

COG Operating LLC

Sneed 9 Federal Com (#11H (API: 3002543234)) Compulsory Pooling Hearing Maljamar Area – Lea County, New Mexico





District I 1625 N. French Dr., Hobbs, NM 88240 Phone (5*5) 393-6161 Fax: (575) 393-0720 <u>District III</u> 811 S. First SL., Artesia, NM 88210 Phone: (5*5) 748-1283 Fax: (5*5) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 8*410 Phone: (5051 334-6178 Fax: (505) 334-6170 District IV

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District IV 1220 S. St. Francis, Dr., Santa Fe, NM 87505 Phone (595) 476-3460 Fax, (505) 476-3462

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

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

AMENDED REPORT

| <u> </u> | J | 113 | L | Bottom H | | If Different Fro | | | LEA |
|--|-----------|-----------------|--------------|---------------------|--------------------------|------------------|-----------------------|---------------------------------|---------------------|
| U1 or lot no | Section 9 | Township 17S | Range 32E | Lo [.] Idn | Feet from the | North South line | Feet From the 150 | East/West line WEST | County LEA |
| 'OGRID : 229137 | NO. | | | CO | *Operator No G OPERAT | ING, LLC | . <u></u> | | °Elevation 4089' |
| | | | | | Property Na EED 9 FED | ERAL COM | | ⁶ Well Number 11H | |
| Image: API Number 2 Pool Code 30-025-43284 44500 | | | | | | Maljamar; Ye | Pool Nar 250, West | nc | |

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

| 1 | | | | "OPERATOR CERTIFICATION |
|--------------|---|--|---|--|
| 1 | <u>GEODETIC DATA</u> NAD 27 SRID - NM EAST | <u>CORNER DATA</u> NAD 27 GR'D - NM EAST | H FOUND BRASS CAP "1913" | I hereby certify that the information contained herein is true and complete |
| | SURFACE LOCATION | A: FOUND BRASS CAP "1912" | N 670433 3 - E 680638 7 | to the best of my knowledge and belief, and that this organization either |
| | N 6752081 - E 5702160 | N 670400.2 - E 670086.3 | FOUND BRASS CAP '1913' N 670430 0 - E 678005 6 | owns a working interest or unleased mineral interest in the land including |
| ł | LAT 32.85500304" N LONG 103.77903855" W | B FOUND BRASS CAP "1913" N 673038 1 - E 670068 2 | J: FOUND BRASS CAP "1913" | the proposed bottom hole location or has a right to drill this well at this |
| ĺ | BOTTOM HOLE | C: FOUND PK NAIL | N 670415.5 - E 675366.5 | location parsuant to a contract with an owner of such a mineral or working |
| | N 675369.2 - E 676327.5 | N 675677.6 - E 6700656 | K: FOUND 1" IRON PIPE N 670407.8 - E 672725.7 | interest or to a voluntary pooling agreement or a compulsory pooling f |
| | DETAIL "A" | D: CALCULATED CORNER N 675698.0 - E 675338.3 | 1: CALCULATED POINT | order heretofor entered to the division |
| | | E: FOUND 3/4" IRON PIPE | N 674357.8 - E 670066.9 | 10 Aumer 8/2/2016 |
| | 4086.8' <u>600</u> 4093.9' | N 6757009 + E 677972.8 | 2: CALCULATED POINT N 674380 2 - E 676663.2 | Robyn M. Russell |
| | , ace 0 | F' FOUND BRASS CAP "1913" N 675706 5 - E 680608.1 | 3. CALCULATED POINT | Printed Name |
| | S.L. | G: FOUND BRASS CAP "1913" | N 675699.5 ~ 676655.6 | Rrussell@concho.com |
| | 4081.7 | N 673071.1 - E 680625.4 | 4. CALCULATED POINT N 674377.4 - E 675345.3 | E-mail Address |
| Q | | | © O | |
| Ł | 470' 330' | 988' 3 | i30 ⁺ | 1* SURVEYOR CERTIFICATION I hereby certify that the well location shown on this |
| ľ | • S. L. N 88 29 24 E (GRID) 5' | 15 15' (HORIZ.) B. H. 1 | | plat was plotted from field notes of actual surveys |
| \mathbf{b} | -150 | ······ | | made by me or under my supervision, and that the |
| 1× | | · - + + + + | | same is true and correct to the best of my belief. |
| | DETAIL "A" | | , , | |
| | | | i i , ł | 4-28-2015 Date of Survey Signature and Seal of the Strugger |
| ē | <i></i> | · •!• • • • • • • • • • • • • • • • • • | <i>10</i> | Standard Starl Starley W |
| P | · · · | | | Signature and Seal of the strength and seal of |
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| | | | | 19680 |
| Í | , í | | | Certificate Number |
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| 0 | | | B NM 4655451 ~ Job | BEFORE THE OIL CONVERSATION DIVISION |
| | RRC - | – Firm No.: TX 1019383 | 8 NM 4655451 - Job | Santa Fe, New Mexico |
| | | | | Exhibit No. 1 Submitted by: COG OPERATING LLC |
| | | | | Hearing Date: August 4, 2016 |

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

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

CASE NO. 15327 (De Novo) ORDER NO. R-14023-A

ORDER OF THE COMMISSION

THIS MATTER came before the Oil Conservation Commission ("Commission") on the application of COG Operating LLC ("COG" or "Applicant") to approve the compulsory pooling of a limited vertical portion of a pool in a proposed non-standard spacing and proration unit. The Commission, having conducted a public hearing on November 5, 2015, and having considered the testimony, the record, and the arguments of the parties, and being otherwise fully advised, enters into the following findings, conclusions and order.

THE COMMISSION FINDS THAT:

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1. Notice has been given of the application and the hearing of this matter, and the Commission has jurisdiction of the parties and of the subject matter herein.

2. COG submitted an application for approval of a 200 acre non-standard oil spacing and proration unit and project area (the "Unit") for oil production from the Yeso formation [Maljamar; Yeso, West Pool (Pool code 44500)] comprising the S/2 N/2 of Section 9 and the SW/4 NW/4 of Section 10, Township 17 South, Range 32 East NMPM, Lea County, New Mexico. Applicant further seeks an order pooling all mineral interests in the Yeso formation underlying this Unit from a vertical depth of approximately 5000 feet to the base of the Blinebry member.

3. The Unit will be dedicated to COG's Sneed 9 Federal Com. Well No. 23H (the "proposed well"; API No. 30-025-41410), a horizontal well to be drilled from a surface location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 9 to a bottom-hole location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 10, Township 17 South, Range 32 East NMPM, Lea County, New Mexico. The completed interval of this well will be at a standard location within the Unit.

4. The proposed oil well is within the Maljamar; Yeso, West Pool and is therefore subject to Division Order No. R-13382, as amended. Wells in this pool are also subject to Rule 19.15.15.9(A) NMAC, which provides for 330-feet setbacks from the unit boundaries and standard 40-acre units each comprising a governmental quarter-quarter

> BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 2 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

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section. The proposed Unit and project area consists of five (5) adjacent quarter-quarter sections oriented west to east. In Order No. R-13382-E, the Division found:

- a. The Yeso formation is stratigraphic, lenticular and highly compartmentalized with very low porosity and low permeability and a high degree of heterogeneity. Finding (72).
- b. Drilling on the equivalent of 10-acre spacing was necessary in the Yeso formation to prevent waste and protect correlative rights. Finding (83).

5. COG seeks approval through hearing of the same Unit to be dedicated to the proposed well before Division as Case No. 15327. Division issued Order No. R-14023 dated July 22, 2015. In this Order, Division denied the application due to a lack of authority, under the Rules, which would allow the Division to compulsory pool a fraction of a pool even if the approved project area or unit contains depth severance clauses.

6. In support of the Application, COG filed a Pre-hearing Memorandum. The Pre-hearing Memorandum stated:

- a. Every interest owner in the proposed Unit supports COG's proposal to limit the pooled intervals to the Paddock and Blinebry members of the Yeso formation, including the interest owner below the base of the Blinebry interval to be excluded by COG's application;
- b. Geologic evidence from the development of the Yeso formation in the subject area demonstrates that the deeper Tubb and Drinkard intervals below the Blinebry are rarely productive and the Tubb specifically contains tight sandstone, is wet and does not contain recoverable hydrocarbons;
- c. COG proposed a horizontal well over 400 feet above the base of the Blinebry and sought an order from the Division pooling only those interest owners above the Blinebry;
- d. The Division denied the application stating "There is no rule that allows the Division to compulsory pool a fraction of a pool even if the approved project area contains depth severance clauses;"
- e. COG's application is consistent with the Commission's statutory pooling authority and definition of a proration unit as the application seeks to pool the uncommitted interests in an area in a pool that will potentially contribute hydrocarbons to the proposed well and exclude the interest owner in the lower interval that will not contribute hydrocarbons to the proposed well;
- f. Granting of COG's application is necessary to protect correlative rights and prevent waste by including only the interests in the productive intervals;
- g. The Commission has the statutory authority to "do whatever may be reasonably necessary to carry out the purposes of [the Oil and Gas Act], whether or not indicated or specified in any section of the act;"
- h. Excluding from pooling the interest owners in the non-productive intervals is consistent with Commission precedent in Order No. R-13228-F.

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7. COG presented direct testimony from two expert witnesses: Sean Johnson, landman for COG's New Mexico Shelf Asset Team, and Harvin Broughton, lead geologist for COG's New Mexico Shelf Team.

8. The Oil Conservation Division ("Division") filed an entry of appearance as an intervener and appeared at hearing through its attorney, but presented no testimony. No one else entered an appearance or otherwise opposed this Application

9. Mr. Johnson testified that COG is seeking to compulsory pool only the upper portion of the Yeso formation due to vertical depth severance ownership in two of the three tracts that comprise the Unit. Mr. Johnson identified one party, Este, Ltd, with mineral interest ownership in the tracts who were approached by COG regarding the vertical depth severance of the Yeso formation. Mr. Johnson presented a correspondence by Este, Ltd stating their support of the Unit as proposed by COG and compulsory pooling only the upper portion of the Maljamar; Yeso, West Pool.

10. Ownership in the S/2 NW/4 of Section 9 and the SW/4 NW/4 of Section 10 is severed at the base of the Blinebry interval as the result of assignments issued by Este Ltd. (See Johnson Testimony; Exhibit 4). This entity only owns below the base of the Blinebry interval while the remaining working interest owners in the subject acreage own throughout the entire Yeso formation.

11. Mr. Johnson testified that notice was provided to lessees or operators of surrounding tracts as affected parties of the proposed non-standard spacing unit. Notice was also provided to all interest owners subject to pooling proceedings as affected parties of the proposed compulsory pooling within the Unit.

