

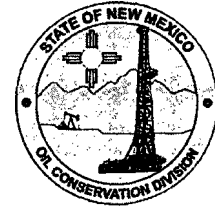
State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



January 17, 2019

Debora Wilbourn
dwilbourn@concho.com

NON-STANDARD LOCATION

Administrative Order NSL-7823

COG Operating LLC [OGRID 229137]
Harrier Federal Com Well No. 202H
API No. 30-025-PENDING

30-025-45831

Proposed Location

	<u>Footages</u>	<u>Unit/lot</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
Surface	435 FNL & 262 FWL	D	35	25S	32E	Lea
First Take Point	100 FNL & 240 FWL	D	35	25S	32E	Lea
Last Take Point	100 FSL & 240 FWL	M	2	26S	32E	Lea
Terminus	50 FSL & 240 FWL	M	2	26S	32E	Lea

Proposed Horizontal Spacing Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W2 W2 of Section 35	320	Jennings; Upper Bone Spring Shale	97838
W2 W2 of Section 2			

Reference is made to your application received on January 17, 2019.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. Sub Paragraph (a) of Paragraph (1) of Subsection B of 19.15.16.15 NMAC governs this proposed well and provides that the operator shall dedicate to each horizontal oil well a standard horizontal spacing unit that comprises of one or more contiguous tracts that the horizontal oil well's completed interval penetrates, each of which consists of a governmental quarter-quarter section or equivalent.

This well's completed interval is as close as 240 feet to the western edge along the proposed well path within the horizontal spacing unit. Encroachments will impact the following tracts.

Section 34, Township 25 South, Range 32E encroachment to the E2 E2
Section 3, Township 26 South, Range 32E encroachment to the E2 E2

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units towards which the proposed location encroaches. However, the ownership is identical in the E2 E2 of Section 35 and E2 E2 Section 3; therefore, notice is not required.

Division understands you seek this location in order to maximize recovery of resources beneath the prospective horizontal spacing unit and thereby prevent waste.

Your application has been filed under Subsection 6 of Paragraph of Section (C) of 19.15.16.15 NMAC, 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, Division approves this unorthodox location.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



Gabriel Wade
Acting Director

GW/mam

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office

RECEIVED: 1/17/2019	REVIEWER: M Am	TYPE: NS	APP NO: 2MAM1901740722
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: COG Operating LLC **OGRID Number:** 229137
Well Name: Harrier Federal Com 202H **API:**
Pool: Jennings; Upper Bone Spring Shale **Pool Code:** 97838

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

NSL - 7823

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☒ No notice required

FOR OCD ONLY

<input type="checkbox"/>	Notice Complete
<input type="checkbox"/>	Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Debra L. Wilbourn

Print or Type Name

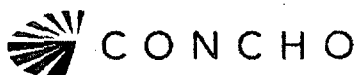
Debra L. Wilbourn
Signature

1/16/19
Date

575-748-6958

Phone Number

dwilbourn@concho.com
e-mail Address



January 16, 2019

Oil Conservation Division
Attention: Mr. Leonard Lowe
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application for Nonstandard Wellbore Location
Harrier Federal Com #202H
SHL: 435' FNL 262' FWL (Unit D), Section 35-T25S-R32E
Proposed FTP: 100' FNL 240' FWL (Unit D), Section 35-T25S-R32E
BHL: 50' FSL 240' FWL (Unit M), Section 2-T26S-R32E
Proposed LTP: 100' FSL 240' FWL (Unit M), Section 2-T26S-R32E
Lea County, New Mexico

Dear Mr. Lowe:

Pursuant to Division Rule 19.15.15.13, COG Operating LLC (COG) respectfully requests administrative approval of a non-standard wellbore location for its Harrier Federal Com #202H well. The producing interval of this well does not meet the requirement of the producing area being 330' from the outer boundary. Attached is a Form C-102 showing the spacing unit of this well.

COG is seeking approval of the unorthodox location in order to maximize recovery of reserves. The New Mexico Oil Conservation Division's approval of the unorthodox completed interval for the Harrier Federal Com #202H will allow for efficient recovery of reserves, thereby preventing waste and improving well performance. (Please see attached Engineering Statement for more detailed information.)

The affected offset tracts are the E/2 of Sec. 34-T25S-R32E and E/2 of Sec. 3-T26S-R32E. COG is the operator of this offsetting acreage and owns 100% of the working interest in these tracts, therefore no notification of owners is required. COG has notified the working interest owners in the spacing unit for the Harrier wells of this NSL application.

