

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMLC029405A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

SUBMIT IN TRIPLICATE - Other instructions on page 2

| | | |
|--|---|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8. Well Name and No. Multiple--See Attached |
| 2. Name of Operator COG OPERATING LLC Contact: KANICIA CASTILLO E-Mail: kcastillo@concho.com | | 9. API Well No. Multiple--See Attached |
| 3a. Address ONE CONCHO CENTER 600 W ILLINOIS AVENUE MIDLAND, TX 79701-4287 | 3b. Phone No. (include area code) Ph: 432-685-4332 | 10. Field and Pool or Exploratory Area Multiple--See Attached |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached | | 11. County or Parish, State LEA COUNTY, NM |

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Hydraulic Fracturing | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Venting and/or Flaring |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

COG Operating LLC, respectfully request to flare at the BC Federal #1 battery.
Number of wells to flare: (33)

BC FEDERAL 1 30-025-34733
BC FEDERAL 2 30-025-34713
BC FEDERAL 3 30-025-34932
BC FEDERAL 4 30-025-35481
BC FEDERAL 6 30-025-35652
BC FEDERAL 7 30-025-35813
BC FEDERAL 8 30-025-36194
BC FEDERAL 14 30-025-38366
BC FEDERAL 15 30-025-38539

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

| | |
|---|-----------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #357258 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Hobbs Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/08/2016 (17DLM0144SE) | |
| Name (Printed/Typed) KANICIA CASTILLO | Title PREPARER |
| Signature (Electronic Submission) | Date 11/07/2016 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|---------------------------------|------------------------|
| Approved By <u>MUSTAFA HAQUE</u> | Title <u>PETROLEUM ENGINEER</u> | Date <u>01/12/2017</u> |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | | |
| Office Hobbs | | |