12. Mr. Johnson testified that the COG seeks charges for supervision (combined fixed rates) of \$7000 per month while drilling and \$700 per month while producing.

13. Mr. Broughton testified, that in the northwest area of the shelf extending from the Delaware Basin, the Yeso formation is approximately 1500 feet thick and contains four distinct members (from shallowest to deepest): the Paddock member, the Blinebry member (the target interval for the proposed well), the Tubb member and the Drinkard member.

14. Mr. Broughton testified that the Blinebry member in this area is suitable for development by horizontal drilling with no indications of faults, pinch-outs or other geological impediments to interfere with a horizontal completion. The proposed orientation of the horizontal well west to east has resulted in good production for other wells in this area and is appropriate for this Unit.

15. Mr. Broughton further stated that all quarter-quarter sections to be included in the Unit are expected to be productive in the Blinebry member, so that the Unit, as requested, will not impair correlative rights. Case No. 15376 Order No. R-14023-A Page 4 of 10

16. Mr. Broughton testified that the lower portion of the Yeso formation, the Tubb and Drinkard members, have poor reservoir characteristics making these members extremely unfavorable for hydrocarbon potential.

THE COMMISSION CONCLUDES THAT:

1. The Commission has jurisdiction over the parties and the subject matter of this case.

Proper public notice has been given.

3. Although there is no rule that specifically allows the Division to compulsory pool a fraction of a pool, the Oil and Gas Act and Rules provide the Commission with the following relevant authority:

- a. The Oil and Gas Act authorizes the Commission to compulsory pool oil and gas interests in "all or any part of such lands or interests or both in the spacing or proration unit as a unit." NMSA 1978, §70-2-17.C (emphasis added).
- b. Division rules define a proration unit as "the area in a pool that can be effectively and efficiently drained by one well..." 19.15.2.7.P(17) NMAC.
- c. The Commission's primary statutory duty is to prevent waste and protect correlative rights. See NMSA 1978, § 70-2-11(A). The Oil and Gas Act empowers the Commission to "make and enforce rules, regulations and orders, and do whatever may be reasonably necessary to carry out the purposes of this act, whether or not indicated or specified in any section of the act." NMSA 1978, § 70-2-11(A) (emphasis added). See also Santa Fe Exploration v. Oil Conservation Comm'n, 114 N.M. 103, 835 P.2d 819 (1992).

4. COG's application is consistent with the Commission's statutory pooling authority and definition of a proration unit as the application seeks to pool the uncommitted interests in an area in a pool that will potentially contribute hydrocarbons to the proposed well and exclude the interest owner in lower interval that will not contribute hydrocarbons to the proposed well

- 5. Applicant has shown that:
 - a. The Tubb interval below the base of the Blinebry contains tight sandstone that is wet and does not contain recoverable hydrocarbons. See Broughton Testimony; Exhibit 19.
 - b. The deepest Drinkard interval has not been the target of development in the subject area and it is unlikely to be productive of recoverable hydrocarbons. See Broughton Testimony; Exhibits 15 and 17.

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> c. COG's proposal to pool only the Paddock and Blinebry intervals of the Yeso formation where ownership is common is necessary to prevent owners below the base of the Blinebry who will not contribute oil or gas to the proposed wellbore from receiving a share of production. See Broughton Testimony; Exhibit 18A.

6. The Commission finds that pooling only the Paddock and Blinebry intervals of the Maljamar; Yeso West Pool (Code 44500) underlying the proposed non-standard spacing unit and project area is just and reasonable, and is necessary to protect correlative rights and prevent waste for the following reasons:

- a. There is a depth severance underlying the subject acreage that causes ownership above the base of the Blinebry to differ from the ownership below the base of the Blinebry. See Johnson Testimony; Exhibit 4.
- b. COG presented evidence that the Tubb interval below the base of the Blinebry does not contain recoverable hydrocarbons. See Broughton Testimony; Exhibit 19.
- c. Requiring COG to pool the entire vertical extent of the Maljamar; Yeso West Pool will result in an owner below the base of the Blinebry (Este Ltd.) receiving a share of the production from the wellbore even though the intervals below the base of the Blinebry will not contribute oil or gas to the proposed wellbore. See Broughton Testimony; Exhibit 18A.
- d. Este, Ltd., the only party that does not own throughout the entire Maljamar; Yeso West Pool underlying the proposed non-standard spacing unit, received notice of this pooling application and believes this application is necessary to protect correlative rights. See Exhibits 4 and 5.
- e. Approval of the proposed non-standard spacing and proration unit in the Paddock and Blinebry intervals of the Yeso formation will enable Applicant to drill a horizontal well that will efficiently produce the reserves underlying the Unit and protect correlative rights.

7. In order to protect correlative rights and prevent waste, Applicant's proposal to create the non-standard unit and pool a vertical portion of the Yeso formation should approved based on the facts this specific case.

8. A non-standard oil spacing and proration unit should be approved within the Yeso formation from the top (upper contact) of the Paddock member to the base (lower contact) of the Blinebry member covering the 200 acres of the proposed Unit.

9. All uncommitted interests in the oil and gas within the Unit should be pooled.

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

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

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

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

14. COG should be designated the operator of the proposed well and the Unit.

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

16. Reasonable charges for supervision (combined fixed rates) should be fixed at \$7000 per month while drilling and \$700 per month while producing, provided that these rates should be adjusted annually pursuant to Section III.1.A.3. of the COPAS form titled "Accounting Procedure-Joint Operations."

17. Commission finds that this case has not demonstrated, through evidence and testimony, sufficient cause to institute a precedent for future applications with similar circumstances. Therefore, all similar applications for compulsory pooling that seek vertical segregation of an established pool will be required to come before the Division or Commission on case-by-case basis.

IT IS THEREFORE ORDERED THAT:

1. Pursuant to the application of COG Operating LLC, a 200 acre non-standard oil spacing and proration unit (the "Unit") is hereby established for oil production from the Yeso formation [Maljamar; Yeso, West Pool (Pool code 44500)] comprising the S/2 N/2 of Section 9 and the SW/4 NW/4 of Section 10, both located in Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

2. The Unit is further defined as being <u>limited to depths from the top of</u> <u>Paddock member to the base of the Blinebry member</u> of the Yeso formation using the stratigraphic equivalent of the top of the Paddock member at a measured depth of 5517 feet and the base of the Blinebry member at a measured depth of 6852 feet as encountered in the log run of the Branex COG Federal Well No. 10 (API No. 30-025-40871) located 1650 feet from the South line and 330 feet from the West line (Unit L), Section 9, Township 17 South, Range 32 East, NMPM and entered as COG Exhibit No. 3 Case No. 15376 Order No. R-14023-A Page 7 of 10

3. All uncommitted interests, whatever they may be, in the oil and gas in the Unit, are hereby pooled.

4. The Unit shall be dedicated to Applicant's Sneed 9 Federal Com. Well No. 23H (the "proposed well"; API No. 30-025-41410), a horizontal well to be drilled from a surface location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 9 to a bottom-hole location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 10, Township 17 South, Range 32 East NMPM, Lea County, New Mexico. The well's completed location will be orthodox within the Unit.

5. The operator of the Unit shall commence drilling the proposed well on or before December 31, 2016, and shall thereafter continue drilling the proposed well with due diligence to test the Paddock member of the Yeso formation.

6. In the event the operator does not commence drilling the proposed well on or before December 31, 2016, Ordering Paragraphs (1) and (3) shall be of no effect, unless the operator obtains a time extension from the Division Director for good cause demonstrated by satisfactory evidence.

7. Should the proposed well not be drilled and completed within 120 days after commencement thereof, then Ordering Paragraphs (1) and (3) shall be of no further effect, and the Unit and project area created by this order shall terminate, unless operator appears before the Division Director and obtains an extension of the time for completion of the proposed well for good cause shown by satisfactory evidence. If the proposed well is not completed in all of the standard spacing units included in the proposed project area (or Unit) then the operator shall apply to the Commission for an amendment to this Order to contract the Unit so that it includes only those standard spacing units in which the well is completed.

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

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

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

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

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

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

14. The operator is hereby authorized to withhold the following costs and charges from production from each well:

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

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

16. Reasonable charges for supervision (combined fixed rates) for the well are hereby fixed at \$7000 per month while drilling and \$700 per month while producing, provided that these rates shall be adjusted annually pursuant to Section III.1.A.3 of the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production the proportionate share of both the supervision charges and the actual expenditures required for operating the well, not in excess of what are reasonable, attributable to pooled working interest owners.

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17. Except as provided in Paragraphs (14) and (16) above, all proceeds from production from the proposed well that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

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

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

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

21. The operator shall provide to the Division, within a year of commencing production from the proposed well, evidence that the final fracture configuration of the completion has remained within vertical limits of the Unit as described in Ordering Paragraph 2. If the operator is unable to provide sufficient information for Division to determine the limits of fracturing, then the operator shall appear before Commission to restate the justification for the vertical segregation of the Yeso formation as delineated in the Maljamar; Yeso, West Pool.

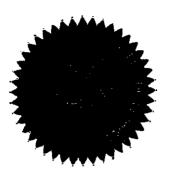
22. The Commission recognizes that the formation of this Unit is uniquely based on the specific facts of the case and directs the Applicant to pursue other agreement options, such as a Joint Operating Agreement, to negotiate participation of mineral interest owners in order to avoid unnecessary subdivisions of existing pools.

23. Jurisdiction of this case is retained for the entry of such further orders as the Commission may deem necessary.

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DONE at Santa Fe, New Mexico, on this 10th day of December, 2015.

