

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNMOCD
HobbsFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|---|---|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM0554252 |
| 2. Name of Operator COG OPERATING LLC | | 6. If Indian, Allottee or Tribe Name |
| Contact: AMANDA AVERY E-Mail: aavery@concho.com | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3a. Address ONE CONCHO CENTER 600 W ILLINOIS AVENUE MIDLAND, TX 79701-4287 | 3b. Phone No. (include area code) Ph: 575-748-6940 | 8. Well Name and No. PICASSO FEDERAL 2H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 9 T24S R34E SWSE 190FSL 1330FEL 32.225207 N Lat, 103.470202 W Lon | | 9. API Well No. 30-025-41905-00-S1 |
| | | 10. Field and Pool, or Exploratory RED HILLS |
| | | 11. County or Parish, and State LEA COUNTY, NM |

12. CHECK 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"/> Fracture Treat | <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 |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Off-Lease Measuremen t |
| | <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 recomplete 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall 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 requests permission for Off Lease Measurement for the Picasso Federal #2H.

All interest owners have been notified of this proposal.

No Federal or Indian royalties will be reduced by the approval of this application.

The meter is located on the EOG Jolly Roger 16 State #1H. The location of this well is NENE, Sec 16 T24S R34E.

The following documents are attached:

- 1) Map showing lease numbers and locations of leases and wells that will contribute production to

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

| | |
|--|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #335320 verified by the BLM Well Information System For COG OPERATING LLC, sent to the Hobbs Committed to AFMSS for processing by PRISCILLA PEREZ on 04/18/2016 (16PP0530SE) | |
| Name (Printed/Typed) AMANDA AVERY | Title AUTHORIZED REPRESENTATIVE |
| Signature (Electronic Submission) | Date 03/31/2016 |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved By _____ | Title _____ |
| 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 _____ |
| 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. | |

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

Additional data for EC transaction #335320 that would not fit on the form

32. Additional remarks, continued

the off lease measurement.

2) Facility Diagram

3) Plat of the location.

4) Interest owners notification letters.

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
Phone: (875) 283-6181 Fax: (875) 283-6778

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210
Phone: (875) 748-1283 Fax: (875) 748-9778

DISTRICT III
1009 RIO BRAZOS RD., AZTEC, NM 87410
Phone: (865) 334-8178 Fax: (865) 334-8178

DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505
Phone: (505) 478-3480 Fax: (505) 478-3482

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
11885 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------------|--|---|
| API Number 30-025- | Pool Code 96434 | Pool Name RED HILLS, BOKE SPRING, NORTH |
| Property Code 313737 | Property Name PICASSO FEDERAL | Well Number 2H |
| OCRID No. 229137 | Operator Name COG OPERATING, LLC | Elevation 3530.8 |