Thank you for your consideration of this application. Should you have questions or require further information, please contact me at 575-748-6958 or by email at dwilbourn@concho.com.

Sincerely,

A handwritten signature in cursive script, reading "Debora L. Wilbourn".

Debora L. Wilbourn
Regulatory Analyst

Enclosures
cc: OCD Hobbs

CORPORATE ADDRESS

ONE CONCHO CENTER | 600 WEST ILLINOIS AVENUE | MIDLAND, TEXAS 79701
P 432.683.7443 | F 432.683.7441

ARTESIA WEST OFFICE

2208 MAIN STREET | ARTESIA, NEW MEXICO 88210
P 575.748.6940 | F 575.746.2096

DISTRICT I
1020 N. FRANKLIN DR., ROSA, NM 88240
Phone: (505) 834-8181 Fax: (505) 834-8725

DISTRICT II
511 E. FIRST ST., ARIZONA, NM 88210
Phone: (505) 748-1203 Fax: (505) 748-0725

DISTRICT III
1000 E. BRAZOS RD., ARIZONA, NM 87410
Phone: (505) 834-8175 Fax: (505) 834-8175

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

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	Pool Code	Pool Name
	97838	Jennings; Upper Bone Spring Shale
Property Code	Property Name	Well Number
	HARRIER FEDERAL COM	202H
OGRID No.	Operator Name	Elevation
229137	COG OPERATING, LLC	3369.5'

Surface Location


UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	35	25-S	32-E		435	NORTH	262	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	26-S	32-E		50	SOUTH	240	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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

