

R-13744

(Un-leased Owner) Edward Dressen, Jr.  
P.O. Box 830  
Palo Cedro, California 96073-0830

(Un-leased Owner) Cecile Marie Dressen  
P.O. Box 1696  
Poulsbo, Washington 98370

(Un-leased Owner) Betty M. Dressen (aka Betty Kyte Dressen), Trustee of the Betty M. Dressen  
Revocable Living Trust dated 10/17/1977  
P.O. Box 817  
Los Altos, California 94023-0817

**ATTACHMENT  
C**