

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

DISTRICT II  
811 S. FIRST ST., ARTESIA, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-0720

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) 478-3460 Fax: (505) 478-3462

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

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-015-</b>	Pool Code <b>39350</b>	Pool Name <b>Livingston Ridge; Bone Spring</b>
Property Code <b>37495</b>	Property Name <b>TANKLESS FEDERAL COM</b>	Well Number <b>2H</b>
OGRID No. <b>217955</b>	Operator Name <b>COG PRODUCTION, LLC</b>	Elevation <b>3446.4'</b>

**Surface Location**

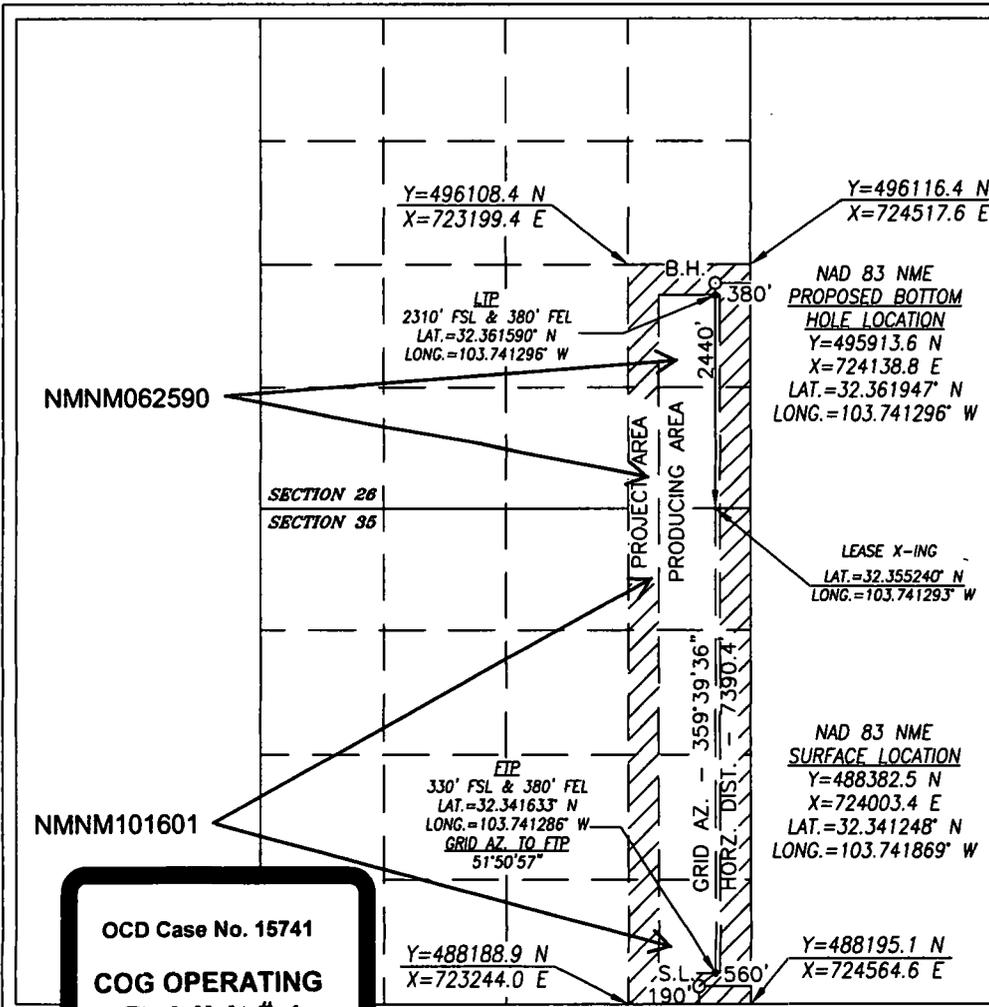
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	35	22-S	31-E		190	SOUTH	560	EAST	EDDY

**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
I	26	22-S	31-E		2440	SOUTH	380	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>240</b>			

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



**OPERATOR CERTIFICATION**

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

Signature \_\_\_\_\_ Date \_\_\_\_\_  
**Mayte Reyes**  
 Printed Name  
**mreyes1@concho.com**  
 E-mail Address

**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.

DECEMBER 15, 2016  
 Date of Survey

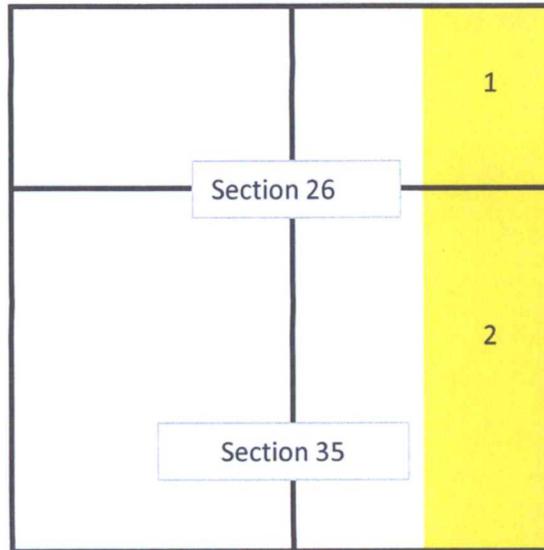
Signature & Seal of Professional Surveyor

**CHAD L. HARCROW**  
 NEW MEXICO  
 17777  
 LICENSED PROFESSIONAL SURVEYOR

*Chad L. Harcrow* 4/4/17  
 Certificate No. CHAD HARCROW 17777  
 W.O. #17-433 DRAWN BY: SA

**OCD Case No. 15741**  
**COG OPERATING**  
**Exhibit # 1**

**Tankless Federal Com 2H**  
**Township 22 South, Range 31 East**  
**Section 35: E/2E/2 and Section 26 E/2SE/4**  
**Eddy County, New Mexico**