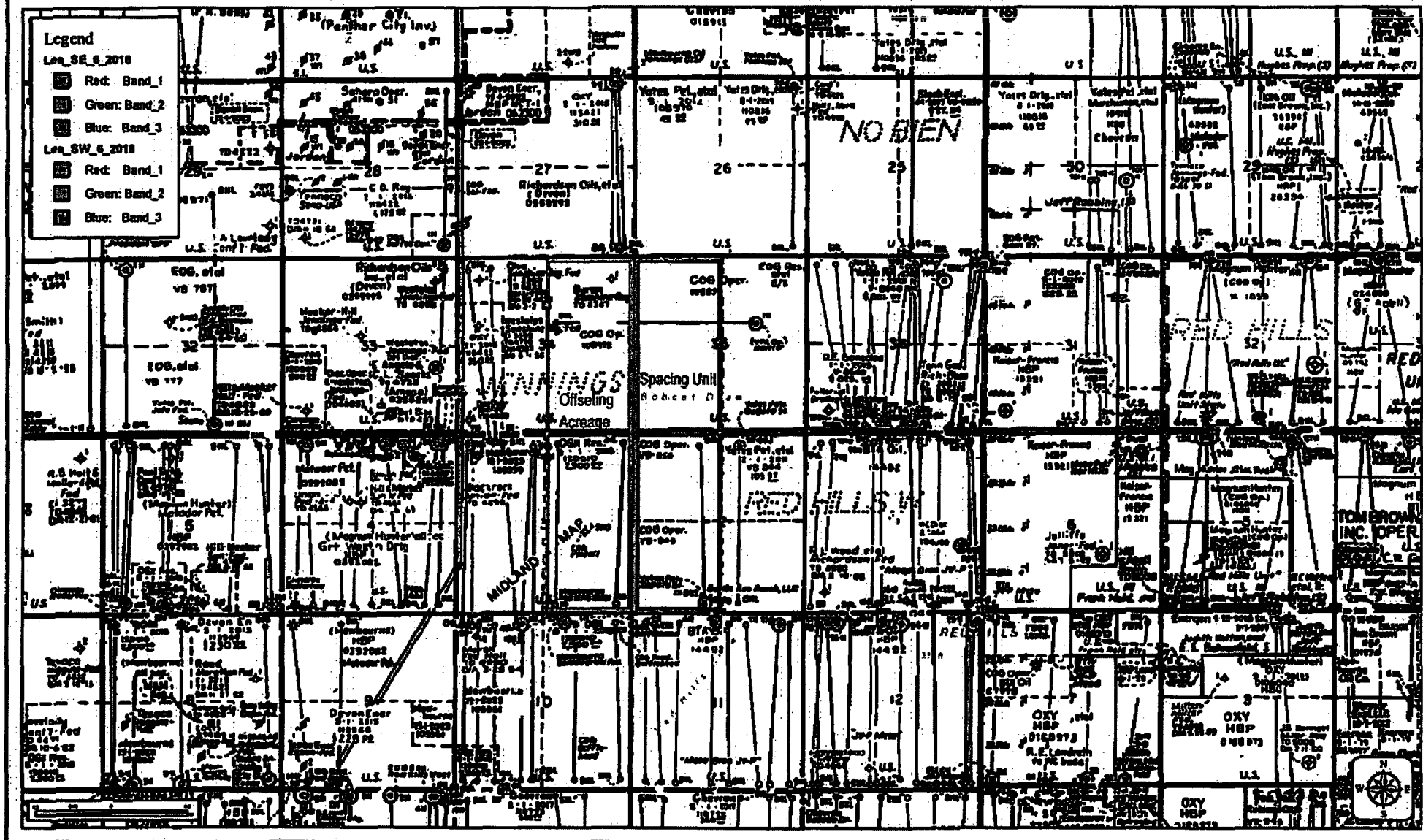
<p>Y=398686.8 N X=751636.5 E</p> <p>FTP</p> <p>100' FSL & 240' FWL Y=398588.5 N X=751876.5 E LAT.=32.093975° N LONG.=103.653462° W GRID AZ. TO FTP 356°02'11"</p> <p>LEASE X-INC LAT.=32.079709° N LONG.=103.653467° W</p> <p>LIP</p> <p>100' FSL & 240' FWL Y=388150.0 N X=751940.8 E LAT.=32.065280° N LONG.=103.653467° W</p> <p>Y=388048.3 N X=751701.7 E</p>	<p>435'</p> <p>262' S.L.</p> <p>GRID AZ. = 179°38'50"</p> <p>HORZ. DIST. = 10488.7'</p> <p>SECTION 35</p> <p>SECTION 2</p> <p>Y=398695.8 N X=752965.6 E</p> <p>Y=388057.8 N X=753037.9 E</p>	<p>NAD 83 NME <u>SURFACE LOCATION</u> Y=398253.6 N X=751899.8 E LAT.=32.093054° N LONG.=103.653394° W</p> <p>NAD 83 NME <u>PROPOSED BOTTOM HOLE LOCATION</u> Y=388100.0 N X=751941.1 E LAT.=32.065143° N LONG.=103.653467° W</p>	<p>OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>Deborah L. Wilbourn</i> Signature Date 11/16/18</p> <p>Deborah L. Wilbourn Printed Name</p> <p>dwlbourn@concho.com E-mail Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>DECEMBER 12, 2018 Date of Survey</p> <p>Signature & Seal of Professional Surveyor</p> <p> Chad L. Hargrow 12/17/18 Certificate No. CHAD HARGROW 17777 W.O. # 18-1701 DRAWN BY: AM</p>
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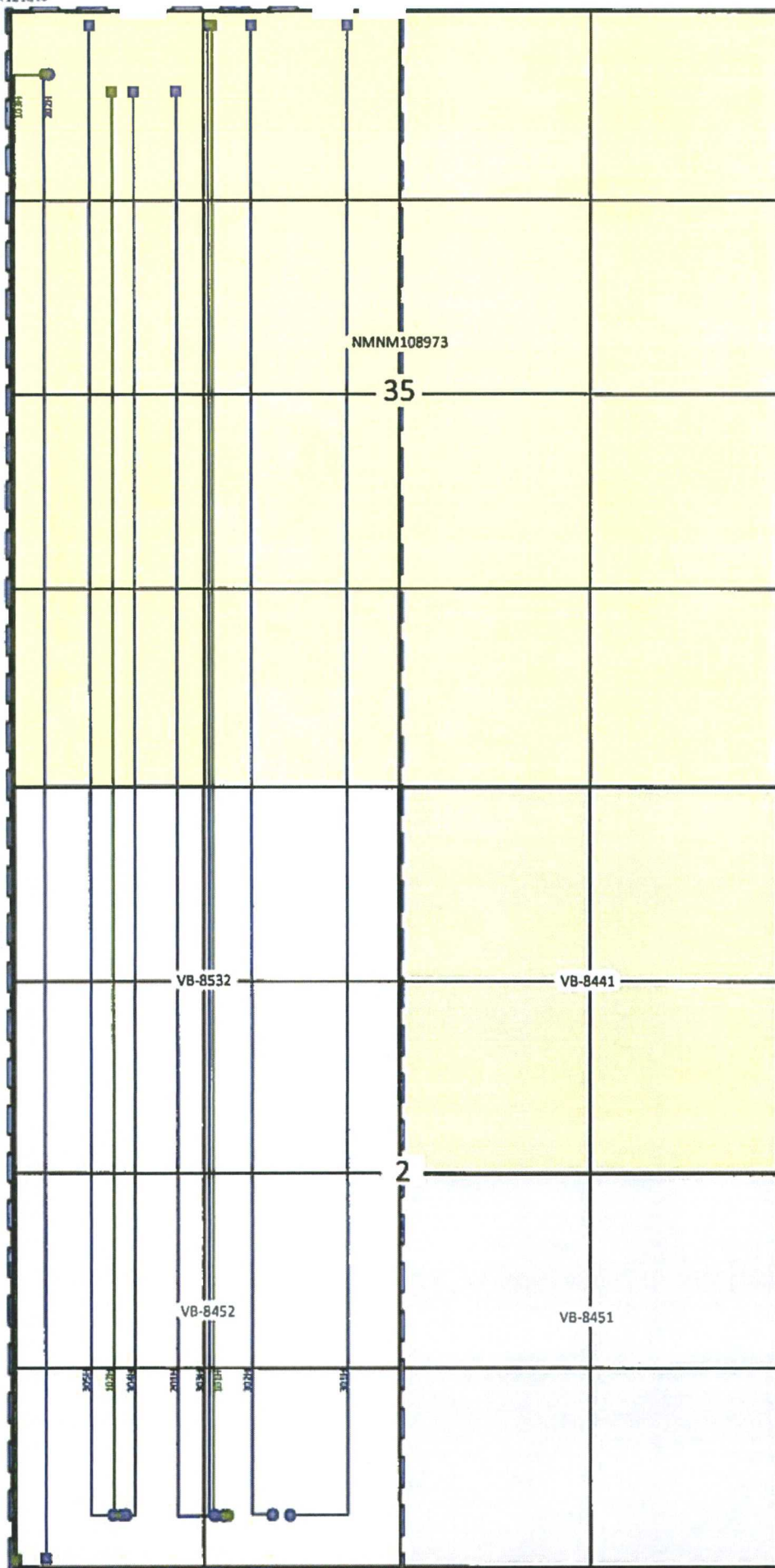