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

(Instructions on page 2)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

MAB/OCD 1/24/2017

B

Additional data for EC transaction #357258 that would not fit on the form

Wells/Facilities, continued

| Agreement | Lease | Well/Fac Name, Number | API Number | Location |
|-------------|-------------|-----------------------|--------------------|--|
| NMLC029405A | NMLC029405A | BC FEDERAL 15 | 30-025-38539-00-S1 | Sec 20 T17S R32E NWNE 990FNL 1650FEL 32.824646 N Lat, 103.785477 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 22 | 30-025-38741-00-S1 | Sec 19 T17S R32E NENE 990FNL 990FEL 32.824652 N Lat, 103.800485 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 1 ✓ | 30-025-34733-00-S1 | Sec 20 T17S R32E NENW 330FNL 1575FWL 32.826461 N Lat, 103.792099 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 02 | 30-025-34713-00-S1 | Sec 20 T17S R32E NWNE 330FNL 2310FEL 32.826460 N Lat, 103.787638 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 03 | 30-025-34932-00-S1 | Sec 20 T17S R32E SENE 1650FNL 940FEL 32.822831 N Lat, 103.783152 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 04 | 30-025-35481-00-S1 | Sec 19 T17S R32E NWNE 330FNL 2310FEL 32.826471 N Lat, 103.804805 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 06 | 30-025-35652-00-S1 | Sec 19 T17S R32E SENE 1595FNL 1040FEL 32.822989 N Lat, 103.800646 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 07 | 30-025-35813-00-S1 | Sec 19 T17S R32E SWNE 2410FNL 1650FEL 32.820751 N Lat, 103.802638 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 08 | 30-025-36194-00-S1 | Sec 20 T17S R32E NWNW 990FNL 990FWL 32.824647 N Lat, 103.794009 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 14 | 30-025-38366-00-S1 | Sec 20 T17S R32E SENW 1650FNL 2020FWL 32.822832 N Lat, 103.790638 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 25 | 30-025-38744-00-S1 | Sec 20 T17S R32E NWNE 990FNL 2310FEL 32.824646 N Lat, 103.787638 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 26 | 30-025-38745-00-S1 | Sec 20 T17S R32E SWNW 2310FNL 840FWL 32.821019 N Lat, 103.794495 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 27 | 30-025-38727-00-S1 | Sec 20 T17S R32E NENE 400FNL 1090FEL 32.826267 N Lat, 103.783648 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 28 | 30-025-38746-00-S1 | Sec 20 T17S R32E NENE 690FNL 280FEL 32.825470 N Lat, 103.780997 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 29 | 30-025-38814-00-S1 | Sec 20 T17S R32E SWNW 1790FNL 480FWL 32.822448 N Lat, 103.795674 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 31 | 30-025-38713-00-S1 | Sec 20 T17S R32E SWNE 1690FNL 2150FWL 32.822722 N Lat, 103.787109 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 32 | 30-025-38829-00-S1 | Sec 20 T17S R32E SWNE 2360FNL 1650FEL 32.820880 N Lat, 103.785471 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 33 | 30-025-38714-00-S1 | Sec 20 T17S R32E SWNE 2310FNL 480FEL 32.821017 N Lat, 103.781645 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 40 | 30-025-39414-00-S1 | Sec 20 T17S R32E NWNW Lot D 330FNL 990FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 41 | 30-025-39415-00-S1 | Sec 20 T17S R32E NWNE 330FNL 1920FEL 32.826460 N Lat, 103.786363 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 42 | 30-025-39416-00-S1 | Sec 20 T17S R32E SWNW 2310FNL 330FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 43 | 30-025-39417-00-S1 | Sec 20 T17S R32E SWNE 2310FNL 2310FEL 32.821018 N Lat, 103.787630 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 46 | 30-025-39611-00-S1 | Sec 19 T17S R32E NENE Lot A 990FNL 330FEL 32.824576 N Lat, 103.797770 W Lon |
| NMLC029405A | NMLC029405A | BC FEDERAL 53 | 30-025-39612-00-S1 | Sec 20 T17S R32E NENE 738FNL 73FEL |
| NMLC029405A | NMLC029405A | BC FEDERAL 54 | 30-025-39625-00-S1 | Sec 20 T17S R32E NWNW 330FNL 330FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 55 | 30-025-39544-00-S1 | Sec 20 T17S R32E NENW 330FNL 2310FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 57 | 30-025-39497-00-S1 | Sec 20 T17S R32E NENW 990FNL 1650FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 58 | 30-025-39856-00-S1 | Sec 20 T17S R32E NENW 940FNL 2310FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 59 | 30-025-39470-00-S1 | Sec 20 T17S R32E SWNW 1650FNL 330FEL |
| NMLC029405A | NMLC029405A | BC FEDERAL 61 | 30-025-39950-00-S1 | Sec 20 T17S R32E SWNE 1696FNL 2000FEL |
| NMLC029405A | NMLC029405A | BC FEDERAL 62 | 30-025-40098-00-S1 | Sec 20 T17S R32E NENW 1105FNL 2015FWL |
| NMLC029405A | NMLC029405A | BC FEDERAL 63 | 30-025-39857-00-S1 | Sec 20 T17S R32E SENE Lot H 2310FNL 990FEL |
| NMLC029405A | NMLC029405A | BC FEDERAL 65 | 30-025-39913-00-S1 | Sec 20 T17S R32E NENE 502FNL 1121FEL |

10. Field and Pool, continued

MALJAMAR-YESO

32. Additional remarks, continued

BC FEDERAL 22 30-025-38741
BC FEDERAL 25 30-025-38744
BC FEDERAL 26 30-025-38745
BC FEDERAL 27 30-025-38727
BC FEDERAL 28 30-025-38746
BC FEDERAL 29 30-025-38814
BC FEDERAL 31 30-025-38713
BC FEDERAL 32 30-025-38829
BC FEDERAL 33 30-025-38714
BC FEDERAL 40 30-025-39414
BC FEDERAL 41 30-025-39415
BC FEDERAL 42 30-025-39416
BC FEDERAL 43 30-025-39417
BC FEDERAL 46 30-025-39611
BC FEDERAL 53 30-025-39612
BC FEDERAL 54 30-025-39625
BC FEDERAL 55 30-025-39544
BC FEDERAL 57 30-025-39497
BC FEDERAL 58 30-025-39856
BC FEDERAL 59 30-025-39470

✓ **32. Additional remarks, continued**

BC FEDERAL 61 30-025-39950

BC FEDERAL 62 30-025-40098

BC FEDERAL 63 30-025-39857

BC FEDERAL 65 30-025-39913

79 Oil

959 MCF

Requesting 90 flare approval from 11/4/16 to 2/2/17.