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STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

KOBERT BALCH, Member

PATRICK PADILLA, Member

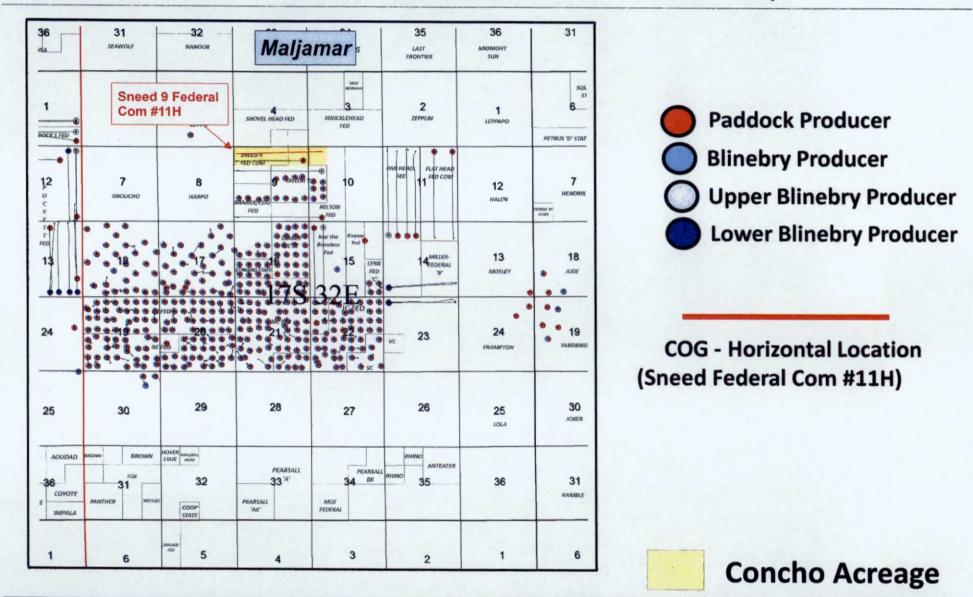
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DAVID R. CATANACH, Chair

SEAL

Maljamar Area – Sneed Federal Com #11H Lease Map

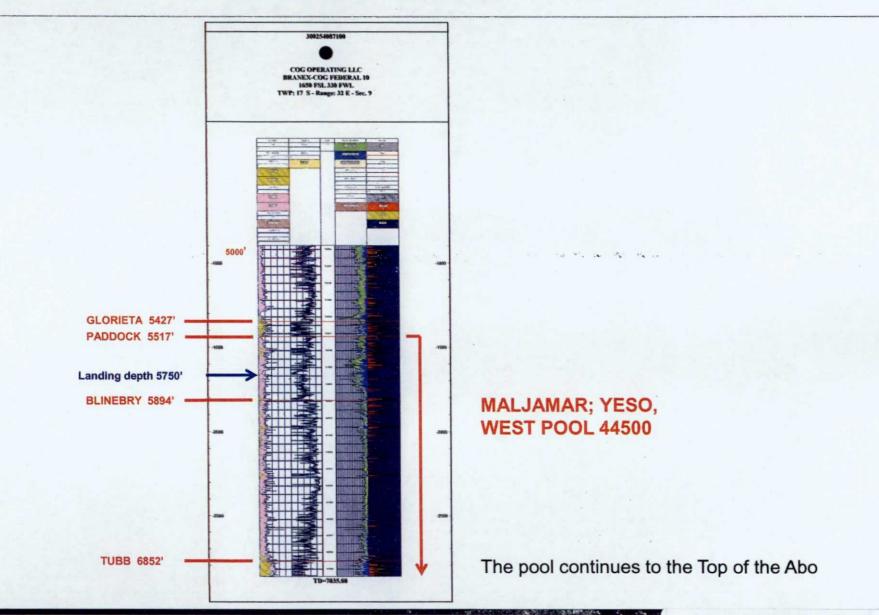
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BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 3 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

Yeso Interval Type Log

CONCHO



BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 4 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

Sneed 9 Fed Com 11H

N2N2 Section 9 & NWNW of Section 10, Township 17 South, Range 32 East

Ownership as to each Tract From Top of Yeso to Base of Blinebry/Base of Blinebry to Base of Yeso

| 1 | 2 | 3 | | |
|-----------|---|------|------------|--|
| Section 9 | | | Section 10 | |
| | | | | |
| | | 1.53 | | |

| ct 1: N2SW & NWNE of Section 9 | Top of Yeso-Base of Blinebry |
|--|------------------------------|
| COG Operating LLC | 50.00000% |
| Occidental Permian Limited Partnership | 50.00000% |
| act 2: NENE of Section 9 | |
| COG Operating LLC | 99.217500% |
| The Betty M. Dressen Revocable Trust dated October 17, 1977 | 0.782500% |
| | |
| | |
| | 100.00% |
| ract 3: NWNW of Section 10 | 100.00% |
| COG Operating LLC | 100.00% 69.843500% |
| ract 3: NWNW of Section 10 COG Operating LLC nit Working Interest | |
| nact 3: NWNW of Section 10 COG Operating LLC nit Working Interest COG Operating LLC | 69.843500% |

| A LANDARE AND A LANDARE AND A LANDARE AND A | |
|--|------------|
| Base of Blinebry-Base of Yeso | |
| COG Operating LLC | 50.00000% |
| Occidental Permian Limited Partnership | 50.000000% |
| COG Operating LLC | 92.967500% |
| The Betty M. Dressen Revocable Trust dated October 17, 1977 | 0.782500% |
| Este, Ltd. | 6.250000% |
| | |
| | |
| COG Operating LLC | 63.593500% |
| Occidental Permian Limited Partnership | 30.00000% |
| The Betty M. Dressen Revocable Trust | 0.156500% |

dated October 17, 1977

ste, Ltd.

Total

6.250000%

100.00000%

BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 5 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016 ESTE LTD.

OIL & GAS INVESTMENTS

P.O. Box 10181 Midland, Texas 79702 (432) 682-4183 Ph. (432) 682-2232 Fax

July 20, 2016

COG Operating LLC Attn: Mr. Joseph Scott 600 W. Illinois Ave. Midland, TX 79701

Re: Letter of Support
 Compulsory Pooling of a Sub-Set of the Yeso Formation
 Sneed 9 Federal Com No. 11H Well
 T17S-R32E, Section 9, N/2N/2
 T17S-R32E, Section 10, NW/4NW/4 including Lots 1 through 6
 Lea County, NM

Dear Operator:

I write this letter in support of COG Operating LLC's ("COG") application for a non-standard spacing unit and proration unit and compulsory pooling for its proposed Sneed 9 Federal Com No. 11H. COG seeks to pool a portion of the West Maljamar Yeso Pool from the top of the Paddock to the base of the Blinebry and to create a 200 acre, more or less, non-standard spacing unit for the N/2N/2 of section 9 and NW/4NW/4 of Section 10, including Lots 1 through 6, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

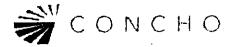
Este Ltd. owns a working interest below the base of the Blinebry. The proposed well is not located within my working interest ownership. COG provided notice to me of its application on July 15, 2016, advising that as a vertical offset working interest owner in the Yeso formation that my interest could be affected. After further review of my records, I determined that my interest would not be affected and I took no further action.

Este Ltd. is also the owner of depth severed interests within particular formations or pools throughout New Mexico and will be affected by the NMOCD's current position with regards to denial of pooling sub-sets of a formation. Allowing pooling of subsets of formations or pools, among other things, will protect correlative rights, prevent waste and inhibit the stranding of reserves.

Este Ltd. is in support of COG's development of the Sneed 9 Federal Com No. 11H well as discussed in Case No.15526. Este Ltd understands this letter of support will be used at an upcoming hearing in front of the NMOCC.

nectfully, parest Overla Coverer

BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 6 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016



June 20, 2016

Certified No. 91 7199 9991 7035 3158 0330

Occidental Permian Limited Partnership Attn: Permian Basin Land Manager 5 Greenway Plaza, Suite 110 Houston, TX 77046-0521

RE: <u>Well Proposal – Sneed 9 Federal Com 11H</u> T17S, R32E, Section 9: N2N2 & Section 10: NW4NW4 SHL: 470' FNL & 150' FWL (UL – D) BHL: 330' FNL & 988' FWL (UL – D) Lea County, New Mexico

To Whom It May Concern:

COG Operating LLC (COG), as Operator, proposes to drill the Sneed 9 Federal Com 11H well as a horizontal well at the above-captioned location to a TVD of approximately 5,700' to test the Yeso Formation ("Operation"). The total cost of the Operation is estimated to be \$3,248,000 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 modified 1989 AAPL form of Operating Agreement modified for horizontal development, enclosed herein. The Operating Agreement covers, T17S-R32E, N/2N/2 of Section 9 and NW/4NW/4 of Section 10, Lea County, New Mexico. It has the following general provisions:

- 100/300 Non-consenting penalty
- S7,000/S700 Drilling and Producing rate
- COG named as Operator

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

- 3 year primary term
- Delivering a 81.25% NRI, proportionately reduced
- S250 per net acre bonus consideration

If you have not leased the above described lands, COG would offer to lease said lands under the following general terms: BEFORE THE OIL CONVERSATION

- 3 year primary term
- Retain a 3/16th royalty
- \$250 per acre bonus consideration

Term Assignment and Lease offers are subject to the approval of COG's management and verification of title.



DIVISION Santa Fe, New Mexico

Exhibit No. 7

Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016 Occidental Permian Limited Partnership June 20, 2016 Page 2

If an agreement can't be negotiated within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

If you are an Heir(s) under the property and have leased or term assigned to a party then please disregard this proposal as compulsory pooling will not affect your interest.

If you have any questions, please do not hesitate to contact Joseph Scott at 432-688-6601 or by email at jscott@concho.com.

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Respectfully,

COG OPERTING LLC

Kee D Hayes

Kelli D. Hayes Land Coordinator khayes@concho.com Direct: 432-818-2342

Enclosure(s)

COG OPERATING LLC AUTHORITY FOR EXPENDITURE DRILLING

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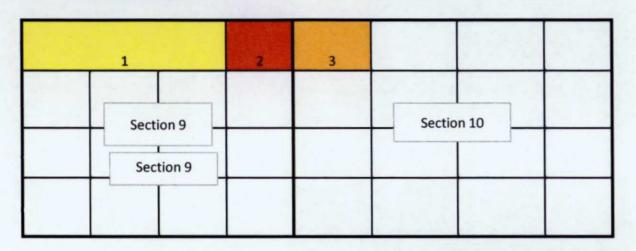
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| WELL NAME: Sneed 9 Fed Com 11H | PROSPECT NAME: | Maljamar (Lowe) - 713083 | SWF |
|--|-----------------|--------------------------|-----|
| SHL: 470' FNL & 150' FWL; Sec. 9 (UL-D) | STATE & COUNTY: | New Mexico, Lea | |
| BHL: 330' FNL & 988' FWL; Sec. 10 (UI-D) | OBJECTIVE: | Drill and Complete | |
| FORMATION: Yeso Formation | DEPTH: | 11,591 | |
| LEGAL: N2N2 of Section 9 and NWNW of Section 10, T17S-R32E | TVD: | 5,700 | |