**Tract 1: E/2SE/4 of Section 26**

OXY USA Inc. 100.00%

**Tract 2: E/2E/2 of Section 35**

COG Operating LLC 25.00%  
 Marshall & Winston, Inc. 10.00%  
 Oxy USA Inc. 50.00%  
 Oil & Gas Equity Holding LLC 7.50%  
 McCombs Energy Ltd. 7.50%

**Unit Working Interest**

COG Operating LLC 16.67%  
 Marshall & Winston, Inc. 6.67%  
 Oxy USA Inc. 66.67%  
 Oil & Gas Equity Holding LLC 5.00%  
 McCombs Energy Ltd. 5.00%

100.00%

Uncommitted Working Interest Owners

OCD Case No. 15741  
**COG OPERATING**  
**Exhibit # 2**



COPY

April 26, 2017

***Via Certified Mail, Return Receipt Requested***

**WORKING INTEREST OWNERS LISTED ON ATTACHED EXHIBIT "A"**

**Re: Tankless Federal Com #2H  
E/2 E/2 Section 35, T22S-R31E  
E/2 SE/4 Section 26, T22S-R31E  
Eddy County, New Mexico**

Dear Gentlemen:

COG Operating, LLC ("COG") hereby proposes the drilling of the above-referenced horizontal well. The Tankless Federal Com #2H well will be drilled to a depth sufficient to adequately test the 2<sup>nd</sup> Bone Spring formation at a total measured depth of approximately 17,300'. The surface location for this well is proposed at a legal location in Unit P, Section 35-T22S-R31E with a bottom hole location at a legal location in Unit I, Section 26, T22S-R31E, with the dedicated project area being the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, Eddy County, New Mexico.

Included herewith is our Authority for Expenditure ("AFE") for the Tankless Federal Com #2H in the gross amount of \$8,553,900, being the total estimated cost to drill and complete said well. An Operating Agreement will follow shortly under separate cover.

Please indicate your participation elections in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFEs and a copy of your geologic requirements, to my attention at the letterhead address or by email to [aroush@concho.com](mailto:aroush@concho.com). Should you have any questions, please do not hesitate to contact me at 432.818.2358.

If we do not reach an agreement within 30 days of the date of this letter, COG will apply to the New Mexico Oil Conservation Division for compulsory pooling of your interest into a spacing unit for the proposed well.

Sincerely,

COG Operating LLC

A handwritten signature in black ink that reads "Ashley Roush".

Ashley Roush, RPL  
Landman

AR:bh  
Enc

OCD Case No. 15741  
COG OPERATING  
Exhibit # 3

April 26, 2017  
Page 2

\_\_\_\_\_ I/We hereby elect to participate in the Tankless Fed Com 2H.

\_\_\_\_\_ I/We hereby elect not to participate in the Tankless Fed Com 2H.

Company: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

April 26, 2017  
Page 3

**EXHIBIT "A"**  
**WORKING INTEREST OWNERS**

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4141**  
OXY USA, Inc.  
Attn: Jeremy Murphrey  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4158**  
Marshall & Winston, Inc.  
P.O. Box 50880  
Midland, TX 79710

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0800 4165**  
McCombs Energy Ltd.  
5599 San Felipe, Suite 1200  
Houston, TX 77056

*Via Certified Mail, Return Receipt Requested*  
**No. 91 7199 9991 7036 0761 6505**  
Oil & Gas Equity Holding LLC  
777 N. Eldridge Parkway, Suite 270  
Houston, TX 77079

Confirmation Services	Package ID: 9171999991703608004141	Electronic Certified
	Destination ZIP Code: 77046	First Class Letter
	Customer Reference: <u>Oxy USA Inc</u>	
	Recipient: _____	PBP Account #: 41592288
	Address: _____	Serial #: 1396235
		APR 26 2017 4:15 PM

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Jeremy Murphrey</u> C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below: _____</p>	
<p>1. Article Addressed to:</p> <p><u>Tankless FedCom 2H - Well Proposal</u></p> <p>OXY USA, Inc. Attn: Jeremy Murphrey 5 Greenway Plaza, Suite 110 Houston, TX 77046</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p><u>91 7199 9991 7036 0800 4141</u></p>		<p>Delivery</p>	
PS Form 3811, July 2015 PSN 7630-02-000-9053		Domestic Return Receipt	

Confirmation Services	Package ID: 9171999991703608004158	Electronic Certified
	Destination ZIP Code: 79710	First Class Letter
	Customer Reference: <u>Marshall &amp; Winston</u>	
	Recipient: _____	PBP Account #: 41592288
	Address: _____	Serial #: 1396235
		APR 26 2017 4 16 PM

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Marshall &amp; Winston</u> C. Date of Delivery <u>5/1/17</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below: _____</p>	
<p>1. Article Addressed to:</p> <p><u>Tankless FedCom 2H</u></p> <p>Marshall &amp; Winston, Inc. P.O. Box 50880 Midland, TX 79710</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input checked="" type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p><u>91 7199 9991 7036 0800 4158</u></p>		<p>Delivery</p>	
PS Form 3811, July 2015 PSN 7630-02-000-9053		Domestic Return Receipt	

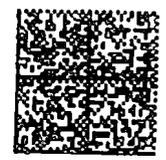
Confirmation Services	Package ID: 9171999991703608004165	Electronic Certified
	Destination ZIP Code: 77056	First Class Letter
	Customer Reference: Recipient: <i>W Combs Energy</i>	PBP Account #: 41592288
	Address: _____	Serial #: 1396235 APR 26 2017 4:17 PM

Confirmation Services	Package ID: 9171999991703607616505	Electronic Certified
	Destination ZIP Code: 77079	First Class Letter
	Customer Reference: Recipient: <i>Oil &amp; Gas Equity</i>	PBP Account #: 41592288
	Address: _____	Serial #: 1396235 APR 26 2017 4:18 PM



ONE CONCHO CENTER  
600 W. ILLINOIS AVENUE  
MIDLAND, TX 79701

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS TOLD AT DOTTED LINE  
**CERTIFIED MAIL**