CONCHO

Sec. 35-T25S-R32E & Sec. 2-T25S-R32E, Lea County, NM

Harrier Federal Com 202H





- Upr Avalon SH SHL
- Upr Avalon SH BHL
- Middle Avalon SH SHL
- Middle Avalon SH BHL
- Lwr Avalon SH SHL
- Lwr Avalon SH BHL
- Avalon SH CA

Harrier Federal 202H – NSL Application Engineering Statement

The Harrier Federal 202H well is part of a development project in which COG Operating LLC (COG) will test reduced spacing in the Upper, Lower and Basal Avalon Shale formation. There are a total of 17 wells in the 640 acre development that will be testing this reduced spacing.

Approval of a NSL for the Harrier Federal 202H well will provide adequate spacing for the planned spacing test and will allow economic recovery along with the co-development of the other wells in the section. By testing the viability of simultaneous development on reduced spacing within a single interval, COG is attempting to maximize recoverable resources from the interval and minimize waste created should we not simultaneously develop these targets.



Matt Solomon
Staff Landman

January 16, 2019

Oil Conservation Division
Attention: Mr. Leonard Lowe
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: NSL Applications for the Harrier Fed Com 103H and 202H

Mr. Lowe:

My name is Matt Solomon and I am the landman at COG Operating LLC ("Concho") whose area of responsibility includes T25S-R32E and T26S-R32E, Lea County, New Mexico.

Our Harrier Fed Com 103H and 202H wells will not comply with the standard 330' set-back. The affected offset acreage is:

1. E/2E/2 of Sec. 34-25S-32E
2. E/2E/2 of Sec. 3-26S-32E

Both of these tracts are covered by federal leases for which Concho owns 100% of the working interest.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "MSolomon", written over a horizontal line.

Matt Solomon - CPL, J.D.
Staff Landman
432-685-4352 (o)
832-544-9492 (c)
msolomon@concho.com