| FANGIBLE COSTS //Curative/Permit | 201 | Drtg - Rig Release(D) 11,000 | | Completion(C) | | Tank Btty Constrctn(TB) | | Pmpa Equipment(PEQ) | TOTA |
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| age Contract | 207 | | 308 | | | | | | |
| | 208 | | | | | <u> </u> | | | 400 |
| work Contract | | | 309 | | | <u> </u> | | ······································ | 189 |
| ctional Drilling Services | 210 | | 310 | | | | | | 78 |
| & Power | 211 | | 311 | 1,000 | 354 | | 367 | | 25 |
| 81 | 212 | | 312 | 160,000 | | | 368 | | 194 |
| | 213 | | 313 | 3,000 | | | 369 | | 42 |
| & Chemicals | 214 | | 314 | | | | 370 | | 36 |
| Stem Test | 215 | | 315 | | | | | | |
| ng & Analysis | 216 | | | | | | | | |
| ient Surface | 217 | 31,000 | | | | | | | 31 |
| ent Intermediate | 218 | 18,000 | | | | | | | 18 |
| ent 2nd Intermediate/Production | 219 | 72,000 | | | | | | | 72 |
| nent Squeeze & Other (Kickoff Plug) | 220 | | | | | | 371 | | |
| t Equipment & Centralizers | 221 | 9,000 | | | | | | <u>`</u> | |
| ing Crews & Equipment | 222 | 13,000 | | | | | | | 13 |
| ing Tools & Service | 223 | | 323 | | | | 372 | | |
| logic/Engineering | 224 | | 324 | | 355 | | 373 | | |
| iract Labor | 225 | 4,250 | 325 | 4,000 | 356 | | 374 | 2,000 | 22 |
| pany Supervision | 226 | | 326 | 5,000 | 357 | | 375 | 2,000 | 7 |
| tract Supervision | 227 | | 327 | 80,000 | 358 | | 376 | | 102 |
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| ging | 230 | 16,560 | | | | | 378 | | 16 |
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| nulation/Treating | 201 | | 332 | 950,000 | | | 380 | | 950 |
| nplation Unit | | | 333 | | | ······································ | 380 | | 950 |
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| cking/Forklift/Rig Mobilization | 237 | | 337 | 56,000 | 360 | | 385 | 4,000 | 10 |
| Iding Services | 238 | 4,000 | 338 | 1,000 | 361 | | 386 | | |
| ter Disposal | 239 | | 339 | | 362 | · | 387 | | |
| g to Abandon | 240 | | 340 | | | | | | |
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| scellaneous | 242 | | 342 | | | | 389 | <u> </u> | |
| ntingency | 243 | 17,190 | 343 | 46,000 | 363 | | 390 | | 6 |
| sed Loop & Environmental | 244 | 74,000 | 344 | | 364 | | 388 | | 7 |
| il Tubing | | | 346 | | | | | | |
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Sneed 9 Fed Com 11H N2N2 Section 9 & NWNW of Section 10, Township 17 South, Range 32 East Top of Yeso down to Base of Blinebry



Tract 1: N2SW & NWNE of Section 9

COG Operating LLC Occidental Permian Limited Partnership

Tract 2: NENE of Section 9

COG Operating LLC The Betty M. Dressen Revocable Trust dated October 17, 1977 99.217500% 0.782500%

50.000000%

50.000000%

Top of Yeso-Base of Blinebry

Tract 3: NWNW of Section 10

COG Operating LLC

100.00%

Unit Working Interest

| COG Operating LLC | 69.843500% |
|--|------------|
| Occidental Permian Limited Partnership | 30.00000% |
| The Betty M. Dressen Revocable Trust | 0.156500% |

BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 8 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

dated October 17, 1977

Total

100.00%

Uncommitted Overriding Royalty, Unmarketable Title, and Record Title Owner

ORRI

Section 15 Education Trust Laura Hover Parks The Pauline A. Nicholson Revocable Trust dated Septemeber 26, 2000 Cara Lyn Gant Robert Iles

Record Title Owner

Linn Energy Holdings, L.L.C.

Unmarketable Title

Zachary L. Taylor and wife, Willie Taylor Andrew C. Taylor and wife, Nettie Taylor Bruce Sullivan and wife Fern Sullivan F.A. Andrews Ella Belle Holeman **Kyla Taylor Thompson Ray DeVoe Taylor Ruth Taylor Wright** Alice Crouch **Druella Wilbanks** Cecilia Aymond **Bennie Dick Taylor** J.H. Campbell Max W. Coll and wife, Lillian Hinkle Coll C.H. Kyte Max W. Coll, II James N. Coll Charles H. Coll Jon F. Coll David Bond Kyte Edward Dressen, Jr. **Cecile Marie Dressen Cecil Bond Kyte** Betty M. Dreessen Revocable Trust, dated October 10, 1977 Mariee I. Kyte Mariee I Kyte Revocable Living Trust, dated October 6, 1975

Betty Kyte Dreessen Trust A, U/A dated December 12, 1978 Betty Kyte Dreessen Trust s A, B, C, and D .



June 21, 2016

Certified No.:91 7199 9991 7035 3158 0293

Marathon Oil Company 5555 San Felipe Houston, Texas 77056

RE: Ratification of Communitization Agreement Sneed 9 Federal Com 11H N2N2 of Section 9, T17S-R32E Lots 1-6, N2NWNW and SWNWNW of Section 10, T17S-R32E Lea County, New Mexico

Ladies and Gentlemen:

In accordance with the drilling of the captioned well, enclosed herewith is a copy of the Communitization Agreement which has been executed by COG Operating LLC as Operator. This agreement communitizes United States Lease NMNM 0315712, NMLC 064150 and numerous Fee leases, insofar as they cover the N2N2 of Section 9 and Lots 1-6, N2NWNW and SWNWNW of Section 10, T17S-R32E, as to the top of the Yeso formation to the base of the Blinebry Formation.

Also enclosed herewith are two (2) Ratification and Joinder of Communitization Agreement(s) which have been prepared for execution by you, as an overriding royalty interest owner.

Please secure execution of both originals of this ratification and return one (1) to our office for further handling. A recorded copy of the ratification will be forwarded to you when available.

Should you have any questions, please feel free to contact me at 432-818-2342. Your prompt attention to this request is greatly appreciated.

Sincerely,

COG Operating LLC

Kell D. Hayes

Kelli D. Hayes Land Coordinator

BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 9 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016



June 27, 2016

Certified No.: 91 7199 9991 7035 3158 0101

Linn Energy Holding, L.L.C. 600 Travis Street, Ste. 5100 Houston, TX 77002 Attn: Land Department- Permian Basin

 RE: Communitization Agreement Sneed 9 Federal Com 11H N 2N 2 of Section 9, T17S-R32E Lots 1-6, N2NWNW and SWNWNW of Section 10, T17S-R32E Lea County, New Mexico

To whom it may concern:

Please find enclosed four (4) copies of the Communitization Agreement covering the above described lands. Please execute and return three (3) copies of the agreement in the enclosed return envelope.

If you have any questions or concerns about the communitization agreement, please contact Kelli Hayes by phone at 432-818-2342 or by email at knayes a concho.com.

Respectfully.

Kelli D. Hayes

Kelli D. Hayes Land Coordinator

Enclosures (4)



BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 10 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

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

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

CASE NO. 15526

AFFIDAVIT

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

Jordan L. Kessler, attorney in fact and authorized representative of COG Operating LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter attached hereto.

Jordan L. Kessler

SUBSCRIBED AND SWORN to before this 3rd day of August 2016 by Jordan L. Kessler.



OPPICIAL SEAL LISAMARIE ORTIZ NOTARY PUBLIC-STATE OF NEW MEXICO My commission expires

BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 11 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016



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

July 14, 2016

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

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Sneed 9 Fed Com No. 11H Well.

Ladies & Gentlemen:

This letter is to advise you that COG Operating LLC, has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on August 4, 2016. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Prehearing Statement four 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 Joseph Scott, at (432) 688-6601 or JScott@concho.com.

Sincerely

Jordan L. Kessler ATTORNEY FOR COG OPERATING LLC

Holland & Hart up

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. 🗅



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

July 14, 2016

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

TO: OFFSETTING LESSEES AND OPERATORS

RE: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. <u>Sneed 9 Fed Com No. 11H Well.</u>

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. Your interests are not being pooled under this application, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on August 4, 2016. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must 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 Joseph Scott, at (432) 688-6601 or JScott@concho.com.

Sincerely.

Jordan L. Kessler ATTORNEY FOR COG OPERATING LLC Jordan L. Kessler

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. O



Associate Phone (505) 988-4421 Fax (505) 983-6043 JLKessler@hollandhart.com

July 14, 2016

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

TO: OFFSET LESSEES AND OPERATORS IN THE YESO FORMATION

Re: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. <u>Sneed 9 Fed Com No. 11H Well.</u>

Dear Sir or Madam:

This letter is to advise you that COG Operating LLC has filed the enclosed application with the New Mexico Oil Conservation Division. Your interests are not being pooled under this application. You are receiving notice of this application because you own an interest below the base of the Blinebry member of the Yeso formation (Maljamar; Yeso, West Pool (44500)) that is not being pooled for the proposed well. The pooled interval for the proposed well is limited to the top of the Paddock member to the base of the Blinebry member of the Yeso formation.

This application has been set for hearing before a Division Examiner at 8:15 AM on August 4, 2016. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four 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 Joseph Scott, at (432) 688-6601 or JScott@concho.com.

Sincerely,

Jdrdan L. Kessler ATTORNEY FOR COG OPERATING LLC

Holland & Hart LP Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. O

COG OPERATING LLC SNEED 9 FEDERAL COM NO. 11H WELL

Uncommited Working Interest Owners

Edward Dressen, Jr. P.O. Box 830 Palo Cedro, California 96073

Kyla Taylor Thompson 1122 Green Valley Rd NW Los Ranchos, NM 87107

Alice Crouch P.O. Box 2614 Taos, New Mexico 87571

Max W. Coll, II 83 Barberia Trail Santa Fe, New Mexico 87505

Jon F. Coll P.O. Box 1818 Roswell, New Mexico 88202

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

Betty Kyte Dreessen Trust s A, B, C, and D P.O. Box 30864 Santa Barbara, California 93105

Section 15 Education Trust 101 Church Street, Ste 12 Los Gatos, CA 95030 Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210-4294

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

Ray DeVoe Taylor P.O. Box 8189 Roswell, New Mexico 88202

Druella Wilbanks P.O. Box 84 Maljamar, New Mexico 88264

James N. Coll P.O. Box 1818 Roswell, New Mexico 88202

David Bond Kyte P.O. Box 30864 Santa Barbara, CA 93105

Cecil Bond Kyte P.O. Box 30864 Santa Barbara, CA 93105

ORRI Owners need to sign Com. Agreement

Laura Hover Parks 1344 Rossmoyne Ave Glendale, CA 91207 C. and I. Powell Revocable Living Trust, dated June 16, 1978 P.O. Box 416 Los Altos, California 94023

Unmarketable Title Owners

Ruth Taylor Wright P.O. Box 3259 Wickenburg, Arizona 85358

Cecilia Aymond 11094 CR 2464 Terrell, Texas 75160

Charles H. Coll P.O. Box 1818 Roswell, New Mexico 88202

Edward Dressen, Jr. P.O. Box 830 Palo Cedro, CA 96073

Betty M. Dreessen Revocable Trust, dated October 10, 1977 P.O. Box 817 Los Altos, California 94023-0817