U.S. POSTAGE **RETREY 50**  
ZIP 79701 \$ 007.7  
02 1W  
0001396235 JUN 14 20

91 7199 9991 7036 0761 6178

Oil & Gas Equity Holding LLC  
777 N. Eldridge Parkway, Suite 270  
Houston, TX 77079

*PK call*  
*VAC*

*1004*

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <b>X</b></p> <p><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>
<p>1. Article Addressed to:</p> <p><b>Tankless Fed Com 2H</b> <b>Comm A</b></p>	<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery <b>07/08/17</b></p>
<p>Oil &amp; Gas 777 N. E Houston,</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below</p>
<p><b>RETURN TO SENDER</b> <b>VACANT</b> <b>UNABLE TO FORWARD</b> <b>RETURN TO SENDER</b></p>	
<p>Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p>	

**Brittany Hull**

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Monday, June 05, 2017 9:44 AM  
**To:** Brittany Hull  
**Subject:** [External] FedEx Shipment 779291875286 Delivery Exception

\*\*\*\* External email. Use caution. \*\*\*\*

**We were unable to complete delivery of your package**

See "Resolving Delivery Issues" for recommended actions

See "Preparing for Delivery" for helpful tips

Tracking # 779291875286



Ship date:  
**Fri, 6/2/2017**  
Ashley Roush  
Concho  
Midland, TX 79701  
US



Scheduled delivery:  
**Pending**

⌚ Estimated between:  
**10:45 am - 2:40 pm**  
**O & G EQUITY HOLDING LLC**  
6955 HIGH LIFE DR  
HOUSTON, TX 77066  
US

### Shipment Facts

FedEx attempted, but was unable to complete delivery of the following shipment:

Tracking number: **779291875286**

Status: Delivery exception

**Service type:** FedEx Standard Overnight  
**Packaging type:** FedEx Pak  
**Number of pieces:** 1  
**Weight:** 1.00 lb.  
**Special handling/Services:** Deliver Weekday  
**Standard transit:** 6/5/2017 by 3:00 pm

## Resolving Delivery Issues

The reason delivery was not completed is outlined below. Where applicable, resolution recommendations are also provided.

Exception Reason	Recommended Action
1. Incorrect Address	<u>Contact us</u> to provide correct delivery address and/or additional delivery information.

## Preparing for Delivery

To help ensure successful delivery of your shipment, please review the below.

### Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 9:43 AM CDT on 06/05/2017.



hinklelawfirm.com

## HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

June 15, 2017

### VIA CERTIFIED MAIL

OXY USA, Inc.  
Attn: Jeremy Murphrey  
5 Greenway Plaza, Suite 110  
Houston, TX 77046

Re: COG Operating LLC NMOCD Application

Dear Mr. Murphrey:

Enclosed is a copy of an application for approval of a 240-acre, non-standard spacing and proration unit and compulsory pooling that COG Operating LLC ("COG") has filed with the New Mexico Oil Conservation Division ("the Division"). The proposed non-standard spacing and proration unit is comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

This matter (Case No. 15741) is scheduled for hearing at 8:15 a.m. on Thursday, July 6, 2017 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. OXY USA, Inc. ("OXY") is not required to attend this hearing, but as an owner of an interest that may be affected by COG's application, it may appear at the hearing and present testimony. If OXY does not appear at that time and become a party of record, it will be precluded from contesting the matter at a later date.

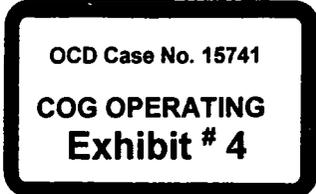
A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, June 29, 2017. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

GWL:sm  
Enclosure



PO BOX 10  
ROSWELL, NEW MEXICO 88202  
575-622-6510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88210  
575-622-6510  
(FAX) 575-746-6316

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

<p><b>SENDER: COMPLETE THIS SECTION</b></p> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <p>Marshall &amp; Winston, Inc. P.O. Box 30880 Midland, TX 79710</p> <p>9590 9402 2691 6351 8884 25</p> <p>Article Number (Transfer from service label) 7015 0640 0001 6339 3295</p>	<p><b>COMPLETE THIS SECTION ON DELIVERY</b></p> <p>A. Signature X <u>[Signature]</u> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Trina Foley</u> C. Date of Delivery <u>6/21/17</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
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PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

<p><b>SENDER: COMPLETE THIS SECTION</b></p> <ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <p>McCombs Energy Ltd. 5599 San Felipe, Suite 1200 Houston, TX 77056</p> <p>9590 9402 2691 6351 8884 01</p> <p>2. Article Number (Transfer from service label) 7015 0640 0001 6339 3318</p>	<p><b>COMPLETE THIS SECTION ON DELIVERY</b></p> <p>A. Signature X <u>[Signature]</u> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery <u>6-19-17</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type  <input type="checkbox"/> Adult Signature  <input type="checkbox"/> Adult Signature Restricted Delivery  <input checked="" type="checkbox"/> Certified Mail®  <input type="checkbox"/> Certified Mail Restricted Delivery  <input type="checkbox"/> Collect on Delivery  <input type="checkbox"/> Collect on Delivery Restricted Delivery  <input type="checkbox"/> Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®  <input type="checkbox"/> Registered Mail™  <input type="checkbox"/> Registered Mail Restricted Delivery  <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Signature Confirmation™  <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
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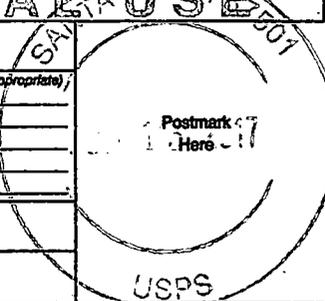
PS Form 3811, July 2015 PSN 7530-02-000-9053

Domestic Return Receipt

**U.S. Postal Service™**  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE

<p>Certified Mail Fee \$ _____</p> <p>Extra Services &amp; Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$ _____</p> <p><input type="checkbox"/> Return Receipt (electronic) \$ _____</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$ _____</p> <p><input type="checkbox"/> Adult Signature Required \$ _____</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$ _____</p> <p>Postage \$ _____</p> <p>Total Postage and Fees \$ _____</p> <p>Sent To Street and Apt. No., or PO Box No. _____ City, State, ZIP+4® _____</p>	 <p>Postmark Here</p> <p>USPS</p>
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Oil & Gas Equity Holding LLC  
777 N. Eldridge Pkwy, Ste. 270  
Houston, TX 77079