Surface Location

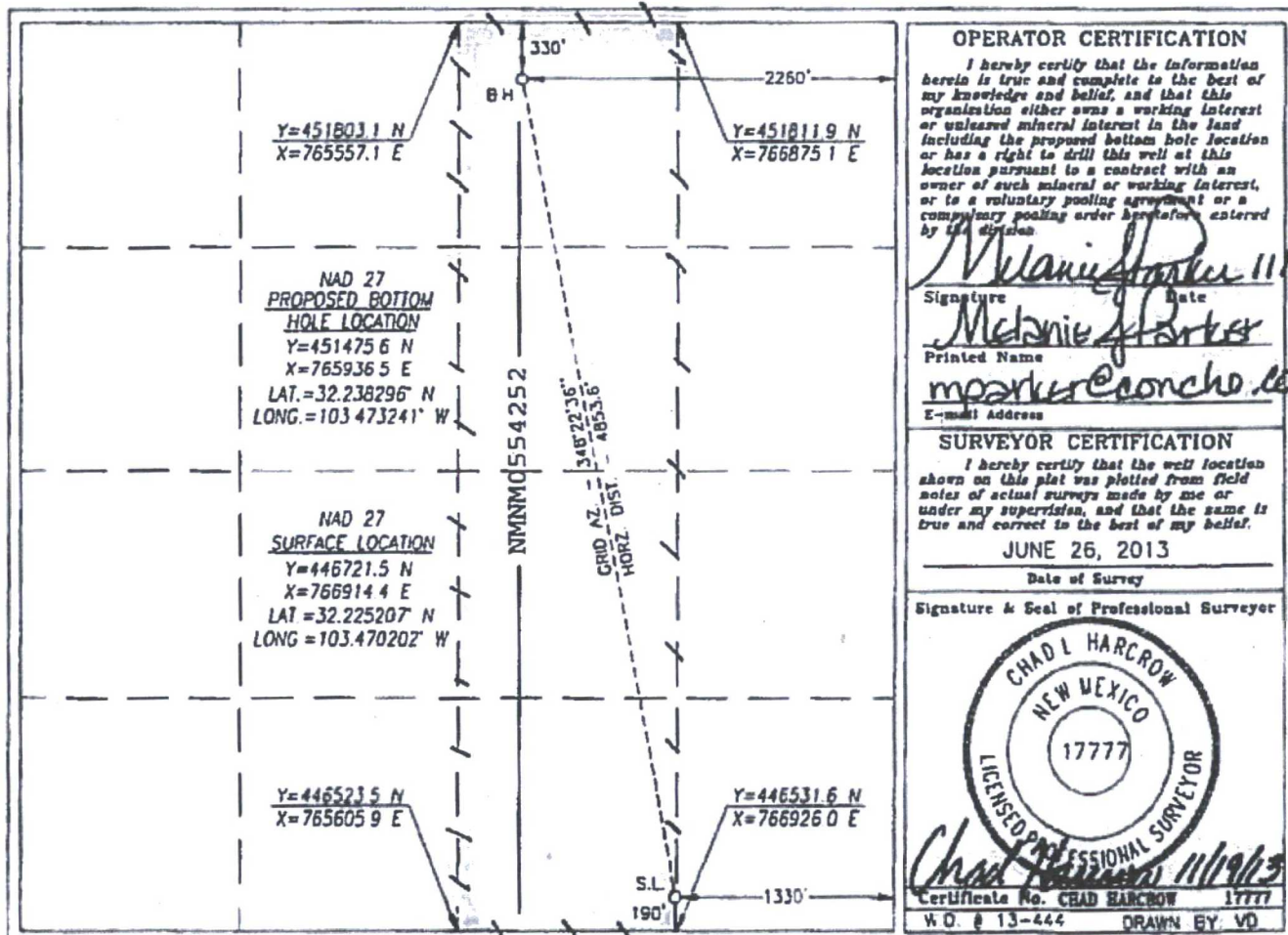
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| 0 | 9 | 24-S | 34-E | | 190 | SOUTH | 1330 | EAST | 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 |
|---------------|----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| B | 9 | 24-S | 34-E | | 352' | NORTH | 2255' | EAST | LEA |

| | | | |
|-------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 160 | Joint or Infill | Consolidation Code | Order No. |
|-------------------------------|-----------------|--------------------|-----------|

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: *Melanie Barker* Date: *11/12/13*
Printed Name: *Melanie Barker*
E-mail Address: *mbarker@concho.com*

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.