Due to: Unplanned Midstream Curtailment

Revisions to Operator-Submitted EC Data for Sundry Notice #357258

| | Operator Submitted | BLM Revised (AFMSS) |
|----------------|--|---|
| Sundry Type: | FLARE NOI | FLARE NOI |
| Lease: | NMLC029405B | NMLC029405A |
| Agreement: | | |
| Operator: | COG OPERATING LLC 600 W ILLINOIS AVE MIDLAND, TX 79701 Ph: 432-683-7443 | COG OPERATING LLC ONE CONCHO CENTER 600 W ILLINOIS AVENUE MIDLAND, TX 79701-4287 Ph: 432.685.4342 |
| Admin Contact: | KANICIA CASTILLO PREPARER E-Mail: kcastillo@concho.com Ph: 432-685-4332 | KANICIA CASTILLO PREPARER E-Mail: kcastillo@concho.com Ph: 432-685-4332 |
| Tech Contact: | KANICIA CASTILLO PREPARER E-Mail: kcastillo@concho.com Ph: 432-685-4332 | KANICIA CASTILLO PREPARER E-Mail: kcastillo@concho.com Ph: 432-685-4332 |
| Location: | | |
| State: | NM | NM |
| County: | LEA | LEA |
| Field/Pool: | MALJAMAR | MALJAMAR MALJAMAR-PADDOCK MALJAMAR-YESO |
| Well/Facility: | BC FEDERAL 1 Sec 20 T17S R32E Mer NMP 330FNL 1575FWL | BC FEDERAL 15 Sec 20 T17S R32E NWNE 990FNL 1650FEL 32.824646 N Lat, 103.785477 W Lon BC FEDERAL 22 Sec 19 T17S R32E NENE 990FNL 990FEL 32.824652 N Lat, 103.800485 W Lon BC FEDERAL 1 Sec 20 T17S R32E NENW 330FNL 1575FWL 32.826461 N Lat, 103.792099 W Lon BC FEDERAL 02 Sec 20 T17S R32E NWNE 330FNL 2310FEL 32.826460 N Lat, 103.787638 W Lon BC FEDERAL 03 Sec 20 T17S R32E SENE 1650FNL 940FEL 32.822831 N Lat, 103.783152 W Lon BC FEDERAL 04 Sec 19 T17S R32E NWNE 330FNL 2310FEL 32.826471 N Lat, 103.804805 W Lon BC FEDERAL 06 Sec 19 T17S R32E SENE 1595FNL 1040FEL 32.822989 N Lat, 103.800646 W Lon BC FEDERAL 07 Sec 19 T17S R32E SWNE 2410FNL 1650FEL 32.820751 N Lat, 103.802638 W Lon BC FEDERAL 08 Sec 20 T17S R32E NWNW 990FNL 990FWL 32.824647 N Lat, 103.794009 W Lon BC FEDERAL 14 Sec 20 T17S R32E SENW 1650FNL 2020FWL 32.822832 N Lat, 103.790638 W Lon BC FEDERAL 25 Sec 20 T17S R32E NWNE 990FNL 2310FEL 32.824646 N Lat, 103.787636 W Lon BC FEDERAL 26 Sec 20 T17S R32E SWNW 2310FNL 840FWL 32.821019 N Lat, 103.794495 W Lon BC FEDERAL 27 Sec 20 T17S R32E NENE 400FNL 1090FEL 32.826267 N Lat, 103.783648 W Lon BC FEDERAL 28 Sec 20 T17S R32E NENE 690FNL 280FEL 32.825470 N Lat, 103.780997 W Lon BC FEDERAL 29 Sec 20 T17S R32E SWNW 1790FNL 480FWL 32.822448 N Lat, 103.795674 W Lon BC FEDERAL 31 Sec 20 T17S R32E SWNE 1690FNL 2150FWL |

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

COG Operating LLC
BC Federal 1
NMNM029405B

1/12/2017

Pursuant to **NTL-4A III**, Lessees or operators are hereby authorized to vent or flare gas on a short-term basis without incurring a royalty obligation in the following circumstances:

- A. Emergencies. During temporary emergency situations, such as compressor or other equipment failures, relief of abnormal system pressures, or other conditions which result in the unavoidable short-term venting or flaring of gas. However, this authorization to vent or flare gas in such circumstances without incurring a royalty obligation is limited to 24 hours per incident and to 144 hours cumulative for the lease during any calendar month, except with the prior authorization, approval, ratification, or acceptance of the Supervisor.
- B. Well Purging and Evaluation Tests. During the unloading or cleaning up of a well during drillstem, producing, routine purging, or evaluation tests, not exceeding a period of 24 hours.
- C. Initial Production Tests. During initial well evaluation tests, not exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first, unless a longer test period has been authorized by the appropriate State regulatory agency and ratified or accepted by the Supervisor.
- D. Routine or Special Well Tests. During routine or special well tests, other than those cited in NTL-4A III.B and C above, only after approval by the Supervisor.