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7015 0640 0001 6339 3301

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 OXY USA, Inc.  
 Attn: Jeremy Murphrey  
 5 Greenway Plaza, Suite 110  
 Houston, TX 77046

9590 9402 2691 6351 8884 32

2. Article Number (Transfer from service label)  
 7015 0640 0001 6339 3288

**COMPLETE THIS SECTION ON DELIVERY**

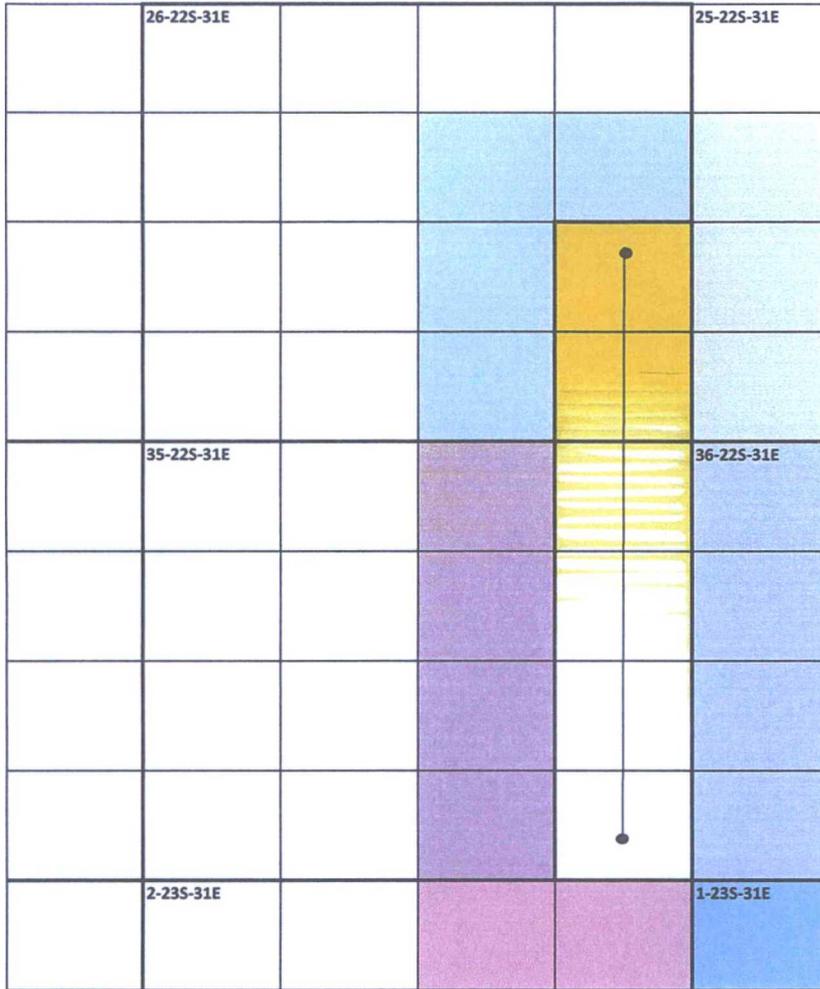
A. Signature  Agent  
 Addressee

B. Received by (Printed Name)  Date of Delivery

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type
- Adult Signature
  - Adult Signature Restricted Delivery
  - Certified Mail®
  - Certified Mail Restricted Delivery
  - Collect on Delivery
  - Collect on Delivery Restricted Delivery
  - Insured Mail
  - Insured Mail Restricted Delivery
  - Priority Mail Express®
  - Registered Mail™
  - Registered Mail Restricted Delivery
  - Return Receipt for Merchandise
  - Signature Confirmation™
  - Signature Confirmation Restricted Delivery

Tankless Fed Com 2H Offsets



- NMNM 062590**  
 1 OXY USA Inc. (Lessee)  
 5 Greenway Plaza #110  
 Houston, TX 77046  
 2 PXP Producing Co LLC (Lessee)  
 717 Texas St Suite 2100  
 Houston, TX 77002

- NMNM 101601**  
 1 OXY USA Inc. (Lessee)  
 P.O. Box 27570  
 Houston, TX 77227

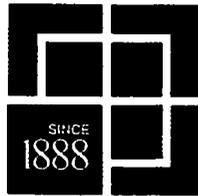
- V0-0302-08**  
 1 Devon Energy Prod. Co. (Lessee)  
 333 West Sheridan Avenue  
 Oklahoma City, OK 73102

- NMNM 022080**  
 1 ZPZ Delaware I LLC (Lessee)  
 2000 Post Oak Blvd Suite 100  
 Houston, TX 77056

- Ark 36 St 1H well**  
 1 Devon Energy Prod. Co. (Operator)  
 333 West Sheridan Avenue  
 Oklahoma City, OK 73102

- NMNM 025365**  
 1 OXY USA Inc.  
 5 Greenway Plaza, Suite 110  
 Houston, TX 77046  
 2 PXP Producing Co LLC  
 717 Texas St Suite 2100  
 Houston, TX 77022

OCD Case No. 15741  
**COG OPERATING**  
**Exhibit # 5**



hinklelawfirm.com

# HINKLE SHANOR LLP

ATTORNEYS AT LAW

PO BOX 2068

SANTA FE, NEW MEXICO 87504

505-982-4554 (FAX) 505-982-8623

WRITER:

Gary W. Larson,  
Partner

glarson@hinklelawfirm.com

June 15, 2017

## VIA CERTIFIED MAIL

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

Re: COG Operating LLC NMOCD Application

Dear Sir or Madam:

Enclosed is a copy of an application for approval of a 240-acre, non-standard spacing and proration unit and compulsory pooling that COG Operating LLC ("COG") has filed with the New Mexico Oil Conservation Division ("the Division").