Compound Properties, LLC P.O. Box 2990 Ruidoso, NM 88355-2990

Nantker Family Trust dated September 3, 1998 957 La Senda Santa Barbara, CA 93105

COG OPERATING LLC SNEED 9 FEDERAL COM NO. 11H WELL

The Pauline A. Nicholson Revocable Trust dated Septemeber 26, 2000 106 E. 13th Street Ellis, KS 67637

Walsh & Watts, Inc. 111 Seventh Street Wichita Falls, TX 76301

Offset Owners

Philip L. White P.O. Box 25968 Albuquerque, NM 87125

Jon F. Coll P.O. Box 1818 Roswell, NM 88202

Clarke C. Coll P.O. Box 1818 Roswell, NM 88202

Jon F. Coll, II 7335 Walla Walla San Antonio, TX 78250

Bank of America, N.A., Sole Trustee of the Selma E. Andrews Trust, benifeit of Peggy Barrett P.O. Box 830308 Dallas, TX 75283

Chevron USA Inc. 1400 Smith Street Houston, TX 77002 Cara Lyn Gant 230 W. Morten Ave. Phoenix, AZ 85021

Alfred B. Guinn 111 Seventh Street Wichita Falls, TX 76301

ConocoPhillips Company 600 North Dairy Ashford Houston, TX 77079

Devon Energy Production Company, L. P. 333 West Sheridan Avenue Oklahoma City, OK 73102

Testamentary Trust created by Article IV of the Will of Max W. Coll, II 83 La Barbaria Trail Santa Fe, NM 87505

Sally Rodgers 152B Arroyo Hondo Road Santa Fe, NM 87508

Melanie Coll DeTempe 5653 Tobias Avenue Van Nuys, CA 91411

Este Ltd. P.O. Box 10181 Midland, TX 79702

Energy Quest II, LLC 4526 Research Forest Drive, Suite 200 The Woodlands, TX 77381 Robert Iles 2115 E. Dunbar Tempe, AZ 85282

Linn Energy Holdings, L.L.C. 600 Travis, Sute 5100 Houston, TX 77002

First Roswell Company P.O. Box 1797 Roswell, NM 88202

Charles H. Coll P.O. Box 1818 Roswell, NM 88202

Eric J. Coll P.O. Box 1818 Roswell, NM 88202

Max W. Coll III 7625 El Centro Boulevard #1 Las Cruces, NM 88012

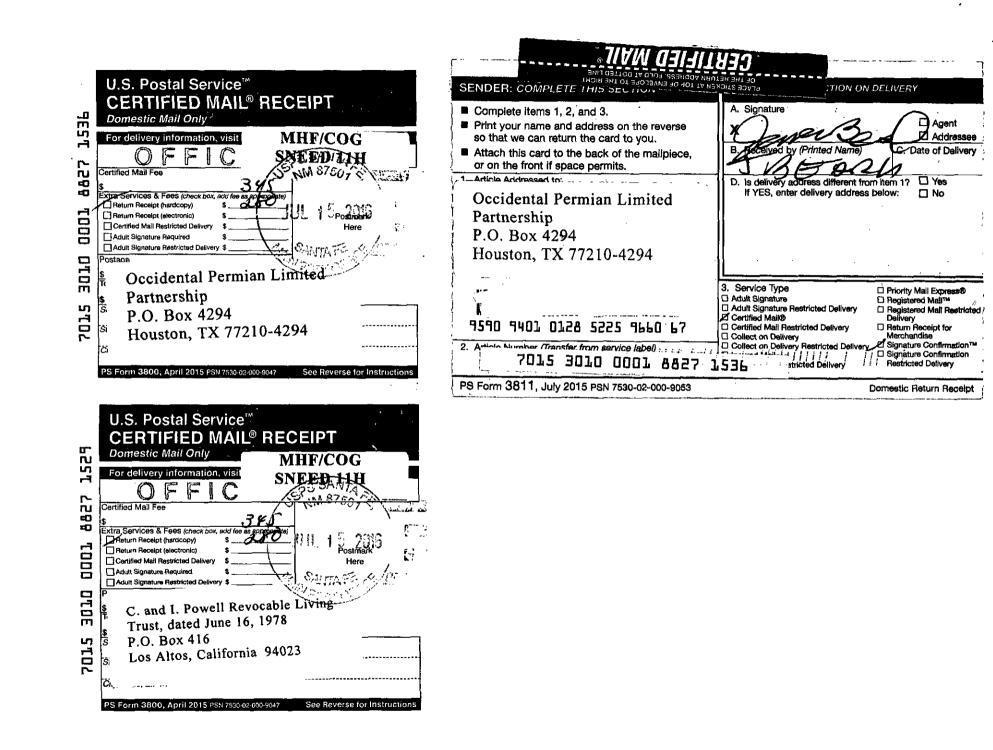
Bank of America, N.A., Sole Trustee of the Selma E. Andrews Perpetual Charitabel Trust P.O. Box 830308 Dallas, TX 75283

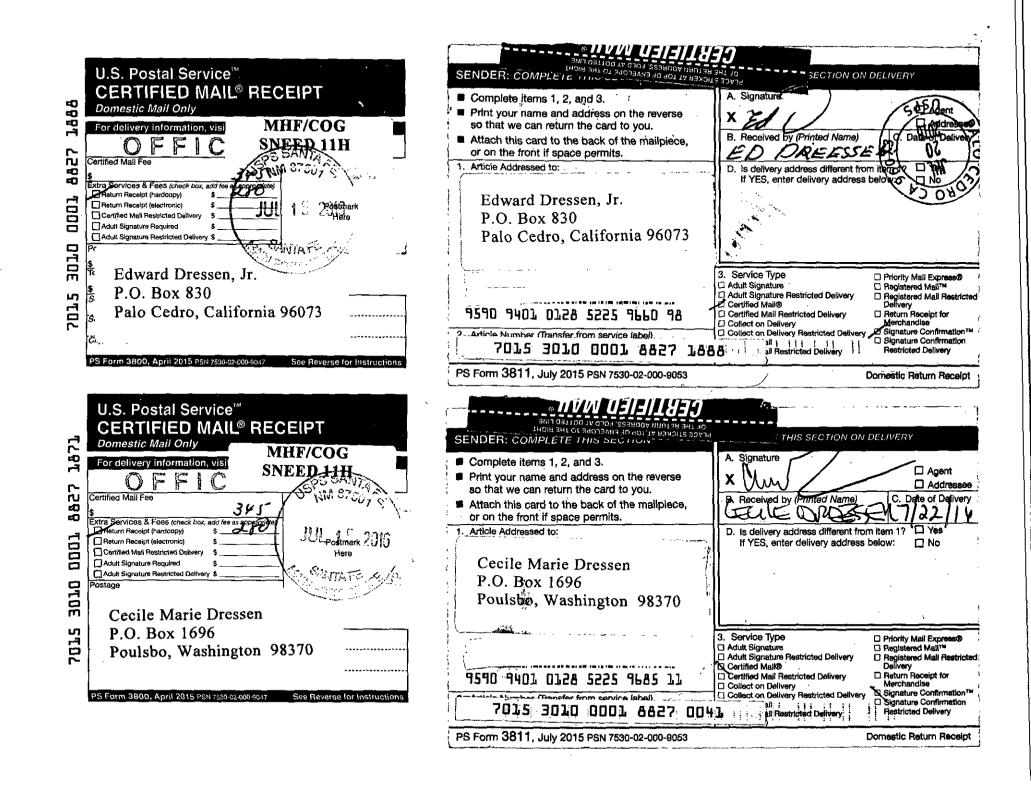
Occidental Permian Limited Partnership P.O. Box 4294 Houston, TX 77210

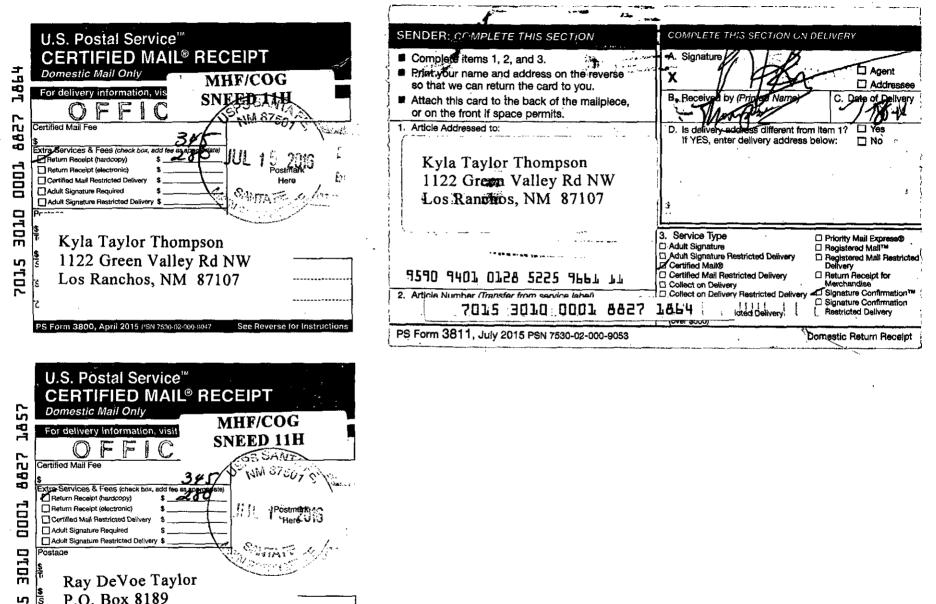
COG OPERATING LLC SNEED 9 FEDERAL COM NO. 11H WELL

Vertical Offset Owners

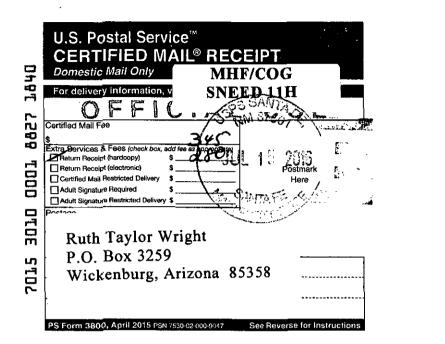
Este Ltd. P.O. Box 10181 Midland, TX 79702