JUNE 26, 2013

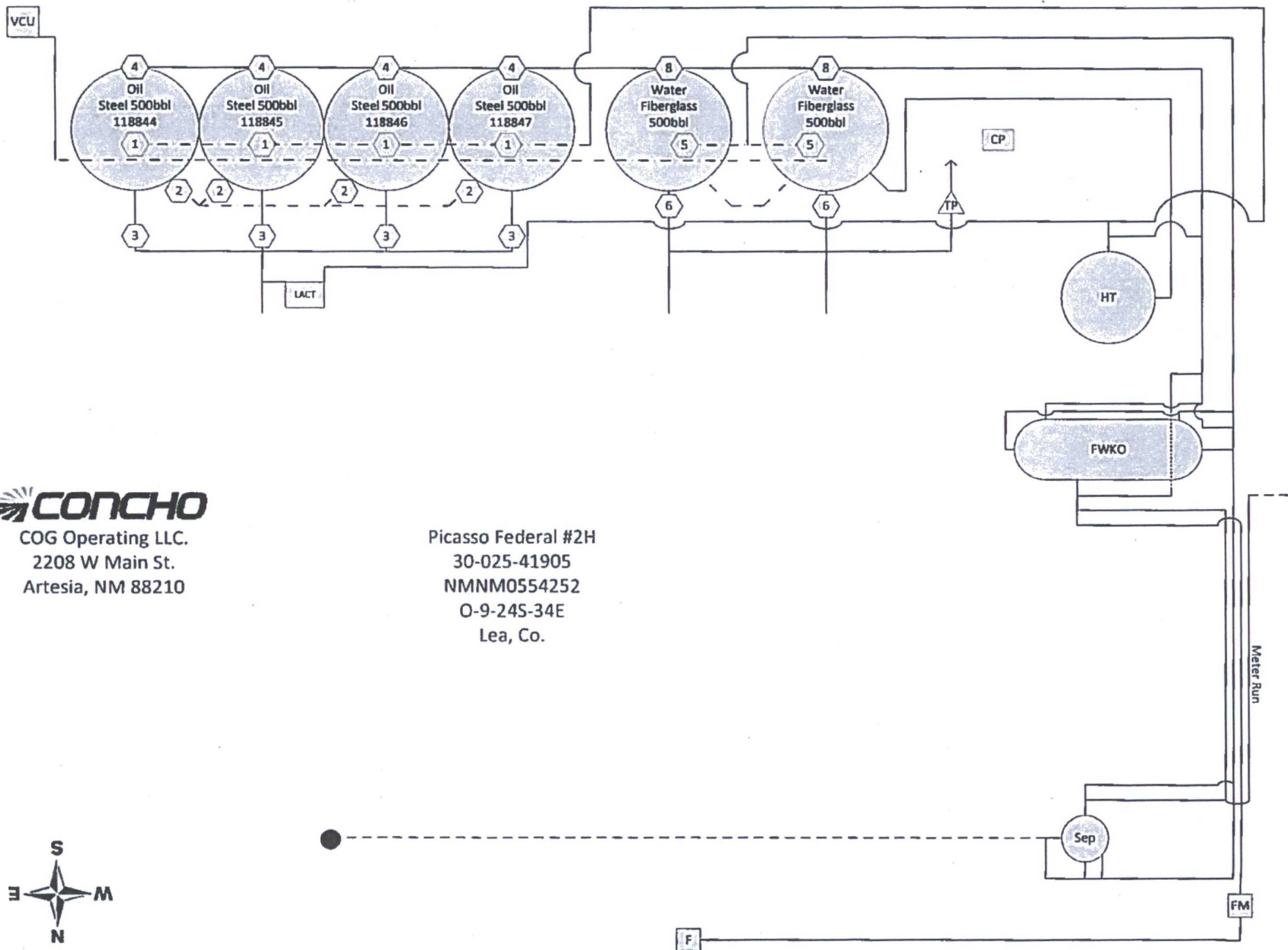
Date of Survey

Signature & Seal of Professional Surveyor



Signature: *Chad Harcrow* Date: *11/19/13*
Certificate No. *CHAD HARCROW 17777*
W.D. # 13-444 DRAWN BY: VD

[illegible]



COG Operating LLC.
2208 W Main St.
Artesia, NM 88210

Picasso Federal #2H
30-025-41905
NMNM0554252
O-9-24S-34E
Lea, Co.



Picasso Federal #2H
30-025-41905
NMNM0554252
O-9-245-34E
Lea, Co.