The proposed non-standard spacing and proration unit is comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. The location of the proposed project area is orthodox. Devon Energy Production Company's ("Devon") interests are not being pooled, but as the owner of an interest in an offsetting tract, it is entitled to receive notice of COG's application.

This matter (Case No. 15741) is scheduled for hearing at 8:15 a.m. on Thursday, July 6, 2017 in Porter Hall at the Division's offices located at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Devon is not required to attend this hearing, but as an owner of an interest in an offset tract, it has the right to appear at the hearing and present testimony. If Devon does not appear at the hearing it will be precluded from contesting the matter at a later date.

A party appearing in the case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, June 29, 2017. The Pre-Hearing Statement must be filed with the Division's Santa Fe office at the address above, and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly yours,

Gary W. Larson

OCD Case No. 15741

**COG OPERATING  
Exhibit # 6**

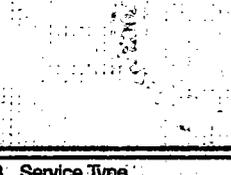
GWL:sm  
Enclosure

PO BOX 10  
ROSSELL, NEW MEXICO 88202  
575-622-8510  
(FAX) 575-623-9332

PO BOX 1720  
ARTESIA, NEW MEXICO 88210  
575-622-8510  
(FAX) 575-746-6316

PO BOX 2068  
SANTA FE, NEW MEXICO 87504  
505-982-4554  
(FAX) 505-982-8623

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item TX? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>																
<p>1. Article Addressed to:</p> <p>Devon Energy Production Co.          333 West Sheridan Avenue          Oklahoma City, OK 73102</p>																	
<p>9590 9402 2691 6351 8884 56</p>																	
<p>2. Article Number (Transfer from service label)          7015 0640 0001 6339 3264</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery	
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<input type="checkbox"/> Insured Mail Restricted Delivery																	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>																

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<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item TX? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>																
<p>1. Article Addressed to:</p> <p>PXP Producing Company LLC          717 Texas Street, Suite 2100          Houston, TX 77002</p>																	
<p>9590 9402 2691 6351 8884 63</p>																	
<p>2. Article Number (Transfer from service label)          7014 0510 0000 9539 2558</p>	<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Insured Mail		<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	
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<input type="checkbox"/> Insured Mail																	
<input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)																	
<p>PS Form 3811, July 2015 PSN 7530-02-000-9053</p>	<p>Domestic Return Receipt</p>																

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Extra Services & Fees (check box, add fee as appropriate)

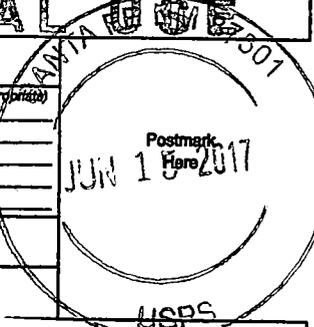
<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage \$ \_\_\_\_\_

Total Postage and Fees \$ \_\_\_\_\_

Sent To ZPZ Delaware I LLC  
 Street and Apt. No., or PO Box 2000 Post Oak Blvd., Ste. 100  
 City, State, ZIP+4® Houston, TX 77056

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions



June 16, 2017

This is to notify all interested parties, including OXY USA Inc., McCombs Energy Ltd., Marshall & Winston, Inc., Oil & Gas Equity Holding LLC, PXP Producing Company LLC, ZPZ Delaware I LLC, Devon Energy Production Company, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by COG Operating LLC (Case No. 15741) at 8:15 a.m. on July 6, 2017 in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico. COG Operating LLC seeks an order (i) creating a 240-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2 E/2 of Section 35 and the E/2 SE/4 of Section 26, Township 22 South, Range 31 East, NMPM, in Eddy County, and (ii) pooling all uncommitted mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to the Tankless Federal Com #2H horizontal well, which will have a surface location in Unit P of Section 35 and a bottom hole location in Unit I of Section 26, Township 22 South, Range 31 East. The completed interval for the well will be within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of COG Operating LLC as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-nine (29) miles east of Carlsbad, New Mexico.

**Affidavit of Publication**

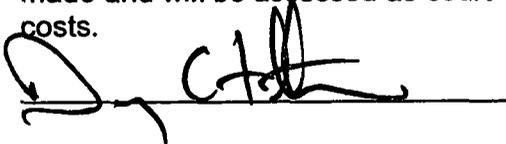
State of New Mexico,  
County of Eddy, ss.

**Danny Fletcher**, being first duly sworn, on oath says:

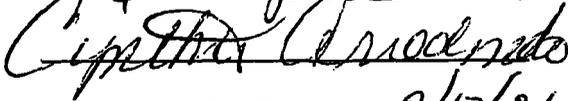
That he is the Publisher of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

June 16 2017

That the cost of publication is **\$89.49** and that payment thereof has been made and will be assessed as court costs.

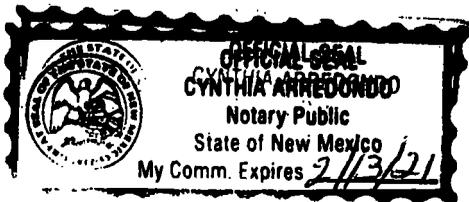


Subscribed and sworn to before me this 16 day of June, 2017



My commission Expires 2/13/21

Notary Public



OCD Case No. 15741  
**COG OPERATING**  
**Exhibit # 7**

**COG OPERATING LLC  
AUTHORITY FOR EXPENDITURE  
DRILLING**

<b>WELL NAME:</b> Tankless Federal #29H	<b>PROSPECT NAME:</b> #717184	<b>Deep 2855 no PH 1.5M</b>
<b>SHL:</b> SEC 35: 180 FSL & 560 FEL	<b>STATE &amp; COUNTY:</b> New Mexico, Eddy	
<b>BHL:</b> SEC 28: 2440 FSL & 380 FEL	<b>OBJECTIVE:</b> Drill & Complete	
<b>FORMATION:</b> 2B5	<b>DEPTH:</b> 17,300	
<b>LEGAL:</b> 35-22S-31E	<b>TVD:</b> 10,165	