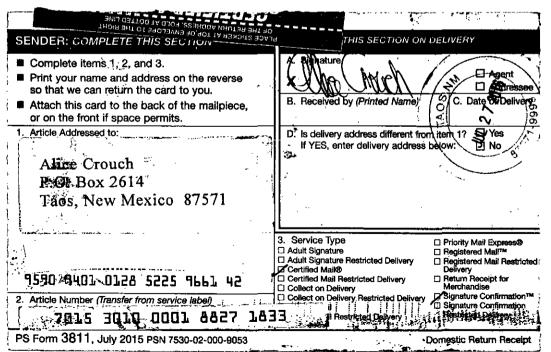


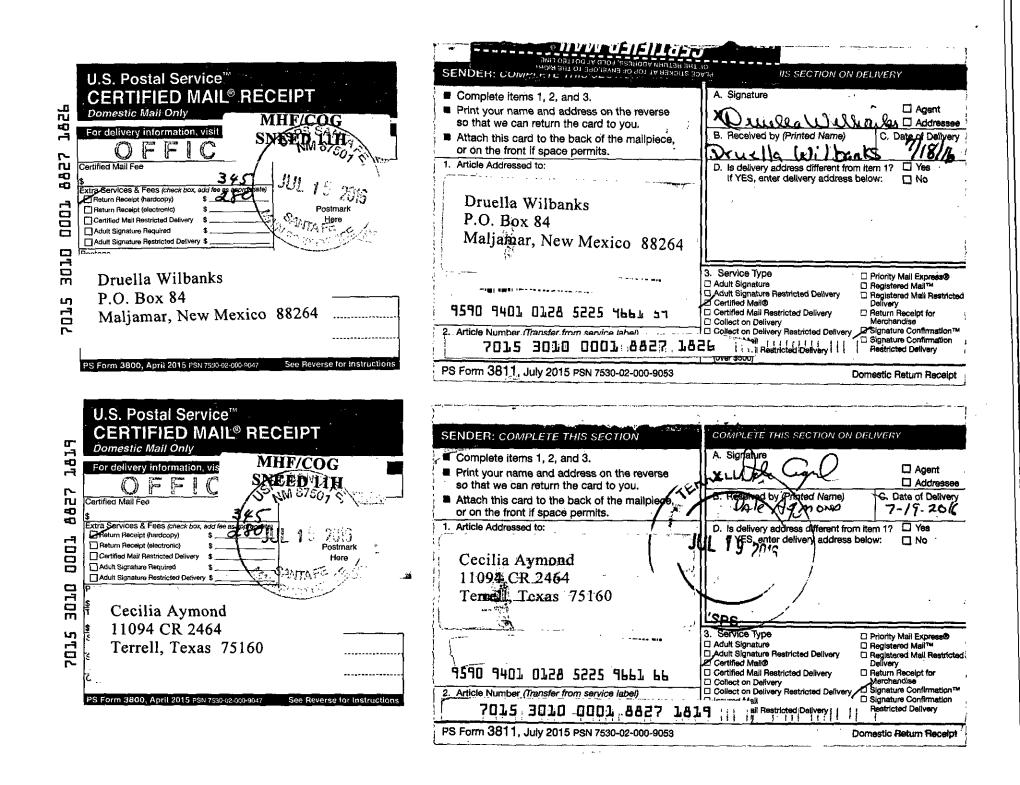


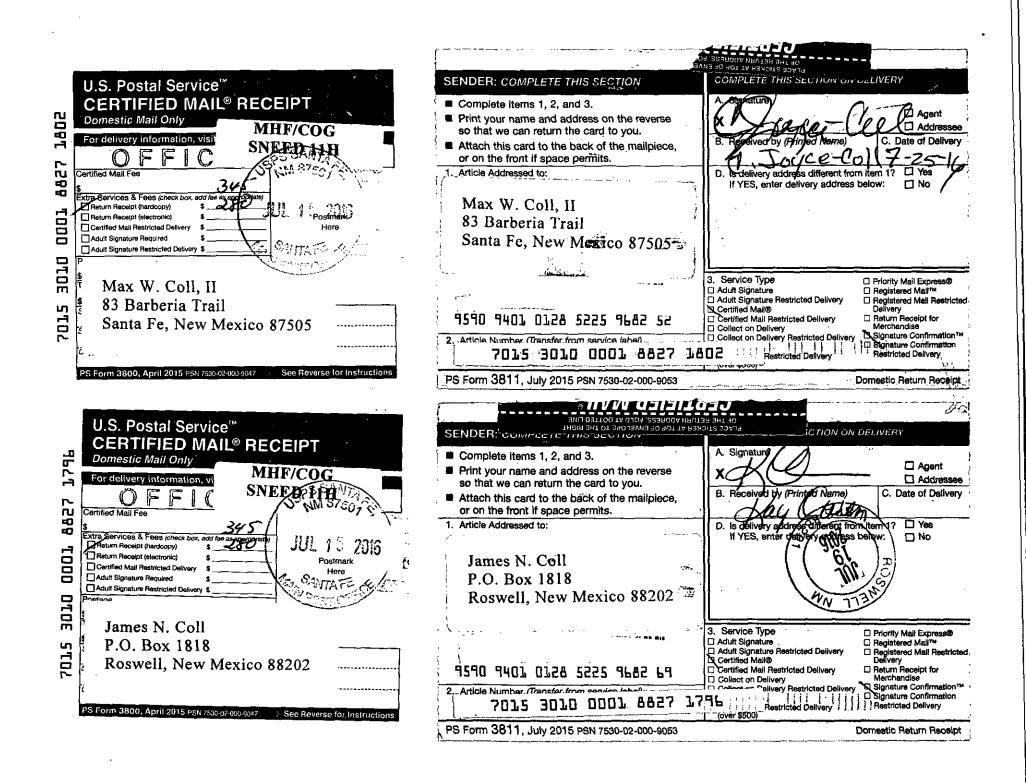
Postade S Ray DeVoe Taylor S P.O. Box 8189 S Roswell, New Mexico 88202 C PS Form 3800, April 2015 PSN 7530-02-005-0047 See Reverse for Instructions















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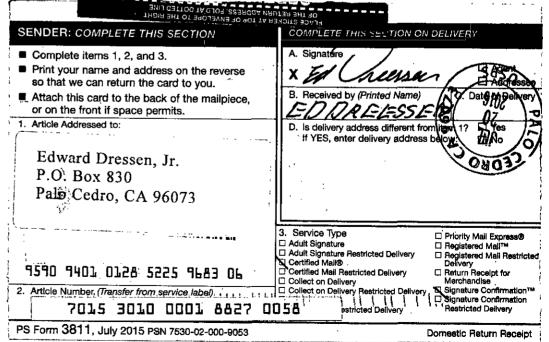
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Edward Dressen, Jr.

PS Form 3800, April 2015 PSN 7530-02-000-9047

Palo Cedro, CA 96073

P.O. Box 830















U.S. Postal Service[™]

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For delivery information, visit

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Certified Mail Restricted Delivery Adult Signature Required

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Return Receipt (hardcopy)

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CERTIFIED MAIL® RECEIPT

Nantker Family Trust dated

Santa Barbara, CA 93105

September 3, 1998

957 La Senda

PS Form 3800, April 2015 PSN 7530-02-000-9047

MHF/COG

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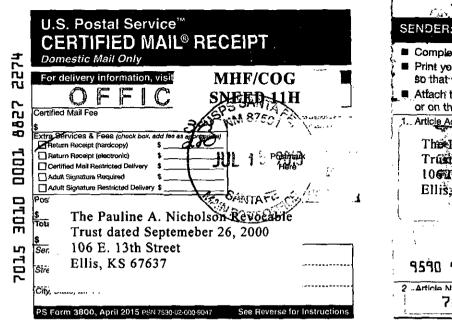
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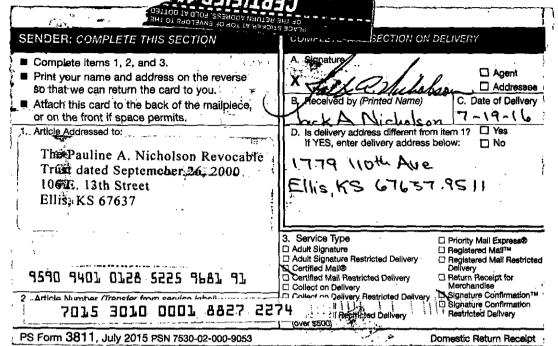
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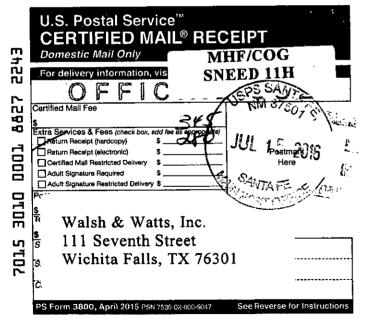




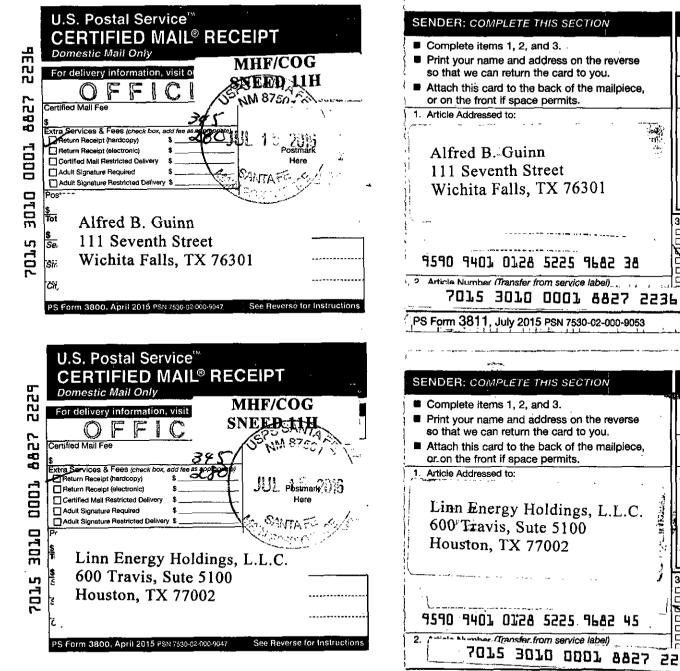
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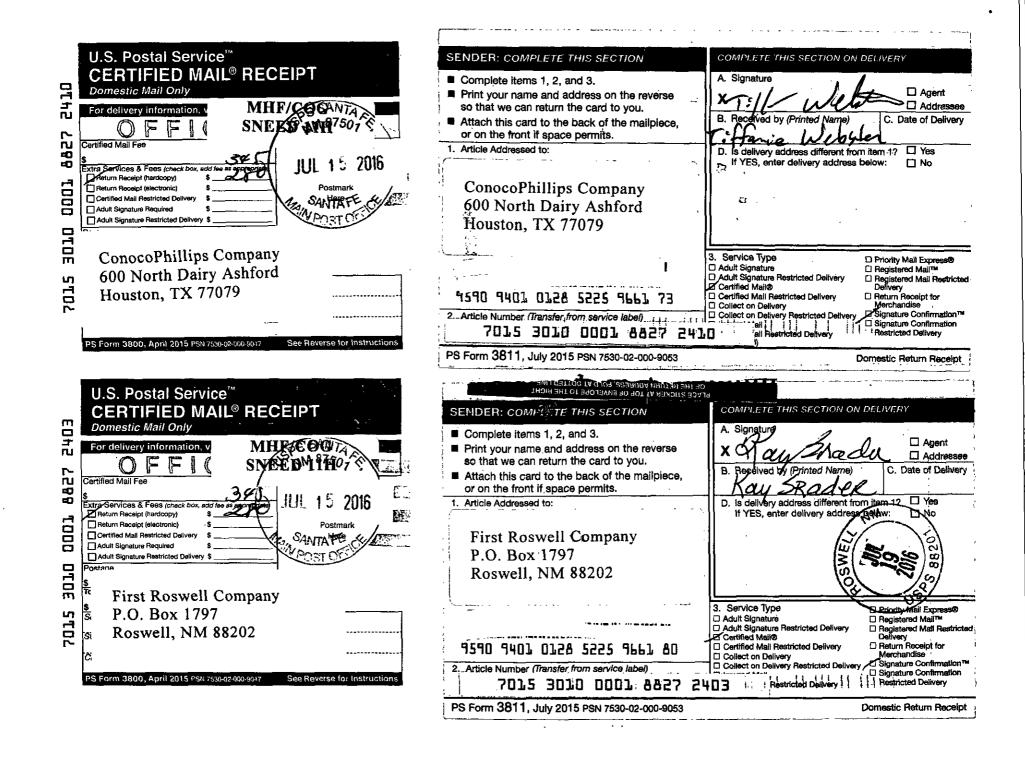