If a flaring event conforms with the requirements listed above as per NTL-4A III., the flared volumes are not royalty bearing and the operator does not need to submit a Sundry Notice. Report flared volumes as unavoidably lost on OGOR B.

Condition of Approval to Flare Gas

1. The first 24 hours of a temporary emergency flare* is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). NTL-4A specifies no more than 24 hours per incident and no more 144 hours cumulative for the lease during any calendar month. These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
2. Flared volumes considered to be "avoidably lost":
 - Exceeding the first 24 hours for each temporary emergency flare event (144 hours cumulative for the lease per month), well purging and evaluation test.
 - During initial well evaluation tests, exceeding a period of 30 days or the production of 50 MMcf of gas, whichever occurs first
 - Scheduled flaring operations

These flare events will require prior approval via Notice of Intent- Sundry Notice (Form 3160-5). Volumes flared beyond limits defined in NTL-4A are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with NTL-4A.IV.B.. Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08". If the operator believes that the flared volumes were "unavoidably lost" and the BLM determines them to be "avoidably lost", the operator can submit a more detailed request via Sundry Notice (Form 3160-5) for an exception in accordance with NTL-4A.IV.B.. As an

- alternative to producing oil and flaring gas the operator may choose to shut the well in and avoid paying royalties on otherwise avoidably lost gas.
3. Approval not to exceed 90 days, (from 11/4/2016 to 02/02/2017), if flaring is still required past 90 days submit new request for approval.
 4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a Sundry Notice (Form 3160-5). Include method for volume determination and duration. Report unavoidably lost (first 24 hrs of unexpected event) and avoidably lost (exceeding the first 24 hrs or flared gas that has been approved as avoidably lost by the Authorized Officer) volumes and durations on the Subsequent Report.
 5. In determining the volumes of gas to be reported in accordance with NTL-4A the BLM CFO requires Vent/flare gas metering to meet all requirements for a sales meter as per Federal Regulations, Onshore Order #5 and NTL 2008-01. Include meter serial number on Sundry Notice (Form 3160-5).
 - If installation of an approved gas meter is not economically feasible for continued operations. Submit Notice of Intent - Sundry Notice (Form 3160-5) to request an alternate method of determining gas volumes with a valid justification. Alternate methods are listed in NTL-4A. The Authorized Officer may require the installation of additional measurement equipment whenever it is determined that the present methods are inadequate to meet the purposes of this Notice.
 6. An updated facility diagram is required within 60 days of modifications to existing facilities per Onshore Order #3.
 7. This approval does not authorize any additional surface disturbance.
 8. Subject to like approval from NMOCD

Regulations and Definitions

Definition: As per **NTL-4A II. A.** "Avoidably lost" production shall mean the venting or flaring of produced gas without the prior authorization, approval, ratification, or acceptance of the Supervisor and the loss of produced oil or gas when the Supervisor determines that such loss occurred as a result of (1) negligence on the part of the lessee or operator, or (2) the failure of the lessee or operator to take all reasonable measures to prevent and/or to control the loss, or (3) the failure of the lessee or operator to comply fully with the applicable lease terms and regulations, appropriate provisions of the approved operating plan, or the prior written orders of the Supervisor, or (4) and combination of the foregoing.

NTL-4A.IV.B. Oil Well Gas. Except as provided in II.C and III above, oil well gas may not be vented or flared unless approved in writing by the Supervisor. The Supervisor may approve an application for the venting or flaring of oil well gas if justified either by the submittal of **(1)** an evaluation report supported by engineering, geologic, and economic data which demonstrates to the satisfaction of the Supervisor that the expenditures necessary to market or beneficially use such gas are not economically justified and that conservation of the gas, if required, would lead to the premature abandonment of recoverable oil reserves and ultimately to a greater loss of equivalent energy than would be recovered if the venting or flaring were permitted to continue or **(2)** an action plan that will eliminate venting or flaring of the gas within 1 year from the date of application.

***Temporary Emergency Flaring** is defined as an unexpected situation requiring immediate action. A flaring event is considered an emergency if the occurrence is out of the operators control and the operator had less than 24 hrs notification of the event. Scheduled or routine flare events will not be considered an emergency.