	Drda - Rig Release(D)	Completion(C)	Tank Bivy Constraint(TB)	Equip Equipment(PEQ)	TOTAL
<b>INTANGIBLE COSTS</b>					
Title/Casualty/Permit	201 11,000				11,000
Insurance	202 4,000	302			4,000
Damages/Right of Way	203 5,000	303	351		5,000
Survey/State Location	204 5,000		352		5,000
Location/Plan/Road Expense	205 120,000	305 10,000	353 143,000	368	278,000
Drilling / Completion Overhead	206 10,000	306			10,000
Turnkey Contract	207 0	307			0
Footage Contract	208 0	308			0
Daywork Contract	209 565,000	309			565,000
Directional Drilling Services	210 137,000	310			137,000
Fuel & Power	211 63,000	311 3,500	354	367	66,500
Water	212 95,000	312 758,000		368	851,000
Bits	213 66,000	313 8,000		369	72,000
Mud & Chemicals	214 70,000	314 34,000		370	104,000
Drill Stem Test	215 0	315			0
Coring & Analysis	216 0				0
Cement Surface	217 32,000				32,000
Cement Intermediate	218 50,000				50,000
Cement 2nd Intermediate/Production	219 130,000				130,000
Cement Squeeze & Other (Pickoff Plug)	220 0			371	0
Float Equipment & Controls	221 35,000				35,000
Casing Crews & Equipment	222 35,000				35,000
Fishing Tools & Service	223 0	323		372	0
Geologic/Engineering	224 0	324	355	373	0
Contract Labor	225 7,000	325 23,600	356 110,000	374	140,600
Company Supervision	226 60,000	326 30,000	357	375	90,000
Contract Supervision	227 68,000	327 103,000	358	376 5,600	206,600
Testing Casing/Tubing	228 20,000	328 10,000		377	30,000
Mud Logging Unit	229 37,000	329			37,000
Logging	230 0			378	0
Perforating/Wireline Services	231 4,000	331 299,000		379	303,000
Stimulation/Testing		332 2,450,000		380	2,450,000
Completion Unit		333 118,000		381 7,700	125,700
Swabbing Unit		334		382	0
Rentals-Surface	235 135,000	335 229,000	359	383 8,600	370,600
Rentals-Subsurface	236 80,000	336 60,000		384	140,000
Trucking/Forklift/Rig Mobilization	237 135,000	337 40,000	360	385 8,000	183,000
Welding Services	238 4,000	338 5,000	361	386	9,000
Water Disposal	239 0	339 60,000	362 135,000	387	195,000
Plug to Abandon	240 0	340			0
Seismic Analysis	241 0	341			0
Miscellaneous	242 0	342		389	0
Contingency	243 123,000	343 175,000	363	390	298,000
Closed Loop & Environmental	244 150,000	344 5,000	364	391	155,000
Coil Tubing		346			0
Flowback Crews & Equip		347 72,000			72,000
Offset Directional/Plan	248 0	348			0
<b>TOTAL INTANGIBLES</b>	<b>2,317,000</b>	<b>4,489,300</b>	<b>390,000</b>	<b>25,300</b>	<b>7,221,600</b>

	Drda - Rig Release(D)	Completion(C)	Tank Bivy Constraint(TB)	Equip Equipment(PEQ)	TOTAL
<b>TANGIBLE COSTS</b>					
Surface Casing	401 23,000				23,000
Intermediate Casing	402 115,000	0			115,000
Production Casing/Liner	403 250,000				250,000
Tubing		504 48,600		530	48,600
Wellhead Equipment	405 25,000	505 20,900		531 3,300	49,200
Pumpjack Unit				532 111,000	111,000
Pipes Mover		0		533	0
Roads				534 49,500	49,500
Pumps-Sub Surface (BH)		509 0		535 8,600	8,600
Tanks			510 75,000		75,000
Flowlines			511 35,000		35,000
Heater Treater/Separator			512 91,000		91,000
Electrical System			513 75,000	534	75,000
Packers/Anchors/Plungers	414 0	514 8,000			8,000
Couplings/Fittings/Valves	415 0		515 250,000		250,000
Dehydration			517		0
Injection Plant/CO2 Equipment		0	518		0
Pumps-Surface		0	521 25,000		25,000
Instrumentation/SCADA/POC			522	529 4,400	4,400
Miscellaneous	419 0	519	523	536	0
Contingency	420 0	520	524	536	0
Meters/LACT			525 29,000		29,000
Flares/Combustors/Emission			526 50,000		50,000
Gas Lift/Compression		527 15,000	516 25,000	528	40,000
<b>TOTAL TANGIBLES</b>	<b>413,000</b>	<b>69,500</b>	<b>639,000</b>	<b>174,000</b>	<b>1,332,300</b>
<b>TOTAL WELL COSTS</b>	<b>2,730,000</b>	<b>4,578,800</b>	<b>1,043,000</b>	<b>200,100</b>	<b>8,553,900</b>