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| Walsh & Watts, Inc. 111 Seventh Street Wichma Falls, TX 76301 | |
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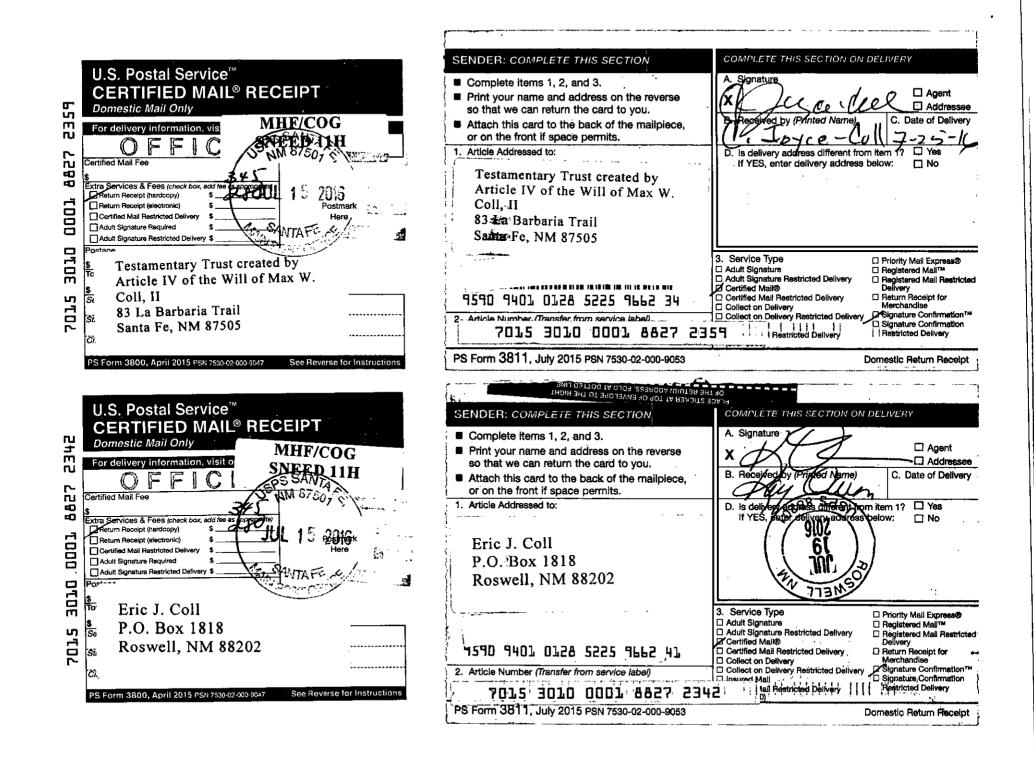
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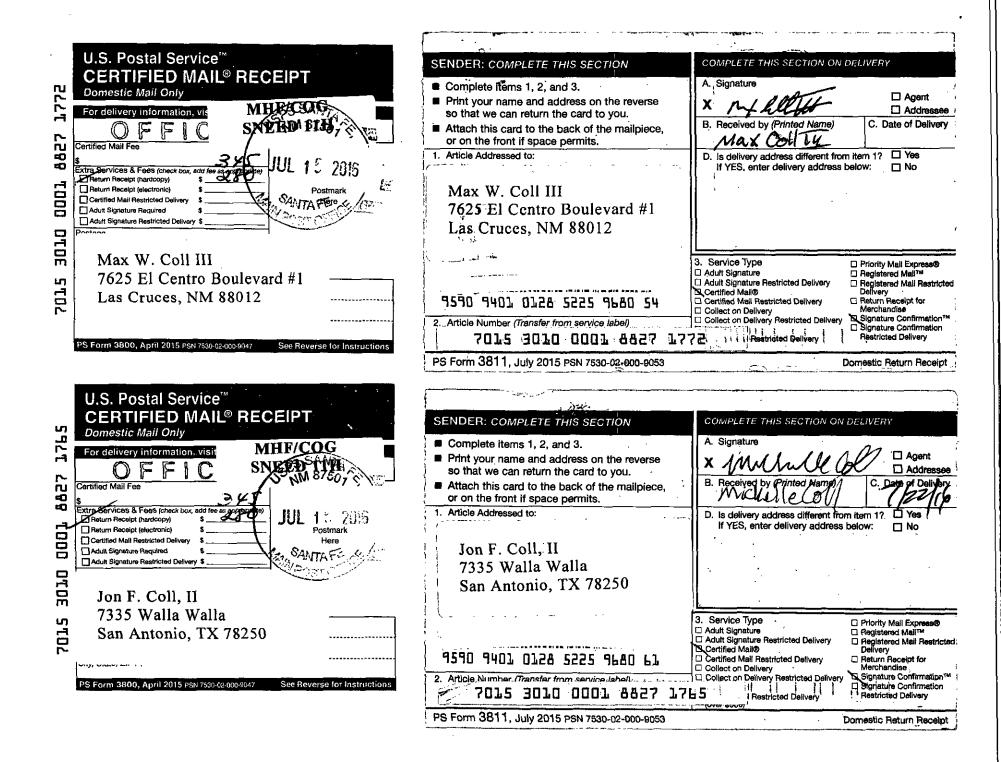


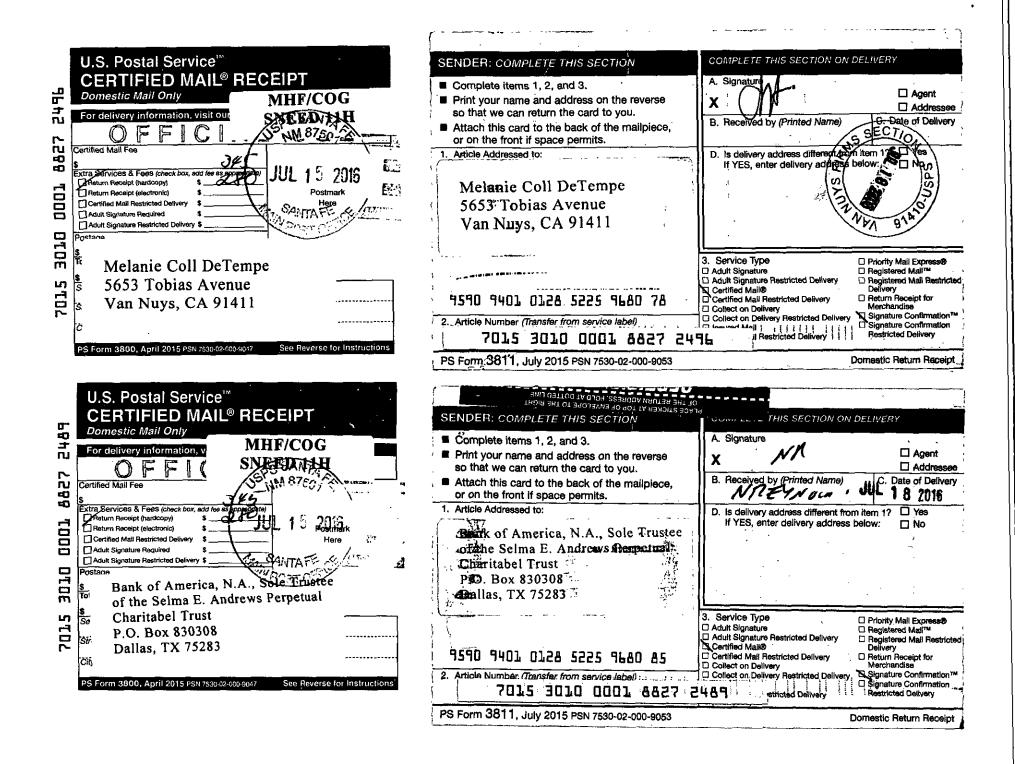






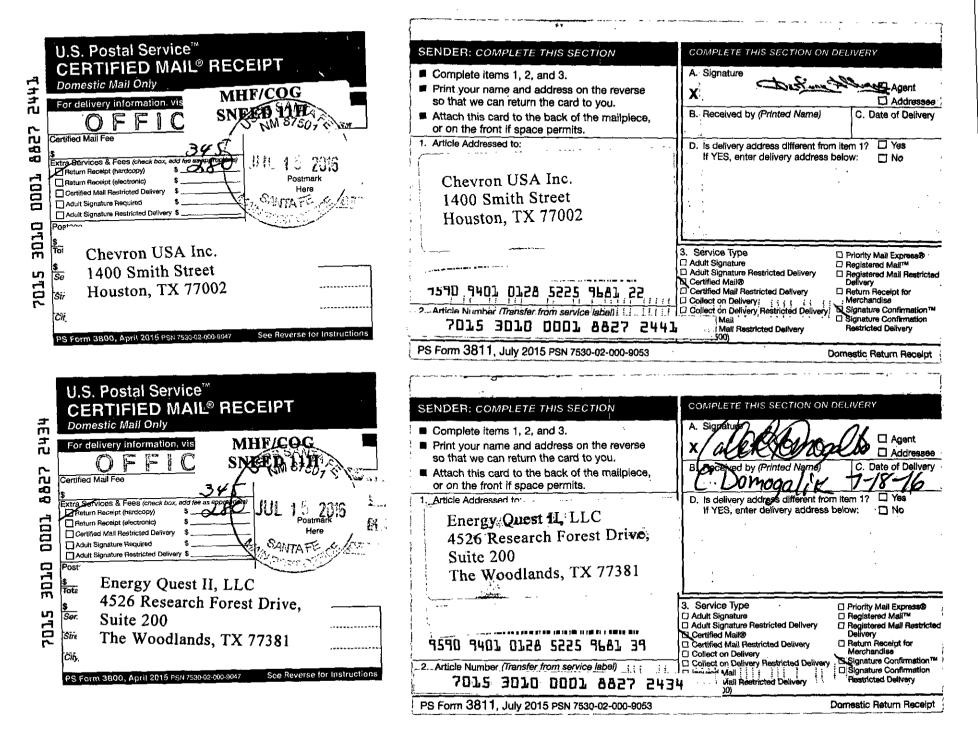












Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

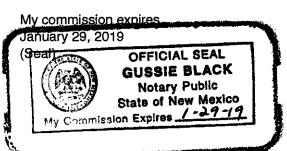
> Beginning with the issue dated July 20, 2016 and ending with the issue dated July 20, 2016.