Production Phase (OT#1)

- A. Valves #1,#2,#4,#5, and #8 Open
- B. Valve #3 Closed and Sealed
- C. Valve #6 Closed
- D. Valves on OT #2, and #3 Positioned:
 - 1. Valves #1, #3, & #4 Closed and sealed

Production Phase (OT #2)

- A. Valves #1, #2, #4, #5, and #8 Open
- B. Valve #3 Closed and Sealed
- C. Valve #6 Closed
- D. Valves on OT #1, and #3 Positioned:
 - 1. Valves #1, #3 & #4 Closed and Sealed

Production Phase (OT #3)

- A. Valves #1,#2,#4,#5, & #8 Open
- B. Valve #3 Closed and Sealed
- C. Valve #6 Closed
- D. Valves on OT #1, and #2, Positioned:
 - 1. Valves #1, #3 & #4 Closed and Sealed

Production Phase (OT #4)

- A. Valves #1,#2,#4,#5, & #8 Open
- B. Valve #3 Closed and Sealed
- C. Valve #6 Closed
- D. Valves on OT #1, #2, and #3 Positioned:
 - 1. Valves #1, #3 & #4 Closed and Sealed

II. Sales Phase (OT#1)

- A. Valves #1, #2 and #4 Closed and Sealed
- B. Valve #3 on OT #1 Open
- C. Valves on OT #2, and #3 Positioned:
 - 1. Valve #1, and #2, Open
 - 2. Valve #3 Closed and Sealed

Sales Phase (OT#2)

- A. Valves #1, #2 and #4 Closed and Sealed
- B. Valve #3 on OT #2 Open
- C. Valves on OT #1, and #3 Positioned:
 - 1. Valve #1, and #2 Open
 - 2. Valve #3 Closed and Sealed

Sales Phase (OT#3)

- A. Valves #1, #2 and #4 Closed and Sealed
- B. Valve #3 on OT #3 Open
- C. Valves on OT #1, and #2 Positioned:
 - 1 Valve #1, and #2 Open
 - 2. Valve #3 Closed and Sealed

Sales Phase (OT#4)

- A. Valves #1, #2 and #4 Closed and Sealed
- B. Valve #3 on OT #4 Open
- C. Valves on OT #1, #2, and #3 Positioned:
 - 1 Valve #1, and #2 Open
 - 2. Valve #3 Closed and Sealed



March 31, 2016

New Mexico Oil Conservation Division
1220 S St. Francis Drive
Santa Fe, NM 87505

To Whom It May Concern:

COG Operating LLC respectfully requests approval for Off-Lease Measurement of gas only on the following well:

Picasso Federal #2H
Lea County
API# 30-025-41905
SHL 190' FSL & 1330' FEL of Sec 9-T24S- R34E
BHL 352' FNL & 2255' FEL of Sec 9- T24S-R34E
Red Hills; Bone Spring, North

The Off-Lease Measurement meter will be located at the EOG Jolly Roger 16 State #1H NENE, Sec 16- T24S R34E.

COG Operating LLC will keep all production separate.

I have attached proof of notice to our working interest owners, a diagram of our battery facility and a map with lease boundaries showing all well and facility locations. There are four overriding royalty owners that our Land Department has been unable to locate. Notice of this application is scheduled to run in the Hobbs Daily News Sun on April 5, 2016. A Copy of the affidavit of publication will be sent to you as soon as it is received.

Sincerely,

A handwritten signature in cursive script that reads "Amanda Avery".

Amanda Avery
Regulatory Technician

CORPORATE ADDRESS

One Concho Center | 600 West Illinois Avenue | Midland, Texas 79701
PHONE 432.683.7443 | FAX 432.683.7441

LOCAL ADDRESS

Concho West | 2208 West Main Street | Artesia, New Mexico 88210
PHONE 575.748.6940 | FAX 575.748.6968

| | | | | | |
|---------|----------|----------|-----------|------|--------|
| DATE IN | BUSINESS | ENGINEER | LOGGED IN | TYPE | APP NO |
|---------|----------|----------|-----------|------|--------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☒ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

Amanda Avery
 Print or Type Name

Amanda Avery
 Signature

Regulatory Tech
 Title

3/29/16
 Date

aaavery@concho.com
 e-mail Address

**Bureau of Land Management
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**COG Operating, LLC
Picasso Federal 2H
30-025-41905
NMNM-0554252**

Off-Lease Measurement and Sales Conditions of Approval

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented/flared without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments and/or product accountability.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease from various sources is a privilege which is granted to lessees/operators for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. Production measurement must comply with all Federal Regulations, API, and AGA standards.