COG Operating LLC % of Total Well Cost 33% 54% 12% 2%

Date Prepared: 3/21/2017  
COG Operating LLC  
By: RSL IV TC 3-31-17

We approve: \_\_\_\_\_  
\_\_\_\_\_% Working Interest

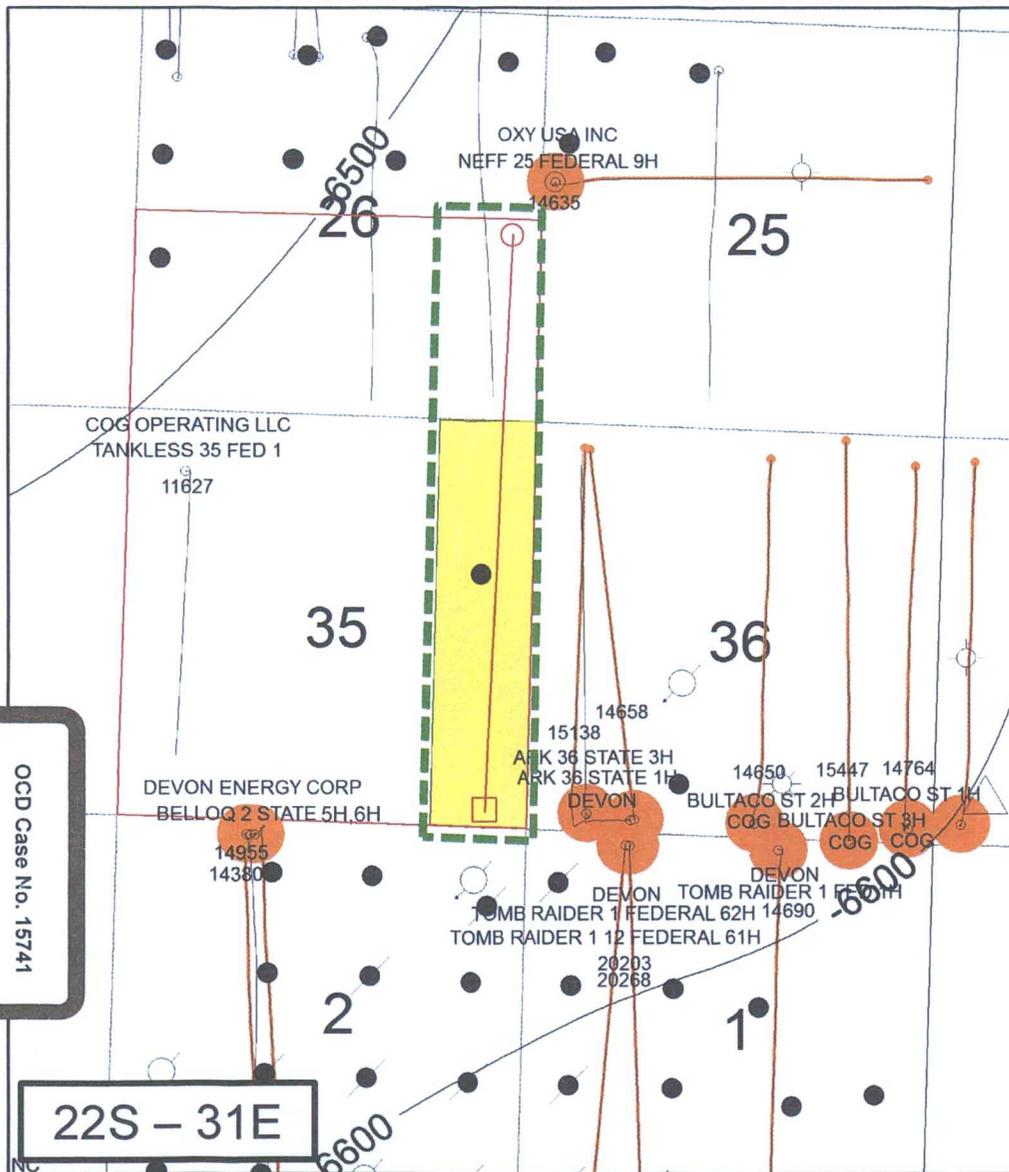
Company: \_\_\_\_\_  
By: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

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

OCD Case No. 15741  
**COG OPERATING  
Exhibit # 8**

# Livingston Ridge; Bone Spring Pool 2<sup>nd</sup> Bone Spring Sand Structure Map



## Map Legend

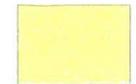
SHL 

COG - Horizontal Location

BHL 

 Producing 2<sup>nd</sup> Bone Spring Sand Wells

 2<sup>nd</sup> Bone Spring Sand Structure  
CI: 100'