Kund

Publisher

Sworn and subscribed to before me this 20th day of July 2016.

Business Manager



This newspaper is dely quarined to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE ć. July 20, 2016 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 hareby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on August 4, 2018 in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Maxico, before an examined duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, quilified sign language interpreter, or any other form of aluxiliary aid or service to attend or participate in the hearing, please contact. Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by July 25, 2016. Public documents including the agenda and minutes, can be provided in various accessible forms.

STATE OF NEW MEXICO TO! All named partles and persons having any right, title, interest or claim in the following cases and notice to the public.

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forms. Please contact Florene Davidson if a summary or other type of accessible form is

needed.

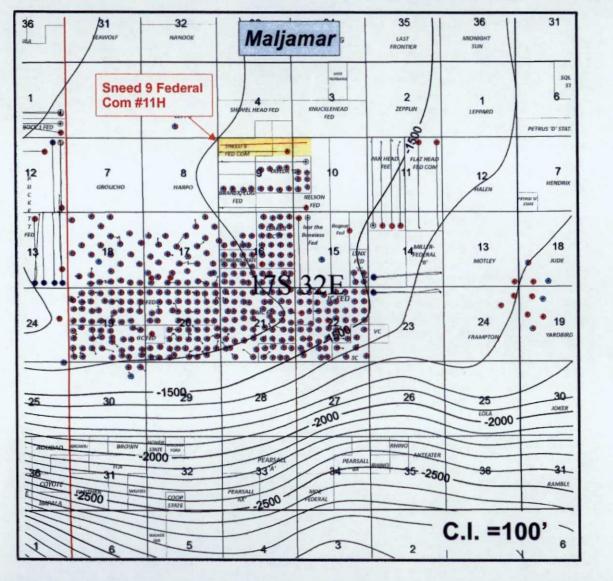
(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: Occidental Permian Limited Partnership, C. and I. Powell Revocable Living Trust, dated June 16, 1978, Edward Dressen, Jr., his heirs and devisees, Cecile Marle Dressen, her heirs and devisees, Zachary L. Taylor and wite, Wille Taylor, their heirs and devisees, Andrew C. Taylor and wite, Nettle Taylor, their heirs and devisees, Andrew C. Taylor and wite, Nettle Taylor, their heirs and devisees, Andrew C. Taylor and wite, Nettle Taylor, their heirs and devisees, Ruth Taylor, their heirs and devisees, Ella Belle Holeman, her heirs and devisees, Kyla Taylor Thompson, her heirs and devisees, Ray DeVoe Taylor, his heirs and devisees, Ruth Taylor Wright, her heirs and devisees, Alice Crouch, her heirs and devisees, Brunella Wilbanks, her heirs and devisees, Cecilia Aymond, her heirs and devisees, Bennie Dick Taylor, his heirs and devisees, J.H. Campbell, his heirs and devisees, Max W. Coil and wife, Lillian Hinkle Coll, their heirs and devisees, James N. Coll, his heirs and devisees, Max W. Coll, II, his heirs and devisees, James N. Coll, his heirs and devisees, Max W. Coll, II, his heirs and devisees, James N. Coll, his heirs and devisees, Charles H. Coll, his heirs and devisees, James N. Coll, his heirs and devisees, Cecili Bond Kyte, his heirs and devisees, Cecilie Marle Dressen, her heirs and devisees, Cecili Bond Kyte, his heirs and devisees, Cocilie Marle Dressen Revocable Trust, dated October 10, 1977, Maribe I. Kyte, her heirs and devisees, Marles I Kyte Revocable Living Trust, dated October 6, 1975, Betty Kyte Dreessen Trust A, U/A dated December 12, 1978, Betty Kyte Dreessen Trusts A B, C, and D, Compound Properties, LLC, Section 15 Education Trust Laura Hover Parks, Naintker Family Trust dated September 26, 2000, Cara Lyn Gent, her heirs and devisees, Robert Iles, his heirs and devisees, Waish & Watts, Inc., Alfred B. Guinn, his heirs and devisees, Linn Energy Holdings, LA.C., and Este Ltd. To: Occidental Permian Limited Partnership, C. and I. Powell Revocable Living

CASE NO. 15526: Application of COG Operating LLC for a non-standard spacing and proration unit and compulsory pooling. Lea County, New Mexico. Applicant in the above styled cause seeks an order (1) creating a non-standard, 200-acre, more or less; spacing and proration unit comprised of the N/2 N/2 of Section 9 and the NW/4 NW/4 (Unit D), including Lots 1-6, of Section 10, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. and (2) pooling all minerial interests from the top of the Paddock member to the base of the Blinebry member of the Yeso formation underlying this unit. Said non-standard unit is to be dedicated to applicant's proposed Sneed 9 Federal Com. No. 11H Well (API No. 30-025-45284), which will be horizontally drilled from a surface, location in the NW/4 NW/4 (Unit D) of Section 9 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 10. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling, and completing said well and the eliocation of the cost fuereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as operator of the well and a 200% charge for risk involved in drilling said well, Said area is located approximately .5 miles south of Maljamar, NM. 431101 #31101

> BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 12 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

Maljamar Area – Sneed Federal Com #11H Yeso Structure Map Top of Paddock Formation



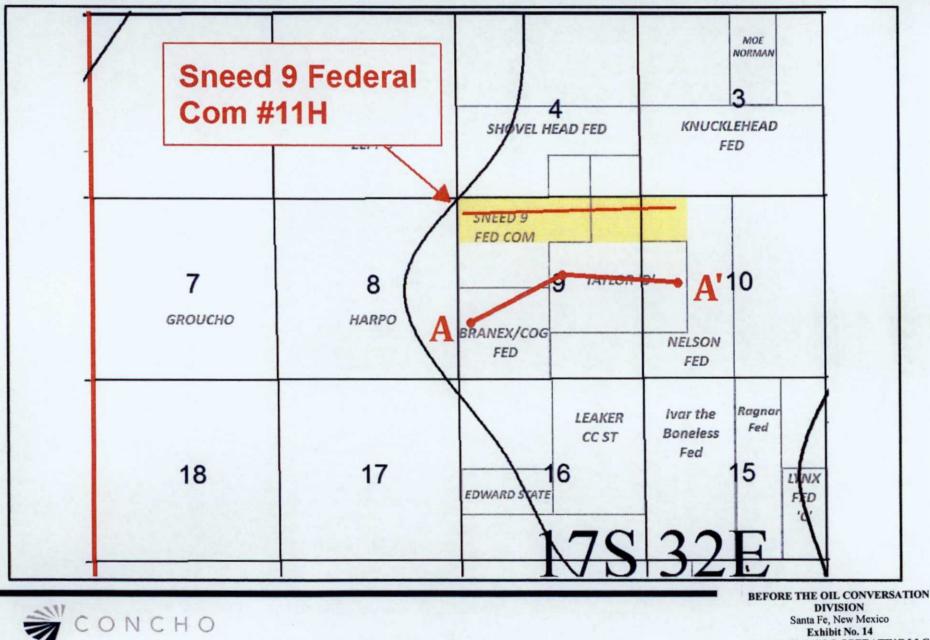
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COG - Horizontal Location (Sneed Federal Com #11H)

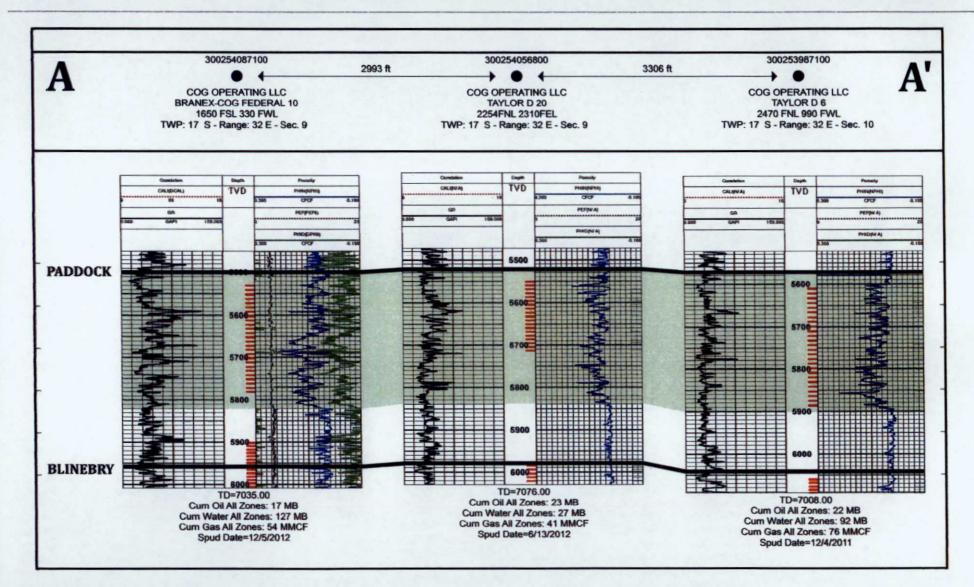


BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 13 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016 Maljamar Area - Sneed Federal Com #11H Cross Section Location Map



Santa Fe, New Mexico Exhibit No. 14 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

Maljamar Area – Sneed Federal Com #11H Structural Cross Section



BEFORE THE OIL CONVERSATION DIVISION Santa Fe, New Mexico Exhibit No. 15 Submitted by: COG OPERATING LLC Hearing Date: August 4, 2016