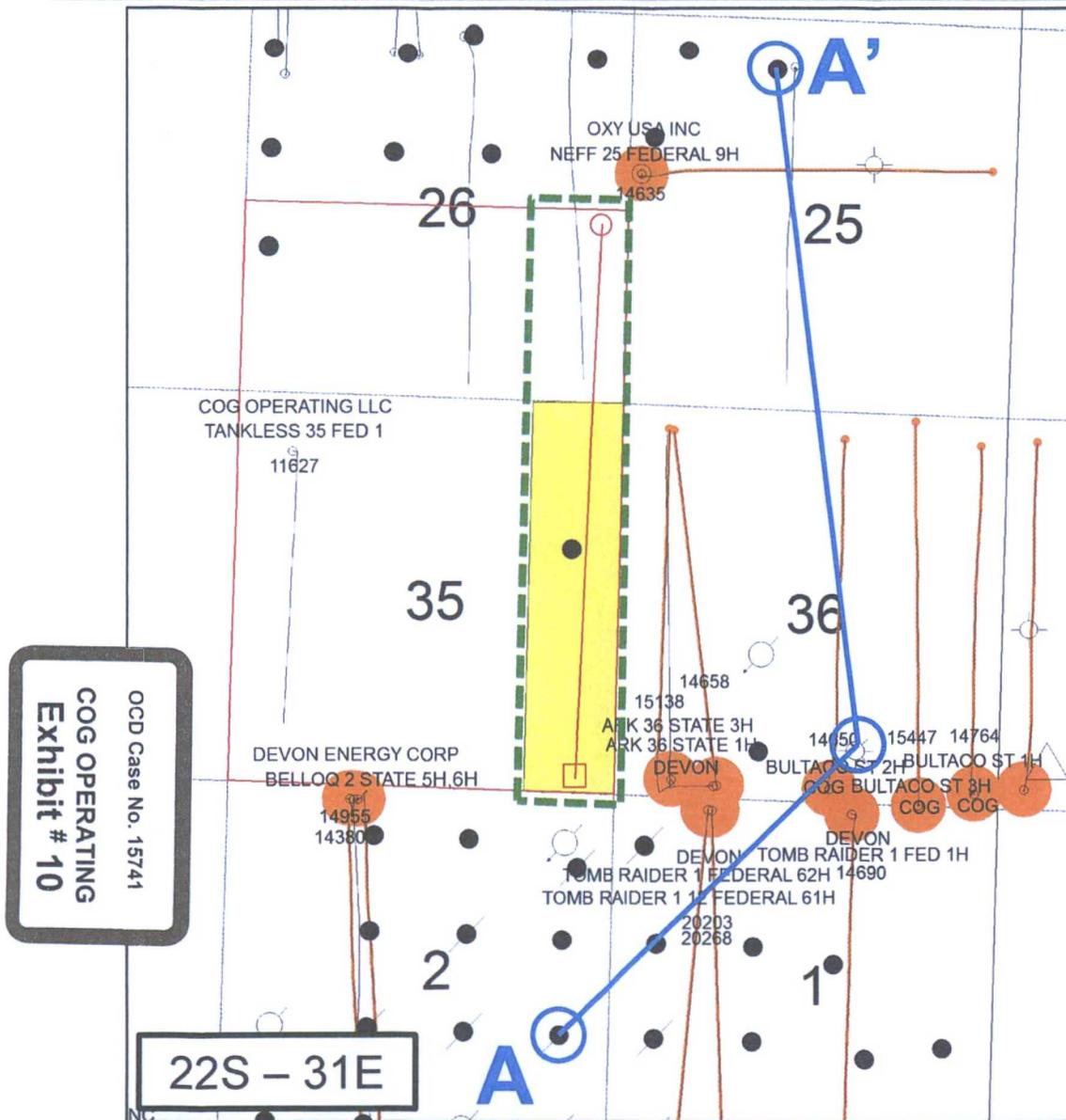


COG Acreage



Proposed non-standard spacing unit

# Livingston Ridge; Bone Spring Pool Cross Section Map

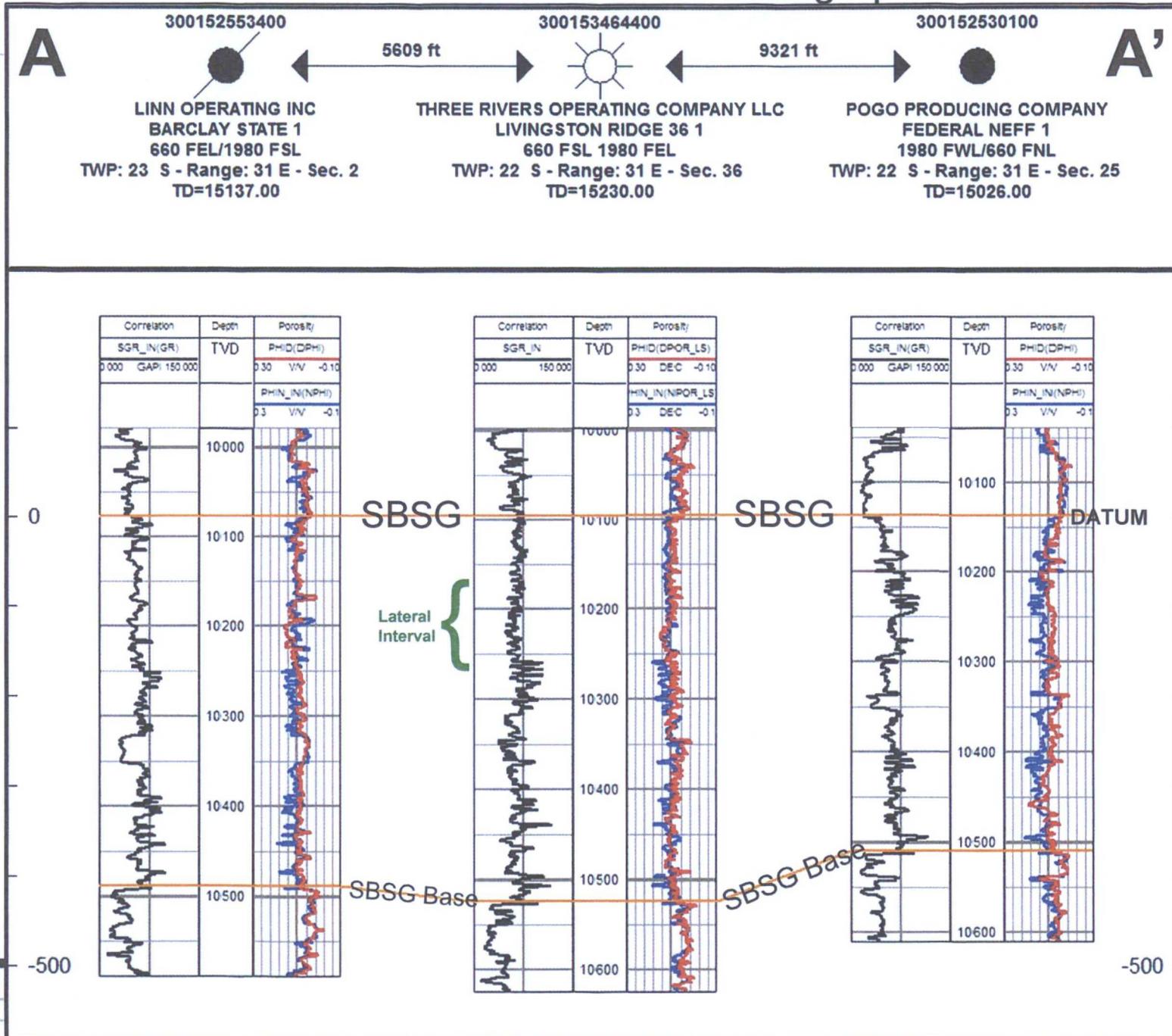


OCD Case No. 15741  
COG OPERATING  
Exhibit # 10

### Map Legend

- SHL □
- COG - Horizontal Location
- BHL ○
- Producing 2<sup>nd</sup> Bone Spring Sand Wells
- Cross Section Line
- COG Acreage
- Proposed non-standard spacing unit

# Stratigraphic Cross Section A – A'



OCD Case No. 15741  
 COG OPERATING  
 Exhibit # 11

